

CANADA

HOUSE OF COMMONS DEBATES

OFFICIAL REPORT

FOURTH SESSION—THIRTIETH PARLIAMENT

27 Elizabeth II

VOLUME II, 1978

COMPRISING THE PERIOD FROM THE FIFTEENTH DAY OF NOVEMBER, 1978
TO THE EIGHTEENTH DAY OF DECEMBER, 1978

INDEX ISSUED IN A SEPARATE VOLUME

Published under authority of the Speaker of the House of Commons by the Queen's Printer for Canada

Available from Canadian Government Publishing Centre, Supply and Services Canada, Hull, Québec, Canada K1A 0S9

80067–1½

HOUSE OF COMMONS

Wednesday, November 15, 1978

The House met at 2 p.m.

• (1407)

ROUTINE PROCEEDINGS

[*English*]

VETERANS AFFAIRS

CALL FOR INCREASE IN PENSIONS OF WIDOWS OF DISABLED VETERANS—MOTION UNDER S.O. 43

Mr. Stanley Knowles (Winnipeg North Centre): Mr. Speaker, there are some cabinet ministers whose departure from Ottawa would not exactly depress us, but there are one or two exceptions. Therefore, I move, seconded by the hon. member for Nanaimo-Cowichan-The Islands (Mr. Douglas):

That this House calls on the Minister of Veterans Affairs, before he considers leaving this place, to add to the good job he has done on behalf of veterans by introducing legislation to provide prorata pensions for widows of disabled veterans, in any case where the veteran's pension was below 48 per cent, and also by introducing legislation to amend and update the War Veterans Allowance Act, it being clear that this House would co-operate with the minister in enacting such legislation without delay, and certainly before he leaves.

Mr. Speaker: The presentation of such a motion for debate would require unanimous consent. Is there unanimous consent?

Some hon. Members: Agreed.

Some hon. Members: No.

* * *

THE MEDIA

NEWS CONFERENCES HELD BY PRIME MINISTER—MOTION UNDER S.O. 43

Mr. Geoff Scott (Hamilton-Wentworth): Mr. Speaker, I rise, under the provisions of Standing Order 43, on a matter of urgent and pressing necessity involving the principle of news manipulation and control.

In view of the concern of the Prime Minister (Mr. Trudeau) about whether he sits down or stands up at his semi-occasional news conferences, keeping in mind the parliamentary press gallery's official request today that the Prime Minister return to his practice of weekly news conferences, hosted by a member of the press gallery executive and in the National Press gallery theatre, I move, seconded by the hon. member for Saskatoon-Biggar (Mr. Hnatyshyn):

That this House requests the Prime Minister to show his professed respect for the media and for freedom of information by moving his news conferences back to the renovated Lester Pearson press theatre, where he will not be open to the charge of news manipulation.

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

Some hon. Members: Agreed.

Some hon. Members: No.

* * *

[*Translation*]

THE CANADIAN ECONOMY

INDUSTRY TO DEVOTE PROPORTION OF PROFITS TO RESEARCH AND MODERNIZATION—MOTION UNDER S.O. 43

Mr. C. A. Gauthier (Roberval): Mr. Speaker, under the provisions of Standing Order 43, I ask for the unanimous consent of the House to introduce a motion dealing with a matter of pressing necessity, that is the general economic climate in the country.

Considering that the closing of the Cadbury plant in Montreal will entail the loss of 500 jobs in Quebec.

Considering that the main cause of that closing is the fact that the company in Montreal has used its capital to open another manufacture in Ontario rather than to modernize the one which has been operating for 60 years, I move, seconded by the hon. member for Abitibi (Mr. Laprise):

That the government seriously consider forcing large manufactures to reinvest each year at least 15 per cent of their profits for research and modernization of their facilities to avoid repetition of such disasters.

Mr. Speaker: Order. The House has heard the motion of the hon. member. Under the provisions of Standing Order 43, this motion requires the unanimous consent of the House. Is there such consent?

Some hon. Members: Yes.

Some hon. Members: No.

S.O. 43

[*English*]

EMPLOYMENT

JOB OPPORTUNITIES FOR STUDENTS—MOTION UNDER S.O. 43

Mr. David Orlikow (Winnipeg North Centre): Mr. Speaker, I rise on a matter of urgent and pressing necessity. Since the Minister of Employment and Immigration (Mr. Cullen) has received many telegrams and representations from student associations about the disastrous effects that Bill C-14 will have on graduates seeking permanent employment and students seeking summer jobs during this period of unprecedented youth unemployment, I move, seconded by the hon. member for Brant (Mr. Blackburn), under the provisions of Standing Order 43:

That this House calls upon the Minister of Employment and Immigration to introduce amendments to remove from Bill C-14 the harmful changes in the eligibility requirement and benefit rate, along the lines of students' concerns.

Mr. Speaker: Pursuant to Standing Order 43, such a motion could be presented for debate at this time only with the unanimous consent of the House. Is there unanimous consent?

Some hon. Members: Agreed.

Some hon. Members: No.

* * *

● (1412)

[*Translation*]

FINANCE

REQUEST THAT PRINCIPLE OF GUARANTEED ANNUAL INCOME BE INCLUDED IN BUDGET—MOTION UNDER S.O. 43

Mr. Richard Janelle (Lotbinière): Mr. Speaker, pursuant to Standing Order 43, I ask for the unanimous consent of the House to present a motion on an urgent matter of national importance.

Considering the extremely serious unemployment situation in Canada, the high number of job seekers and the deterioration of the purchasing power of Canadians, I move, seconded by the hon. member for Richmond (Mr. Beaudoin):

That the House urge the Minister of Finance who will introduce a new budget on November 16 to include in his budget the principle of annual guaranteed income payable on a universal basis to all Canadians.

Mr. Speaker: The House has heard the motion of the hon. member. Pursuant to Standing Order 43, this motion requires the unanimous consent of the House. Is there unanimous consent?

Some hon. Members: Agreed.

Some hon. Members: No.

[Mr. Speaker.]

[*English*]

URBAN AFFAIRS

REFERENCE TO COMMITTEE OF CMHC ANNUAL REPORT—MOTION UNDER S.O. 43

Mrs. Jean E. Pigott (Ottawa-Carleton): Mr. Speaker, under Standing Order 43 I rise on a matter of urgent and pressing necessity concerning the Minister of State for Urban Affairs and Central Mortgage and Housing Corporation.

In light of the fact that recent police investigations in several centres across Canada suggest inadequate accounting procedures and very questionable management decisions, and in light of the fact that the present Ministry of State for Urban Affairs lacks the necessary leadership, policies and co-ordinating programs to ensure the proper disposition of $1.3 billion, I would move, seconded by the hon. member for Selkirk (Mr. Whiteway):

That this House directs the Minister of State for Urban Affairs to refer the last annual report of Central Mortgage and Housing Corporation to the Standing Committee on Health, Welfare and Social Affairs in order to examine and make recommendations to the minister in an effort to restore taxpayer confidence in CMHC and the Ministry of State for Urban Affairs.

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

Some hon. Members: Agreed.

Some hon. Members: No.

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PUBLIC WORKS

PRESS CONFERENCE ROOM FOR PRIME MINISTER—MOTION UNDER S.O. 43

Mr. Cyril Symes (Sault Ste. Marie): Mr. Speaker, I should like to move a motion under the provisions of Standing Order 43. It is somewhat similar to an earlier one, but I think there are some differences.

Since the Department of Public Works has spent taxpayers' dollars to remodel the press conference room at the National Press building which the Prime Minister does not want to use because he must sit to answer questions there, I ask leave to move, seconded by the hon. member for Brant (Mr. Blackburn):

That this House urge the Prime Minister to use the press conference room refurbished at public expense and that he not worry about his public image since most Canadians are already convinced that he is sitting down on the job anyway.

Some hon. Members: Oh, oh!

ORAL QUESTION PERIOD

[*English*]

URBAN AFFAIRS

INVESTIGATION OF DEPARTMENTAL AFFAIRS

Mrs. Jean E. Pigott (Ottawa-Carleton): Mr. Speaker, my question is to the Minister of State for Urban Affairs. While I realize that he has three jobs and that his deputy minister has just returned from a six months' vacation, in light of the ongoing RCMP investigations can the minister assure the House of his confidence in his deputy minister and those who are managing the affairs of his ministry?

Hon. André Ouellet (Minister of State for Urban Affairs): Mr. Speaker, I should like the hon. member to be more specific about the investigations she is talking about. I am not aware of many investigations. I am aware of one in Hamilton. I indicated in the House previously that I thought it was very unfair on the part of the hon. member to try to generalize and create doubt in the public mind on the basis of one specific investigation which is taking place with the full support of the CMHC administration. I think the hon. member ought to be more specific when suggesting a series of inquiries. If there are others, she should let me know what she is talking about.

Mrs. Pigott: Again, the minister does not answer the questions put to him.

Mr. Baker (Grenville-Carleton): That's right.

Mrs. Pigott: If the minister wants a recital, I can give him a recital.

Some hon. Members: Oh, oh!

Mrs. Pigott: If that is what the minister wants, why does he not ask for the cabinet file compiled by Mr. Basford where he lists all the 11 luxury hotels under section 6(1)? Why does he not talk about 150 Sandford Place in Hamilton? We could talk about Vancouver—

• (1417)

Mr. Speaker: Order, please. If the hon. member has a supplementary question, would she put it forthwith.

Mrs. Pigott: Mr. Speaker, the minister did ask for a recital.

Some hon. Members: Oh, oh!

Mrs. Pigott: The document which I held up the other day was signed by the minister. He thought it was public. It says in this document that housing and community service programs also offer a major avenue for federal flexibility in the constitutional debate. Can the minister assure this House that shelter for Canadians is not being used as a bargaining tool at constitutional talks?

Mr. Ouellet: Mr. Speaker, the hon. member is citing only part of a document in a very partisan way. The total document would clearly indicate the excellent policies of this government. I ask the hon. member to table the document.

Some hon. Members: Hear, hear!

Mrs. Pigott: Mr. Speaker, I realize that I have been here only a few months, but I thought it was the minister who should table documents, not me.

Some hon. Members: Hear, hear!

Mrs. Pigott: I would gladly offer the document, which is signed by the minister, for tabling.

Some hon. Members: Agreed.

Mr. Speaker: Order, please. The hon. member for Selkirk.

INTERDEPARTMENTAL COMMITTEE TO STUDY URBAN AFFAIRS

Mr. Dean Whiteway (Selkirk): Mr. Speaker, my supplementary question is to the Minister of State for Urban Affairs. There has been a record number of AHOP defaults and walkaways this year: the rate is four times that for conventional CMHC mortgages.

My question is in relation to the pending disaster regarding AHOP housing. Can the minister tell the House why his deputy minister ignored a cabinet order signed on July 17, 1973, which would have established a senior interdepartmental committee on urban affairs? That committee produced only one report, and the minister is aware of it. Can the minister tell the House why his department head ignored that cabinet order which would have established this committee on an ongoing basis?

Hon. André Ouellet (Minister of State for Urban Affairs): Mr. Speaker, I think such a committee has been meeting. I do not know what the hon. member is talking about. I think he is totally out of court when he alleges in this House that the deputy minister ignores cabinet directives.

Mr. Whiteway: Mr. Speaker, I am not making suggestions regarding the deputy minister. I suggest that the minister has ignored his responsibilities. Can the minister produce any committee report other than the one which was produced in 1975? If this committee has been meeting as it should have been doing, and if it has produced annual reports, can the minister produce the reports since 1975?

Mr. Ouellet: Mr. Speaker, a number of studies are taking place within Central Mortgage and Housing Corporation in order to improve our housing programs. A number of officials from various departments are working together in order to improve the rate of production of housing for low income people who want to have better accommodation in Canada.

The hon. member is talking about some activities which are taking place. There has, indeed, been a series of meetings in order to improve our programs and to facilitate better production of housing. These meetings involve federal and provincial

governments and their purpose is to provide more housing at low cost for low income people and senior citizens.

Mr. Whiteway: Mr. Speaker, the minister is obviously confused. I am not talking about any study but the one authorized in the legislation of 1970. I have here a confidential cabinet report dated July 17, 1973, and I am showing it to the minister. I am talking only about the senior interdepartmental committee on urban affairs. Has that committee met? If so, would the minister table its reports since 1975?

Mr. Ouellet: Mr. Speaker, I think we ought to live for the future and not for the past.

Some hon. Members: Oh, oh!

Mr. Ouellet: The hon. member is referring to a document which goes back to 1973. I would like to remind all members of this House, particularly those in the New Democratic Party who are so noisy today, that the production of housing reached record levels in the years 1975, 1976 and 1977. We have one of the best records of production in housing for Canadians, a record that cannot be matched by many countries in the world.

● (1422)

Some hon. Members: Hear, hear!

Mr. Broadbent: With a past like this government's, I can understand why the minister is talking about the future.

Some hon. Members: Oh, oh!

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ENVIRONMENTAL AFFAIRS

RADIATION HAZARDS FOLLOWING CRASH OF SOVIET SATELLITE

Mr. Edward Broadbent (Oshawa-Whitby): Mr. Speaker, I have a question for the Minister of Energy, Mines and Resources. Tomorrow, as the minister might know, an important book by Leo Heaps, entitled "Operation Morning Light" will be published. This book deals with the crash of the Soviet satellite, Cosmos 954, in the north of Canada last year.

Considering that Mr. Heaps, in this book, contends that there are certain facts pertaining to potential dangerous health and ecological effects of the radiation produced by this crash which have not been revealed to the public, can the minister tell the House if the study done by the research laboratory of AECL at Pinawa, Manitoba, has been completed; and, if so, why has it not yet been made public?

Hon. Alastair Gillespie (Minister of Energy, Mines and Resources): Mr. Speaker, I will be very pleased to look into this question to find out the status of that study. In the meantime, may I reassure the hon. member and the House that the information and advice I have received from AECB which assisted in the clean-up and identification of radioactivity in the north, was that there was no threat to Canadians or to the environment.

Mr. Broadbent: My second question pertains very directly to what the minister has just touched upon in his answer. I hope he will consider his words with great care in answering the question, because it is most serious. Considering that only a small fraction—less than 4 per cent, I am informed—of enriched uranium 235 has so far been accounted for, can the minister assure the House that threats, both to human health and to the ecological system of the north, have been negligible?

Mr. Gillespie: If the hon. member has new information which has not yet been made public, I will want to reserve my position. But I have told him of the advice which I have received, to the effect that there was no threat to the health and safety of Canadians.

Mr. Broadbent: I can tell the minister that the same officials did everything they could to stop the author from getting information which ought to have been made available to the public, and that is well documented in the book.

My final question to the minister is this: considering that the Great Slave Lake was covered with contaminated particles, and considering that the bones and marrow of caribou eaten by the native people are possibly dangerously contaminated, is the government now monitoring, and does it plan to continue to monitor in the future, the possible effects of fissionable by-products on the northern food chain as a whole?

Mr. Gillespie: There have been a number of studies involved in this unfortunate and unhappy event. There was a very substantial clean-up throughout the winter snow period and a further clean-up during the non-snow period, particularly around the communities. So far as I know, that clean-up has been completed.

With respect to ongoing studies and monitoring of the effects, that work might well be undertaken by a number of different agencies and universities. I will want to inform myself on just what research is being done in that area at present.

* * *

[*Translation*]

EMPLOYMENT

INQUIRY WHETHER BUDGETARY CUTS WILL HELP WORKERS LAID OFF BY CADBURY COMPANY

Mr. C. A. Gauthier (Roberval): Mr. Speaker, my question is for the Minister of Employment and Immigration.

Could the minister specify whether the money saved through the regular budgetary cuts in the unemployment insurance program will be of some help through retraining or job creation programs, especially to the 500 newly unemployed people from Cadbury?

[*English*]

Hon. Bud Cullen (Minister of Employment and Immigration): Mr. Speaker, officials of both the federal and provincial government met with company and union representatives as early as August in an attempt to sign a manpower assessment incentive agreement for that plant. In fact, the office staff signed an agreement, but the workers did not because both levels of government were endeavouring to convince Cadbury's in fact to stay where it was and did not wish to usurp the role of the unions which felt that it would just make it a little easier, shall we say, for Cadbury's to leave if it signed this particular agreement. The staff and personnel are available. The funds are available, be they for retraining, mobility grants or in whatever way they can be used to help in this unfortunate situation.

* * *

● (1427)

URBAN AFFAIRS

HOUSING—PRACTICALITY OF MORTGAGE DEDUCTIBILITY PROVISION

Mr. James A. McGrath (St. John's East): Mr. Speaker, my question is directed to the Minister of State for Urban Affairs. Since the minister, quite understandably, does not want us to live in the past—because obviously the past is catching up with the minister and the government—I should like to refer to a document which is more in the present. It was given to cabinet just a few months ago.

Reference is made in the document to the fact that there are 438,000 households in Canada where over 30 per cent of income is paid for shelter, a situation which might be helped considerably by our mortgage deductibility proposal.

An hon. Member: Right on.

Some hon. Members: Oh, oh!

Mr. McGrath: Is the minister prepared, today, to release to the House and the country a study, which was commissioned by himself within the Department of Urban Affairs into the feasibility and practicability of the mortgage deductibility provision which we put forward? I understand that study shows the proposal in a most favourable light. Will the minister release that study to the House today?

Hon. André Ouellet (Minister of State for Urban Affairs): Mr. Speaker, the position I presented on behalf of the Canadian government at the last two federal-provincial ministers of housing conferences clearly indicates that we do not favour the proposal put forward by the hon. Leader of the Opposition. The reasons are very simple. It would be of great advantage to the rich people who have expensive homes.

Some hon. Members: Oh, oh!

Mr. Alexander: That is baloney.

Mr. Ouellet: It would be a measure which discriminates against renters.

Mr. Alexander: That is baloney as well.

Mr. Ouellet: It would be a measure which discriminates against the elderly who have no mortgages. Also, it would be a measure which would have very serious impact on financial markets. Therefore, in the past at two specific conferences of ministers of housing I indicated the position of the Canadian government, that we reject that proposal.

I see that right behind the hon. member, the former mayor of Toronto is smiling. Not too long ago he indicated that he did not favour the position of the Leader of the Opposition.

Some hon. Members: Hear, hear!

Mr. McGrath: Mr. Speaker, I have a supplementary question. Obviously, the minister is protesting too much. In the view of the minister, the program was designed for the rich. It will help to alleviate some of the terrible burden a great many people in the country have to undergo because of high mortgage and high shelter costs, as was identified by the fact that 438,000 householders are paying more than 30 per cent of their income for housing. Will the minister now lay before the House the study by the Department of Urban Affairs which shows that the mortgage interest deductibility proposal in fact favours the majority of people in the country and in fact is feasible?

Mr. Alexander: As the Minister of Finance knows.

Mr. Ouellet: Mr. Speaker, I want to remind the hon. member that, indeed, a very substantial number of those who are paying more than 30 per cent of their income for rent are renters who will receive nothing from the scheme proposed by the Leader of the Opposition.

Some hon. Members: Hear, hear!

Mr. McGrath: Mr. Speaker, that is a misrepresentation of the facts, and the minister knows it.

Some hon. Members: Oh oh!

Mr. McGrath: The minister continues to misrepresent the situation. What action does the minister propose to take respecting the statement made by the vice-president for policy, Mr. Adamson, in Windsor last weekend, in which he literally dumped all over this proposal which the minister is now dumping all over, in view of the fact that this man is a public servant and unquestionably will be called upon to implement this proposal in a few months' time?

● (1432)

Mr. Ouellet: Mr. Speaker, I am very surprised by the attitude of the hon. member. I hope he is not giving the official position of his party by indicating that those who might not have the same opinion as they have will be shut up and will have no right to speak out. We on this side of the House

believe that, indeed, people have every right in this country to speak out and express a genuine point of view. I am surprised, and I am afraid that if the Conservative party takes over there will be less freedom of information and less freedom of speech.

Some hon. Members: Oh, oh!

* * *

PUBLIC WORKS

EXPROPRIATION OF "LE DIPLOMATE"

Mr. Elmer M. MacKay (Central Nova): Mr. Speaker, I have a question for the Minister of Public Works. I would ask the hon. gentleman whether he can explain to the House why he signed a notice of intention to expropriate, without a public hearing, in respect of a property called Le Diplomate adjacent to Les Terrasses de la Chaudière? The House will remember this was the same property that was the subject of correspondence between the developer and Mr. Juneau in which the developer suggested court action would be appropriate, although he did not wish to be involved in it.

Hon. Judd Buchanan (Minister of Public Works and Minister of State for Science and Technology): Mr. Speaker, there is, in fact, a court action under way. My understanding is that there is a very genuine question as to whether a leasehold interest exists. The building that was under lease was, in fact, to a very large degree destroyed by fire a year and a half ago. There have been ongoing negotiations with the former lessor and apparently there were some complications. It was indicated to me that the most prudent way to deal with the case, if an interest did exist, was in fact to handle it through this expropriation procedure.

Some hon. Members: Oh, oh!

Mr. MacKay: Mr. Speaker, I am surprised that the minister would not think that a court of law would be the appropriate way to determine whether or not there was an interest. If there is no interest there to expropriate, perhaps the reason for holding out the expropriation procedure, particularly without public hearing, could just possibly be interpreted in the minister's mind—and perhaps he can put this to rest—as a device to help stop the probability of certain of his colleagues and himself appearing in a court of law to testify about the background of this whole affair.

I would ask him, as well, why there appears to be concern in respect of Le Diplomate when two other properties cheek by jowl do not appear to be the subject of the same concern.

Mr. Buchanan: The answer to the first part of the question, Mr. Speaker, is absolutely not; and the answer to the second part is, this is the only one, in my understanding, that was involved in this fire situation.

[Mr. Ouellet.]

THE CANADIAN ECONOMY

CASH REQUIREMENTS FOR 1978 AND 1979

Mr. Sinclair Stevens (York-Simcoe): Mr. Speaker, my question is for the Prime Minister, and it arises from certain comments he made at his press conference yesterday. The transcript of that press conference indicates that he said:

> The cash requirements will be of 9 billion this year, 11 billion next year, probably a bit more the year after—

As the Prime Minister probably realizes, the Minister of Finance last informed us that the cash requirements for Canada this year will be $11.8 billion, and $9.7 billion next year. Would the Prime Minister clarify whether he has new information in respect of cash requirements of the nation, or did he make a mistake yesterday?

Right Hon. P. E. Trudeau (Prime Minister): As I said in relation to comments by other ministers, Mr. Speaker, the finance minister is right.

Mr. Stevens: Mr. Speaker, let me ask a further question arising out of the Prime Minister's remarks yesterday. The Prime Minister stated, in respect of the deficit:

> —it is not the size that is frightening. It is the rate of growth in the past two or three years and that is what we are trying to control, not the absolute size of the deficit but the fact that provincial, municipal and federal deficits in the past two years were growing at a very fast rate . . . about 15 per cent—

Would the Prime Minister indicate whether he is aware that in the years he has referred to it was the federal deficit that almost tripled, from approximately $4 billion to something like $11 billion at the present time, while the aggregate municipal-provincial deficits actually declined? If he is aware of that, why is he trying to finger the provinces and the municipalities when his government is responsible for such a rising deficit in the country?

Mr. Trudeau: Mr. Speaker, if the hon. member refers to the question as well as to the answer, he will see the context in which that explanation was put forward; to wit, that the size of the deficit in Canada—the over-all deficit at all levels of government—is not out of hand and not out of comparison with other countries which have higher debt proportionately.

Some hon. Members: Oh, oh!

Mr. Trudeau: I hear some "tsk, tsks" over there. If they read the press conference, they will see that, Mr. Speaker. It was the questioner himself who put these correct facts forward. The thrust of my answer—and that is why I said the minister's figure was correct—was that it is not the size of the deficit which is big, which is not untowardly big, but it is the rate of growth which was too fast.

As a result of the figures which the minister and the President of the Treasury Board put forward, the hon. member will see that the rate of growth has been reduced from something in the area of $11 billion this year to something in the area of $9.7 billion next year. It is the rate of growth we are acting upon, and not on the absolute size of the deficit

which, I repeat, in terms of the questioner himself, is not astonishingly high.

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[*Translation*]

ADMINISTRATION OF JUSTICE

FIREARMS CONTROL PROGRAM—REQUEST FOR PROGRESS REPORT

Mr. Albert Béchard (Bonaventure-Îles-de-la-Madeleine): Mr. Speaker, my question is directed to the Solicitor General.

With regard to the restricted firearms recall campaign undertaken by the Canadian government and more particularly by his department, could the minister tell the House and the Canadian public whether it is true that this campaign has had disappointing results in the province of Quebec? At the same time, could he indicate whether this campaign is having encouraging results in other parts of Canada?

Hon. J.-J. Blais (Solicitor General): Mr. Speaker, I thank the hon. member for bringing to the attention of the House this program which, I suggest, should be promoted, and I urge all members to boost the publicity for this program with a view to ensuring the progress of this program which has been in effect since November 1.

I hasten to indicate to the hon. member and to the House that indeed we are very much encouraged by the public response to this program. We have received over 5,330 firearms from Canadian individuals, either for registration or for ultimate disposal. This is a very encouraging figure and the answers are coming in at an increasingly faster rate due to a very effective advertising campaign.

* * *

[*English*]

REGIONAL ECONOMIC EXPANSION

FEASIBILITY STUDY ON COAL MINE IN DONKIN, N.S.

Mr. Andy Hogan (Cape Breton-East Richmond): Mr. Speaker, in the absence of the Minister of Regional Economic Expansion, I should like to address my question to the parliamentary secretary.

Most recently, the Cape Breton Development Corporation presented to DREE the first phase of the feasibility study on a new coal mine outside Glace Bay called the Donkin area. Would the parliamentary secretary confirm this, and will he table it in the House? If he cannot do that, will he table it with members of the regional development committee and indicate when the more important and crucial second phase of the study is expected to be completed?

Mr. Donald Wood (Parliamentary Secretary to Minister of Regional Economic Expansion): Mr. Speaker, I thank the hon. member for his question, and I will take notice of it.

Mr. Hogan: Mr. Speaker, I expected that the minister would be here for these questions. Will the parliamentary secretary also take notice of the fact that there are very strong rumours in the Cape Breton area that, because of difficulty regarding the coal preparation plant producing coking coal, this year we may not be able to provide enough coal to fulfil the orders of the Steel Company of Canada and Dofasco, thereby putting the corporation in a bad position? Will he ask the minister to comment in that regard, because this is very crucial to the future of the coal industry?

Mr. Wood: I certainly will, Mr. Speaker.

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THE CANADIAN ECONOMY

PETRO-CANADA PURCHASE OF PACIFIC PETROLEUMS SHARES—FINANCIAL LIABILITY OF GOVERNMENT

Hon. Robert L. Stanfield (Halifax): Mr. Speaker, I should like to put a question to the Minister of Energy, Mines and Resources for the purpose of seeking clarification. Is it his position that the financial liabilities incurred by Petro-Can, or any of its subsidiaries, which the Prime Minister referred to as a Crown agency, are in no way financial liabilities of the Government of Canada, and the Government of Canada will not ultimately be responsible in connection with those liabilities? Is that his position?

• (1442)

Hon. Alastair Gillespie (Minister of Energy, Mines and Resources): Mr. Speaker, it is quite clear that there is a contingent liability as far as the Crown is concerned. There has never been any question that Petro-Canada is an agent of the Crown and that, acting as an agent of the Crown, there is that contingent liability. It was made perfectly clear in my answer that there is no taxpayers' money involved in this transaction in any way, nor were there any express government guarantees.

I went to some lengths yesterday to indicate that the section of the Petro-Canada act which provided for government guarantees was a section of the act that was not used. There were no government guarantees nor taxpayers' money used in that transaction.

Mr. Stanfield: Mr. Speaker, I would appreciate it if at some time the minister would explain why it has taken me three days to get that information from him.

I would like to direct a supplementary question to the Prime Minister and ask him why, in light of the answer the Minister of Energy, Mines and Resources has just given, the Deputy Prime Minister, answering on behalf of the Prime Minister on November 14, said with respect to these arrangements of Petro-Canada, "It does not represent in any way a demand on government resources." Was that a misleading answer by the Deputy Prime Minister, in these circumstances?

Mr. Gillespie: Mr. Speaker, I made it very clear a moment ago that this was a commercial transaction, that it was financed by the private banking system and that no taxpayers' money was involved. Therefore, there was no demand in any way upon the financial resources of the Government of Canada.

Mr. Stanfield: Mr. Speaker, I would ask the Minister of Energy, Mines and Resources to re-read the question I asked him three days ago, and whether he can say in his heart that he honestly and openly answered it as he has today.

Mr. Gillespie: Mr. Speaker, I would ask the hon. member to re-read that question too, and also, when he uses the words "express guarantees", whether he means express guarantees. Clearly, that was the phrase he used and I answered him in exactly the same way. I dealt with that in my answer yesterday. The hon. member cannot have it both ways.

PETRO-CANADA PURCHASE OF PACIFIC PETROLEUMS SHARES—CONTINGENT LIABILITY OF GOVERNMENT

Mr. Harvie Andre (Calgary Centre): Mr. Speaker, my question is to the Minister of Energy, Mines and Resources. Could the minister explain to the House how he rationalizes his admission now, after three days, that there is a contingent liability on the Crown in regard to transactions of Petro-Canada, but that it in no way represents a demand upon the resources of the Government of Canada?

Hon. Alastair Gillespie (Minister of Energy, Mines and Resources): Mr. Speaker, I think that anyone with any experience at all would understand that answer.

Mr. Andre: Mr. Speaker, I would suggest that the minister go back to school.

My supplementary question is to the President of the Treasury Board. The 1978 capital budget for Petro-Canada was approved by cabinet on June 16, 1978, and the Privy Council document was tabled on October 10. This capital budget calls for common share issues of 205 million and preferred share issues of about 270 million. Since the Petro-Canada act clearly establishes that only the Crown can purchase common or preferred shares which must be purchased from consolidated revenue—meaning, therefore, that the costs involved must appear in government estimates of spending programs—can the President of the Treasury Board tell the House why this commitment on the part of cabinet has not appeared in either the main estimates or the supplementary estimates since approval was given back in June?

Hon. Robert K. Andras (President of the Treasury Board): Mr. Speaker, I would like to examine that question. Is the hon. member referring to approval of this current acquisition?

Mr. Andre: The issue of shares in this capital budget.

[Mr. Stanfield.]

Mr. Andras: Mr. Speaker, I will examine the question and I will be very careful in my examination before I give the hon. member an answer. I will give him an answer tomorrow.

Mr. Stevens: You approved it.

* * *

[*Translation*]

TRANSPORT

FARE INCREASES FOR CNR SUBURBAN PASSENGERS—GOVERNMENT POSITION

Mr. Roch La Salle (Joliette): Mr. Speaker, my question is directed to the Minister of Transport. In view of the decision of the Canadian National to increase its 1979 rates for users of suburban trains by about 50 per cent, I believe, can the minister tell us whether discussions are being pursued with the Quebec government in this regard?

[*English*]

Hon. Otto E. Lang (Minister of Transport and Minister of Justice): Mr. Speaker, I have not had personal discussions with the minister with regard to this matter. We are in touch with the province of Quebec, of course, at the official level concerning the use of urban transportation assistance program funds. Assistance to commuter travel, as well as other forms of urban assistance, would come under that program. The province of Quebec knows that we are prepared to consider their designation of federal funds for such purposes.

[*Translation*]

Mr. La Salle: Mr. Speaker, on a supplementary. As the minister confirms that discussions are going on with officials, and as such a high increase is almost inconceivable for commuters, can the minister agree before this House to urge the Canadian National to put off application of its decision until such time as the matter has been settled between the two levels of government?

[*English*]

Mr. Lang: Mr. Speaker, some time ago studies were begun in the province of Quebec concerning the level of fares and level of service on commuter lines. It was our position then, as it has long been, that commuter service is the principal responsibility of either the municipal or provincial governments. At the time the studies were undertaken, in order to allow time for their completion I did ask Canadian National to delay a certain fare increase. However, at that time I indicated that it was associated specifically with the need to complete the studies.

Subsequently, the province of Quebec undertook of its own responsibility to make some payments to Canadian National in order to avoid fare increases. I believe the fundamental responsibility must be seen to rest clearly on the municipal government and the provincial government with regard to this

matter, as it is a commuter matter and not a matter of connections between cities or provinces in this country.

* * *

[*Translation*]

ADMINISTRATION OF JUSTICE

PROVINCES IN FAVOUR OF LINGUISTIC RIGHTS IN COURT

Mr. Jean-Robert Gauthier (Ottawa-Vanier): Mr. Speaker, my question is directed to the Minister of Justice. On June 23 last, the House passed Bill C-42 which guarantees certain linguistic rights before the courts. That bill contained a provision prescribing a consultation between the Minister of Justice and the provincial attorneys general with a view to ensuring efficient implementation of the provisions which become effective on proclamation of the act. Can the minister tell the House which provinces have accepted to proclaim that act to date, and what the date of proclamation was? In addition, can he report on negotiations with the other provinces and tell the House which among them favour that bill?

[*English*]

Hon. Otto E. Lang (Minister of Transport and Minister of Justice): Mr. Speaker, we have had exchanges with the various provinces concerning the implementation of Bill C-42, as it then was, and after discussions did suggest the date of April 1, 1979, in the case of Quebec, Ontario, New Brunswick and Alberta. The province of New Brunswick has accepted that date. The province of Ontario and the province of Quebec have indicated that they see no problem in accepting it, but Quebec has indicated that it would like to see replies from the other provinces before making its final commitment. In the case of the province of Alberta, they indicated that they would want more time before implementing it. We are pursuing the matter further with the remaining provinces.

* * *

FISHERIES

FEDERAL-PROVINCIAL CONSULTATION ON MANAGEMENT OF INDUSTRY

Mr. Lloyd R. Crouse (South Shore): Mr. Speaker, I wish to direct my question to the right hon. Prime Minister. According to all reports, the provincial representatives from Newfoundland, Nova Scotia, New Brunswick, Prince Edward Island and Quebec, when meeting with the federal Minister of Fisheries in Moncton on November 10, indicated their displeasure over the decisions that have been made by the federal government on fisheries management and asked for the right to provide greater input into the decision-making process.

In view of the fact that spokesmen from the five provinces mentioned were unanimous in their views, I would ask the Prime Minister what steps he intends to take to see that the five provinces will become a full partner, with the federal government, in resource exploration, fisheries management, the allocation and establishment of fishery quotas, and the allocation of fishing licences.

Right Hon. P. E. Trudeau (Prime Minister): Mr. Speaker, the short answer, of course, is that at the federal-provincial conference on the constitution just a couple of weeks ago we suggested that the item of fisheries be included amongst those which would be discussed with a view to changing the distribution of powers. For some strange reason which I still cannot understand, the provinces refused to have that incorporated in the communiqué. In spite of their refusal, our offer still stands and the officials and ministers who will be meeting are prepared, as far as we are concerned, to study all the areas that I put forth for examination in terms of redistribution of powers.

• (1452)

Mr. Crouse: Mr. Speaker, possibly this reaction is based on past experience and that is why there is a reluctance to participate. My question to the Prime Minister is: in view of the fact that Newfoundland indicated leadership this week by announcing a $500 million development program for the fisheries in that province, to take place over the next five years, when can we expect an announcement indicating that some initiative will be taken by the federal government to assist in the fisheries' development in all of the Atlantic provinces, including Quebec?

Mr. Trudeau: Mr. Speaker, I have just received a telegram from the fishermen's union in Newfoundland supporting the minister of fisheries for the federal government—

Some hon. Members: Hear, hear!

Mr. Trudeau: —and not saying a word about the $500 million promise of the Newfoundland government. Probably they are used to this kind of experience and they want to see a bit of delivery by the government before congratulating it.

* * *

LOTO CANADA

REQUEST FOR TABLING OF AGREEMENT WITH GENERAL INSTRUMENTS

Mr. Paul Dick (Lanark-Renfrew-Carleton): Mr. Speaker, unfortunately, the Minister of State for Urban Affairs has fled the chamber after the initial barrage. However, I do have a question for the Minister of State for Fitness and Amateur Sport.

Since the minister has been so kind as to table an agreement which I requested on Friday, in which clause 3 of that document provides for an agreement between the federal government and the provinces of Ontario and Quebec to decide how they would dispose of the assets for the Loto game which the federal government had bought from General Instruments—and I understand that that agreement between the

provinces of Ontario and Quebec and the federal government has been concluded—could that agreement now be tabled?

Hon. Iona Campagnolo (Minister of State (Fitness and Amateur Sport)): Mr. Speaker, the hon. gentleman has the agreement. Clause 3, as he suggests, is precisely the agreement between Ontario, Quebec and the federal government.

Mr. Dick: Mr. Speaker, as clause 3 of this agreement states that the federal government will abandon the proposed Loto game and, as was foreseen during the last provincial conference, a reasonable agreement will be reached between the provinces of Ontario and Quebec and the federal government regarding the proposed disposal of assets for the Loto game, can the minister tell me what the disposal arrangements are for that equipment which was contracted from General Instruments, and considering this document has the word "will" in it proposing that something will be done in the future after the timing of the agreement?

Mrs. Campagnolo: Mr. Speaker, as I have said several times in this chamber to the hon. member, when such an agreement is concluded, I will be pleased to give him the information. Such an agreement is not now concluded.

* * *

THE CANADIAN CONSTITUTION

REQUEST THAT COMMITTEE BE RECONSTITUTED

Miss Flora MacDonald (Kingston and the Islands): Mr. Speaker, my question is to the Prime Minister. It concerns his response some ten days ago that he would consider reconstituting a special joint committee on the constitution so that it could, through parliament, address itself to the ongoing debate on confederation.

I ask the Prime Minister if he has yet reached a decision to re-establish this very important committee. If so, could it have referred to, among other things, the economic studies that are being done on the future of confederation by government departments and related agencies, including the Economic Council of Canada?

Right Hon. P. E. Trudeau (Prime Minister): Mr. Speaker, I said the other day that I would consider that worth-while suggestion. I was hoping, quite frankly, that if the matter is so important to the opposition they would find it useful to take one of the opposition days to discuss the constitution. We would welcome such a discussion, and I hope the opposition will follow up on that suggestion.

Miss MacDonald: Mr. Speaker, I have a supplementary question. I realize the Prime Minister's long-standing regard for members of parliament and what they can accomplish, but I do not think that even he feels that all of the problems of the constitution can be resolved by a single day's debate.

However, I would like to ask him a related question dealing with the recommendation that came out of the former committee on the constitution with regard to a reference to the Supreme Court of Canada as to the authority of the federal government to reform the Senate. Since the Prime Minister stated recently that he would not proceed with any changes to the Senate without the unanimous agreement of the provinces, I ask if that statement of his was based on the recognition that the federal government does not have the authority, under the British North America Act, unilaterally to make changes to the Senate without the consent of the provinces. If it does not, what is the present standing of the reference to the Supreme Court—

Mr. Speaker: Order, please.

Mr. Trudeau: Mr. Speaker, I agree with the hon. lady that having a day's debate would not preclude setting up a committee after that. But I would have thought that one day's debate would be enough to put all of the ideas of the opposition on record.

Some hon. Members: Oh, oh!

Mr. Trudeau: So far as the reference to the Supreme Court is concerned, Mr. Speaker, the answer is, of course not. If we believe, like the hon. lady, that the federal government has not, under section 91(1), the authority to change the Senate, we would not refer the matter to the Supreme Court. It would have been a no contest. We would have agreed with that, but because there was a division of opinion within, particularly, the joint committee, we agreed to refer to the Senate to see which of the two parties is right—

Miss MacDonald: To the Senate, or the Supreme Court?

Mr. Trudeau: —either the opposition or those who, like the government, believe that section 91 does permit the federal government and the Parliament of Canada to amend the Senate.

* * *

INDUSTRY

AUTOMOBILE MANUFACTURE—STEPS TO CREATE JOBS IN CANADA

Mr. Stuart Leggatt (New Westminster): Mr. Speaker, my question is directed to the Prime Minister, in the absence of the Minister of Industry, Trade and Commerce. It concerns the fact that in Canada all auto parts manufacturing and otherwise takes place in central Canada and there is no manufacturing of any significance outside central Canada, particularly, of course, with regard to the Pacific Rim.

My question is this: at the present time there are proposals for duty remissions respecting places such as Japan: The Japanese can purchase Canadian parts and, therefore, take advantage of a duty remission to that country. In other words, can we bring them within the auto pact? Has the Minister of Industry, Trade and Commerce made submissions to the Japanese for duty remissions in order that we can make some

progress in developing an auto manufacturing industry outside of central Canada, particularly in British Columbia?

Hon. Bud Cullen (Minister of Employment and Immigration): Mr. Speaker, on behalf of the Minister of Industry, Trade and Commerce, I do not know whether that particular representation has been made. But I do know that the Minister of Industry, Trade and Commerce has a concern with the auto pact agreement. He has done a fantastic job so far, and we are looking for improvement in the future.

Mr. Leggatt: Mr. Speaker, that is not a very clear answer. My supplementary question is this: it has been reported that the U.S. embassy has made direct representations to the Government of Canada not to make proposals for duty remissions to foreign companies, so the impact is that the U.S. will receive new foreign assembly plants, rather than Canada. Has the United States embassy, or any other U.S. agency, made representations to Canada not to provide duty remissions to Datsun, Volkswagen or any other foreign company?

Mr. Cullen: Mr. Speaker, I will bring the hon. member's representation to the attention of my colleague, the Minister of Industry, Trade and Commerce.

* * *

UNEMPLOYMENT INSURANCE

BENEFIT ENTITLEMENT OF EMPLOYEES LAID OFF BY DEPARTMENT OF NATIONAL REVENUE

Mr. Bill Clarke (Vancouver Quadra): Mr. Speaker, my question is for the Minister of Employment and Immigration. Since the Department of National Revenue taxation branch has commenced its annual mass hiring of 3,000 keying operators and clerical workers, and since most of these workers come from the ranks of those who are not in the work force, not employed and not on benefits, could the minister say if it is his intention or expectation that these workers, when they are discharged by the Department of National Revenue, will be eligible for benefits from his department?

Hon. Bud Cullen (Minister of Employment and Immigration): I would expect that if they were under personal contract, no, Mr. Speaker. But if they were hired by the department, of course they would pay their premiums and would be entitled to the benefits if they were unemployed following their period of employment.

Mr. Clarke: Mr. Speaker, how does the minister see the proposed changes in Bill C-14 as affecting these temporary workers?

Mr. Cullen: Mr. Speaker, that is a hypothetical question. Until we get the bill through this House and the other place, it is not really appropriate for me to comment, because I do not know what the bill will be in its final form.

• (1502)

PRIVILEGE

MR. CROMBIE—STATEMENT BY MINISTER OF STATE FOR URBAN AFFAIRS

Mr. David Crombie (Rosedale): Mr. Speaker, I rise on a question of privilege with regard to statements made by the Minister of State for Urban Affairs (Mr. Ouellet) in connection with my position on the policy of mortgage interest and property tax deductibility. I wish to take this opportunity, Mr. Speaker, to thank you for being permitted to clarify it. I have supported, and do support, that policy. I support it for four reasons which I commend to the minister. First, it is a policy—

Mr. Speaker: Order, please. I have given the hon. member the floor. I understand the nature of his question of privilege. The Minister of State for Urban Affairs (Mr. Ouellet) described the position of the hon. member for Rosedale (Mr. Crombie) to the House. If he has been inaccurate in describing that position, the hon. member for Rosedale has the opportunity to say so, which he has just done. However, I do not think even he would expect to have the opportunity to give us all of the reasons why he has taken the position that he has taken.

Mr. Crombie: My intention was, simply because the minister had deliberately misrepresented my position, to have the opportunity—

Some hon. Members: Oh, oh!

Some hon. Members: Withdraw!

Mr. Crombie: I know the minister understood well he was misrepresenting my position on the matter. My concern, therefore, is to instruct the minister on my true feelings so that he might better represent them when he goes elsewhere.

Mr. Speaker: Order. We are getting into a little danger here about which I think I ought to warn the parties. The House recognizes at once that the minister having earlier indicated the position of a member of the House with regard to a particular policy, the member has the opportunity at the earliest possible moment to rise by way of a question of privilege to correct the minister on that. It is not fortuitous to indicate that that misrepresentation, if it was such, was a deliberate misrepresentation by the minister. However, I think that the hon. member may be understood in this effort to say that the minister knows and, if he did not know, the hon. member wants this opportunity to correct him. I think in that spirit that remark can be accepted. However, both sides will recognize there is a limit to how far we can go. I want the hon. member for Rosedale to have ample opportunity now to indicate that he disagrees with the interpretation by the minister. Presumably the minister will respond. Then perhaps we can close it off.

Mr. Crombie: Mr. Speaker, I apologize if I used the word "deliberately" when I should not have done so. There are four very good reasons why all hon. members of this House would

support the policy. I will not get into that policy. I simply want to say that I have one concern. I know the minister and every member of this House has this concern. It is not in the policy. There should be a policy that also supports shelter for low and moderate income tenants. If the government of the day spent time on that, it would be appropriate. I therefore ask that the minister withdraw his remark with regard to my views on the policy. He knows I support it.

Hon. André Ouellet (Minister of State for Urban Affairs): Mr. Speaker, I appreciate that the hon. member has just withdrawn the words that I deliberately misrepresented his point of view. I am more at ease now to indicate to him and the House through you, Mr. Speaker, that my remarks were based on a Canadian Press report of September 29, which stated:

David Crombie, former Toronto mayor and a Progressive Conservative candidate in a federal by-election, says a Conservative proposal to allow income tax deductions for mortgage payments and property tax requires further thought.

I guess that the representative of Canadian Press felt at that time that the candidate wanted to review the matter further because he probably had a number of misconceptions about the scheme.

Some hon. Members: Oh, oh!

Mr. Ouellet: If the hon. member has now decided to change his mind, if in the first place he was having doubt about that scheme and now he has no doubt, that is up to him. However, it is too bad that he changes his mind now that he is a member of the Conservative party.

Some hon. Members: Oh, oh!

Mr. Speaker: Order, please. The hon. member for Rosedale was given the floor and an opportunity to indicate that the minister should be corrected if the minister was describing his position as being opposed to a particular policy. The hon. member took the opportunity to indicate that he is not opposed to the policy, and has set the record straight. The minister indicated the source of his remarks. While the clarification of that is not entire, I do not see that procedurally there is anything I can do about it in the circumstances.

MR. STANFIELD—MINISTER'S REPLY ON PURCHASE OF SHARES IN PACIFIC PETROLEUMS LTD. BY PETRO-CANADA

Hon. Robert L. Stanfield (Halifax): Mr. Speaker, my question of privilege is that on November 13 the Minister of Energy, Mines and Resources (Mr. Gillespie) gave me one answer to a question. Today he gave me the opposite answer to the same question. I will try to develop this as quickly as I can. On November 13 I asked the minister:

Is the minister saying, in connection with the Petro-Can purchase and the financial transactions involved, that there is absolutely no financial responsibility on the part of the federal government? Is he saying, not only that the federal government did not engage in any express guarantee, but that by virtue of Petro-Can being an agent of the government, and the implications of that under the Financial Administration Act, there is no financial responsibility on the Government of Canada in connection with this transaction by way of guarantee or otherwise?

The answer I got clearly indicated there was no financial responsibility.

Mr. Gillespie: That was not my answer. Read my answer.

Mr. Stanfield: I will deal with the minister, Mr. Speaker. I say he answered my question clearly in the negative. He said there were no government guarantees. That is true. That is not the question he was asked. He answered in such a way as clearly to try to give the impression that there was no financial responsibility.

He continued through the discussion we had yesterday. He referred specifically to my question. He said:

There is no question that Petro-Canada as an agent of Her Majesty is covered, as are other Crown corporations, by the Financial Administration Act.

He did not say what the effect of that was, in his view. He continued:

That is common knowledge and is not in question. But I was asked by the hon. member for Halifax whether or not there were any expressed guarantees by the federal government. I would refer the House to *Hansard*, page 1050, I believe, in which yesterday's debate is reported. That is a fair question, Mr. Speaker.

Yesterday he was pretending I was asking him the day before whether there were any guarantees. It was not just feeling around in the air. He referred specifically to my question and the text of it. There can be no possible doubt that he was asked on Monday whether there was any financial responsibility by way of guarantees or otherwise. I repeat, there can be no doubt as to the impression he intended to leave.

Yesterday Your Honour indicated you had some difficulties with a question of privilege like this. You stated:

● (1512)

If I were to try to make a decision, I have to make a substantive decision on the basis of facts as to what set of facts is correct. Essentially, that is a disagreement on facts, but often, to resolve it, the test the Chair has to apply is whether it is a disagreement as to facts or a question of privilege by virtue of an attempt to mislead.

I suggest there is no problem about the facts. The facts are there. They are on record in *Hansard*. The question I asked on Monday and the answer I received is there; the question I asked today and the answer I got will be in *Hansard* in due course. They will be on the "blues".

You went on to state yesterday, Mr. Speaker, that there was a further difficulty:

If the Chair finds itself in the position of having to make a decision between the two sides on an interpretation of facts, that is enough for the Chair to surrender the question of privilege and say that on procedural grounds, and in the circumstances, I have no jurisdiction. The difficulty is even more severe here because we are not even arguing about a question of facts but rather about an interpretation of the statutes. Therefore, the matter seems to place upon the Chair the obligation of not only deciding on the correctness of facts but also of making a judgment as to which argument is correct under the law.

I accepted that, Mr. Speaker. That caused me a great deal of concern yesterday and I felt I could not properly ask you to take a position with respect to the law. But in the light of the

minister's answers to me today, there is no legal question involved. The minister has stated his view of what the law is, and we are quite in agreement on that. He has eliminated any question of law and, therefore, in dealing with this matter there is no question of law for you to decide. It is now settled on both sides of the House that this deal made by Petro-Canada, or by a subsidiary of Petro-Canada, does involve a financial liability on the Government of Canada described more precisely as a contingent liability.

I do not know why the Deputy Prime Minister (Mr. MacEachen) and the Minister of Energy, Mines and Resources were at such pains a couple of days ago to leave the impression there was no financial liability with regard to this on the part of the Government of Canada. The Deputy Prime Minister may have honestly believed the Government of Canada was not involved in any financial liability. But I submit it is very clear that the Minister of Energy, Mines and Resources never believed that, or he was awfully careless if he did.

In short, I submit I have a question of privilege in that I was misled by the Minister of Energy, Mines and Resources on Monday. He continued, if I may say so, to try to cover this up yesterday in the way he referred to my question, trying to pretend I asked him a question different from the one I put to him. It was very clear today, though, that he could no longer maintain any kind of cover, and consequently he had to answer my question correctly. The answer given today is directly opposite to the answer he gave me two days ago, and, if Your Honour agrees there is no question of law for you to decide and that there is indeed a prima facie case of privilege, based on the answer I was given on Monday being directly opposed to the answer I received today, I would move, seconded by the hon. member for York-Simcoe (Mr. Stevens):

That the answer given to me by the Minister of Energy, Mines and Resources on November 13 constituted a misrepresentation in the light of his answer to me today and that these answers of the Minister be referred to the Standing Committee on Privileges and Elections to determine whether the answer given by the minister on November 13 constituted a breach of my privileges.

I suggest, Mr. Speaker, that not only is there no question of law involved, but there is really no question of fact to be disputed.

Hon. Alastair Gillespie (Minister of Energy, Mines and Resources): Mr. Speaker, it is quite clear from the tactics the opposition members have used in the first three days of this week that they are trying to work themselves out of a serious dilemma, a dilemma in which their own leader has placed them. Their leader has placed their party against Petro-Canada, against the corporation which was created by this parliament to provide for the future energy security of Canadians.

Some hon. Members: Hear, hear!

Mr. Gillespie: Their dilemma is how to deal with the politically embarrassing position in which they have been placed, so they have used the ruse of legal obfuscation.

Mr. Baker (Grenville-Carleton): Stick to privilege!

Mr. Gillespie: They are using the tactic of legal obfuscation to try to deal—

Mr. Speaker: Order. I know the minister would not want to lead us into a debate on the merits of Petro-Can or the acquisition by that Crown corporation of Pacific Petroleums. The narrow question I have to decide is whether the hon. member for Halifax (Mr. Stanfield) and the hon. member for York-Simcoe have a question of privilege—I am not sure about the regularity of having both cases before me at the same time.

Mr. Gillespie: Mr. Speaker, may I refer to the notice which was given to you with respect to a question of privilege by the hon. member for York-Simcoe. In giving reasons why he wanted to give notice for his question of privilege he cited the question which was put by the hon. member for Halifax (Mr. Stanfield). When he actually spoke on his question of privilege though, he seemed to slide off that point and concentrate more on the act itself, on section 23, in particular, of the Petro-Canada Act. I was therefore placed in the position that both hon. members were concerned with the question of guarantees.

I should like to re-read the question which was put by the hon. member for Halifax, as reported at page 1050 of the *House of Commons Debates* on November 13. He said:

Is the minister saying, in connection with the Petro-Can purchase, and the financial transactions involved, that there is absolutely no financial responsibility on the part of the federal government?

These are the important words:

Is he saying, not only that the federal government did not engage in any express guarantee—

The words "any express guarantee" I judged to be the important statement. If those words were not intended to be important, I do not understand why the hon. member used them.

Mr. Woolliams: Read the whole thing.

Mr. Gillespie: It was a long and convoluted question, as the record shows. The hon. member has read out the rest of that question. It was a long and convoluted question of the kind for which, on occasion, the hon. member for Halifax has become famous.

An hon. Member: Shame!

Mr. Gillespie: I believe it is perfectly in order for a minister, when answering a long and convoluted question, to extract what he considers to be the relevant portion of that question. The hon. member specifically referred to express guarantees under the Petro-Canada Act. I dealt with that in my remarks. There is an express guarantee section in the Petro-Canada Act, and it is section 21(1) and (2). I think it is important in the context of this debate to reintroduce that particular set of words because those words are relevant to our discussion. Under the sub-title "guarantees", section 21(1) of the Petro-Canada Act reads as follows:

● (1522)

Subject to section 23, the governor in council may, on the recommendation of the minister and the Minister of Finance, authorize the Minister of Finance to guarantee on behalf of Her Majesty in right of Canada, the principal and interest of any debentures or other securities issued by the corporation for the purpose of raising capital otherwise than from Her Majesty in right of Canada.

As I recall, the hon. member for York-Simcoe referred to that specific section in his remarks.

Section 21(2) says:

The Minister of Finance may approve or decide the form, manner and conditions of guarantees under this section.

It is quite clear to me that the question of guarantees was uppermost in the minds of the two hon. members opposite, with respect to this question of privilege. It is for that reason, and for the other reasons I have given, that I believe my answer was accurate.

I also believe that the remainder of the answer which I gave yesterday, recognizing the fact that Petro-Canada is an agent of Her Majesty and that the Financial Administration Act does apply, also covered that point. That is clearly common knowledge, but that was not the issue. The issue was whether an express guarantee was given by the Government of Canada in this situation, and my answer stands. There was not an express guarantee given by the Government of Canada in this situation. The funds were provided in a normal commercial banking transaction through the banks. There was no express guarantee, and I stand by that answer.

Mr. T. C. Douglas (Nanaimo-Cowichan-The Islands): Mr. Speaker, I have no desire to prolong this debate, but I want to make a couple of points. To some extent the confusion is understandable when one realizes that under section 5 of the act the government can buy shares to supply capital up to $500 million, that under section 13, on the authorization of the governor in council the corporation can borrow money, and that under sections 21 and 22 debentures may be issued by the government on behalf of the company.

What has been overlooked is that in section 7(1)(e) it says, among other things, that the corporation may, and I quote:

—acquire and hold shares, debentures or other securities of any other corporation having objects altogether or in part similar to those of the corporation, or carrying on any business capable of being conducted so as, directly or indirectly, to benefit the corporation, and sell or otherwise deal with the same;

Section 2 deals with promoting such a corporation. It seems to me that this is not a matter of the corporation's borrowing money. It is not a matter of the corporation's borrowing money through the Crown or the Crown issuing debentures. It is a matter of whether a commercial transaction could be carried out under section 7(1)(e) by which shares might be acquired by putting up collateral for those shares. That did not amount to any intervention by the government, except that by so doing the government incurred a contingent liability. It therefore seems to me—and I thought so at the time that the minister answered the question—that the minister was leaving himself open. I admit that the question was very convoluted and that the minister may have missed the point.

[Mr. Gillespie.]

Perhaps we are wasting time unnecessarily, but the question which was asked was very simple. The hon. member for Halifax (Mr. Stanfield) asked for an assurance that there is absolutely no financial responsibility on the part of the federal government. That was the first question. The second question was as follows:

Is he—

That is, the minister—

—saying, not only that the federal government did not engage in any express guarantee, but that by virtue of Petro-Can being an agent of the government, and the implications of that under the Financial Administration Act, there is no financial responsibility—

There were two questions. One was whether there was a financial responsibility, and the other was whether the government has put out any money. It seems to me that the minister answered only half the question. That is quite understandable, in view of the exchange which was taking place. The minister said, and I quote:

—I made it very clear that this was a commercial transaction. It was negotiated and financed by normal commercial instruments.

Then he went on to say:

There are no government guarantees.

What needed to be added was, "But there is a contingent liability by virtue of section 11(e)". An agency of the Crown has purchased shares and given shares as collateral. In my opinion that therefore involved a contingent liability upon the government. I think the minister is now saying that he recognizes this as a contingent liability, and that clears the matter up.

I do not think the minister was trying to deceive the hon. member for Halifax, but his answer was certainly incomplete. If the minister now says there is a contingent liability, in addition to the fact that there was a commercial transaction and that there were no guarantees, surely that clears the matter up.

Mr. Stevens: Mr. Speaker—

Mr. Speaker: Order, please. The hon. member for York-Simcoe (Mr. Stevens) argued extensively yesterday. I think we should retrace the dimensions of this question of privilege. It was first raised by the hon. member for York-Simcoe. He made his presentation yesterday. The hon. member for Halifax (Mr. Stanfield) then made a contribution to that question of privilege. He later rose to say that he might have a question of privilege of his own. We do not have two separate questions of privilege on the floor at the same time. If we do, I will have to deal with them separately, but I would not want to invite hon. members who have contributed to the question raised by the hon. member for York-Simcoe to make separate contributions now to the question of privilege raised by the hon. member for Halifax.

I think the situation is very clear. The answers of the minister have been the same on both days since Monday, when he made his initial answer. I am going to rule on this very shortly, and I do not want anybody to feel he has been

deprived of the right to discuss the matter. The hon. member for York-Simcoe first raised this question. I thought he had completed his argument.

Mr. Sinclair Stevens (York-Simcoe): Mr. Speaker, the reason I rise once again is to speak in reference to the proposed question of privilege of my colleague, the hon. member for Halifax (Mr. Stanfield). I do so particularly in view of the fact that in responding to my hon. colleague's proposed question of privilege the minister referred to me several times.

In view of what has been said today, and in view of the fact that the minister has now indicated that there was a contingent liability, I would like, with your Honour's approval, to add at least some views with respect to why I believe the hon. member for Halifax has a valid question of privilege, which I hope Your Honour will find, as well as with respect to the question of privilege I raised yesterday. To that end I stress once again that the question which was put to the minister on Monday by the hon. member for Halifax was very clear.

In part the hon. member said:

Is he saying, not only that the federal government did not engage in any express guarantee, but that by virtue of Petro-Can being an agent of the government, and the implications of that under the Financial Administration Act, there is no financial responsibility on the Government of Canada in connection with this transaction by way of guarantee or otherwise?

I think the minister twisted that when he said that the real thrust of the question was whether there was a guarantee. Now he is saying that all he attempted to say was that there was no guarantee.

With all due respect, and in support of my argument, I draw Your Honour's attention to what the minister said earlier on Monday, as reported at page 1044 of *Hansard*, in response to a question put by my colleague, the hon. member for Calgary North (Mr. Woolliams). At that time he said:

● (1532)

This deal is a commercial transaction which has been financed without any government assistance, without any government funds and without any government guarantee.

There were interruptions, and then he said:

—and it will have the effect of reducing the demand or the requirement for government assistance in the future,

For the minister to tell us now that he has found there is a contingent liability flies right in the face of not only his response to the hon. member for Halifax but also of what he said in response to the hon. member for Calgary North. There is absolutely no doubt that he misled the House.

The hon. member for Nanaimo-Cowichan-The Islands (Mr. Douglas), in attempting to support the minister's position, has missed the point, I think, and the minister, when he was making comments earlier about my argument yesterday, also missed the point. I referred only to section 23 in an attempt to show that if that is the section on which they are relying to justify the statements made, not only by the minister, but by the House leader and by the Minister of Finance (Mr. Chrétien), in the opinion of counsel whom I consulted it is not adequate. Section 23 deals with an entirely different matter, and it is Section 14 which is the overriding section as far as Petro-Can's active incorporation is concerned. That section is very clear. It states:

The corporation is, for all purposes of this act, an agent of Her Majesty, and its powers under this act may be exercised only as an agent of Her Majesty.

It goes on to say that the property owned by this Crown corporation:

—is the property of Her Majesty and title thereto may be vested in the name of Her Majesty or in the name of the corporation.

Clearly there was always a liability on the part of the Government of Canada for the actions of Petro-Canada. The thrust of my comments today is that the responses we had on Monday, not only from the Minister of Energy, Mines and Resources (Mr. Gillespie) but also from the House leader and from the Minister of Finance, misled the House, in an attempt to create the impression that somehow this was another commercial transaction. It was as if Petro-Canada had just filled somebody's gas tank and there was no government liability involved. In truth, it has now been agreed by the minister that there was a contingent liability. In my opinion, and according to the advice of my counsel, it is, in fact, more than a contingent liability; it is the direct liability with which an agent can bind his principal, and that liability comes from section 14 of the Petro-Canada Act.

I should like to mention, in conclusion, that where I think the misrepresentation has occurred is not only in the two statements by the Minister of Energy, Mines and Resources, but also in what the House leader has stated on Monday, namely:

—this does not represent—

That is the deal involving Petro-Canada—

—in any way a demand on government resources. It is totally a commercial transaction, financed outside government expenditures—

May I ask, with all due respect, how a minister of the Crown can make such a blatant statement followed by another minister of the Crown two days later stating that there was a contingent liability?

Secondly, I should like to mention that the Minister of Finance said on Monday:

—Petro-Canada pledged the assets they have gained in making the transaction. This was analysed by those who were loaning the money. They found that the assets being given against the borrowing were very good indeed, so they went along with the transaction. I believe it is a very good transaction for Canada.

Again I suggest that this was a misleading statement on the part of the Minister of Finance, because we know now that there was a contingent liability, that those who lent the money knew that Canada was ultimately liable with respect to the debt they were extending. As I have already indicated, subsection 3 of section 14 of the Petro-Canada Act makes it very clear that the Petro-Can assets are, in fact, not their assets to pledge; they are the assets of Her Majesty in the right of Canada.

May I conclude by simply saying that I support the proposed question of privilege that might be put by my colleague, the hon. member for Halifax, and in connection with my own

proposed question of privilege I would like to reinforce what I said yesterday by stating that I think all three ministers should correct the record, because they have misled the House.

Hon. Allan J. MacEachen (Deputy Prime Minister and President of Privy Council): Mr. Speaker, I do not intend to take very much time in order to deal with the points which have been made. I have been looking at the full question put on Monday, November 13, by the hon. member for Halifax (Mr. Stanfield), and also at the answer given by the Minister of Energy, Mines and Resources (Mr. Gillespie), and I think that, in line with the reasoning advanced by the hon. member for Nanaimo-Cowichan-The Islands (Mr. Douglas), the only justified comment that might be made about the answer given by the Minister of Energy, Mines and Resources is that it might be regarded as incomplete.

I attempted to inform myself of this transaction before I came to the House on Monday because I anticipated there would be questions, and I remember quite clearly the question put at the time by the hon. member for Halifax and its significance, and, without doing violence to the substance of the question, I should like to abbreviate it thus:

Is he saying,—

Then there are some descriptive phrases—

—there is no financial responsibility on the Government of Canada in connection with this transaction by way of guarantee or otherwise?

It seems to me that the point is that in his reply the Minister of Energy, Mines and Resources did not deal with "or otherwise". I thought the Minister of Energy, Mines and Resources prudently sidestepped in his answer, as I would have done, dealing directly with that point, because the hon. member for Halifax cut quite a swath in his question by asking:

Is he saying . . . there is no financial responsibility on the Government of Canada in connection with this transaction by way of guarantee or otherwise?

In other words, by guarantee or in any other way.

The minister replied:

Mr. Speaker, I made it very clear that this was a commercial transaction. It was negotiated and financed by normal commercial instruments. There are no government guarantees.

In so far as that statement is concerned and in so far as any answer I gave is concerned, I regard them as totally accurate. I believe the text will bear that out. The hon. member for Nanaimo-Cowichan-The Islands is correct in saying that that "or otherwise" was not followed up. I am sure the hon. member for Halifax might have asked a supplementary question which gave the answer, namely, that there might be a contingent liability.

I am not posing as an expert on all these financial matters, but I do believe that the hon. member for York-Simcoe (Mr. Stevens) is attempting to telescope two events, one which has taken place and one which might or might not take place in the future. There is a transaction that has taken place, and that transaction, in itself, as I understand it, has not created any contingent liability. Certain events—this is not basically my point, I just add that—would have to take place in the future before the actual contingent liability would be triggered. That is something upon which hon. members might reflect.

[Mr. Stevens.]

● (1542)

To suggest that an answer in the House of Commons, which does not deal with every single point, raises a question of privilege, cannot be sustained. To say every single piece of information available in the stratosphere was not put forward in answer to a question is a question of privilege, cannot be sustained.

Perhaps the hon. member would have had a question of privilege if he argued that the minister had deliberately attempted to mislead the House. He did not do so. In so far as the minister's answers were concerned, he was totally accurate. When the hon. member for Halifax pinpointed his question in precise terms today, he received a precise answer. I suggest that if he put his question in precise terms on Monday or Tuesday, he would have received the precise answer.

At worst, which is not a very grave accusation against anyone, the answer to the question put by the hon. member for Halifax was incomplete. The hon. member for Nanaimo-Cowichan-The Islands put the matter in proper and true perspective in his analysis of the situation.

I do not think for a moment that the hon. member for Halifax or the Minister of Energy, Mines and Resources are out to mislead the House or each other.

It was useful to have this clarification of what has been a rather abstruse point.

Mr. Walter Baker (Grenville-Carleton): Mr. Speaker, there is nothing abstruse about the point. The answer of the minister yesterday was very clear and definite. He said that there were no government guarantees. Today he said in an answer that there is a liability on the government.

Mr. MacEachen: Contingent.

Mr. Baker (Grenville-Carleton): All right, I will deal with that. He said that there is a contingent liability on the government. That is the situation. My friend talked about the triggering of some future liability. There is no question of a triggering of a future liability whatsoever.

Mr. MacEachen: Yes, there is.

Mr. Baker (Grenville-Carleton): The liability exists now.

Mr. MacEachen: No.

Mr. Baker (Grenville-Carleton): The triggering depends upon some event which may occur in the future because the borrowing is taking place now.

Mr. MacEachen: The triggering would occur if Petro-Canada could not meet its obligations.

Mr. Baker (Grenville-Carleton): That is the situation in which we find ourselves. If one looks at the answer given to the hon. member for Halifax (Mr. Stanfield) on November 13,

1978, one will see that it is pretty clear what the Minister of Energy, Mines and Resources (Mr. Gillespie) was trying to do. He was attempting to say that this was a great commercial transaction which did not involve the government in any way. The answer he gave today cleared that up, but the question put by the hon. member for Halifax still stands and is before the House: whether the minister's answer to the question on November 13, 1978, misled the House, inadvertently perhaps, or whether it was incorrect in the terms set forth by the motion.

The matter is still open and not closed so neatly and nicely as the hon. government House leader attempted to do. There is always a liability upon the Government of Canada. Perhaps the event which activates the process to fulfil and complete it is something else, but the liability is there. The intent of the statute is there. This statute is no different from any other statute respecting Crown corporations. The denial or indication that the liability was not there was a misleading of the House of Commons.

Mr. Speaker: Order, please. I do not think I should reserve on this question any further. My difficulty remains a fundamental one. In the circumstances I am able to accept every argument put forward by the opposition members who have risen on this particular occasion, except the last one by the hon. member for Grenville-Carleton (Mr. Baker), indicating that the misleading occurred as a result of the minister's answer, and whether the misleading was inadvertent or not, whether a question of privilege is to be sustained. Of course, the difficulty I have is that that is not the case. In order to sustain a question of privilege, I have to find not only that members of the House have been misled by the answer, but that the attempt to mislead had been deliberate on the part of the minister.

As I have said before, and I will repeat again, when a minister rises after this kind of intervention on a question of privilege challenging the correctness of his answer, and indicates that upon reflection his answer was not correct, then he must indicate to the House that he unintentionally misled the House in the circumstances. However, when a minister, as both ministers have done in this case, returns to the point after an intervention on a question of privilege and says that he has checked his answer and now stands by it, procedurally the situation is a very difficult one, if not an impossible one for the Chair because I must not only find that the House has been misled but deliberately misled.

I accept the interventions of the hon. member for Halifax (Mr. Stanfield) and the hon. member for York-Simcoe (Mr. Stevens). The hon. member for Halifax prefaced his remarks by saying that in all of his years here perhaps this was the first occasion on which he was raising a question of privilege. If not, it is a rare occasion. He said he would only do it after very serious deliberation. Of course, I accept the hon. member's intervention, as I do that of the hon. member for York-Simcoe. When they tell the House that they were misled in the circumstances, I accept that. In order to find a question of privilege, however, I must go further than that. Not only must I find that they were misled, or the House was misled by the minister's answer, but that it was done intentionally.

Equally I accept what both ministers have told me, that in the circumstances and in good faith they addressed themselves to the question put on the record, and that in good faith they made answers at the time, which are now being criticized as incomplete, inaccurate, misleading, or something of that nature. Nevertheless, while I accept the word on one side of the House, I also accept the word on the other side. In the circumstances I am compelled to accept the word of members that they addressed themselves to the question, answered it, and upon reflection the answer was accurate and not intended to mislead. If the answer did mislead and obviously was not intentional, any misleading was accidental and not calculated to mislead hon. members or the House in general.

The procedural case is quite simple. Unless I am able to find a deliberate attempt to mislead, I cannot find a question of privilege. Since both ministers have indicated that they did not intentionally mislead the House in the circumstances, it is impossible for me to find that they had any intention to do so. While I am sure the disagreement will continue, on procedural grounds I cannot find a question of privilege.

MR. DICK—ANSWER GIVEN BY MINISTER OF STATE (FITNESS AND AMATEUR SPORT)

Mr. Paul Dick (Lanark-Renfrew-Carleton): Mr. Speaker, I rise on a separate question of privilege arising out of an answer given by the hon. Minister of State for Fitness and Amateur Sport (Mrs. Campagnolo). The minister indicated that she had responded to my question on an earlier occasion. I should like to put this matter on the record now, which is my first opportunity since the conclusion of the oral question period, so that the minister will be able to respond fully tomorrow, if that is her desire.

As reported at page 1010 of *Hansard* of November 10, 1978, I asked the minister if she would table two agreements. The first agreement was the one which Loto Canada made with General Instruments. The second agreement was the one Loto Canada made on behalf of the Government of Canada with the provinces, which got the provinces out of $10-and-above games and the federal government out of $9-and-below games. To be fair, Mr. Speaker, and I am not sure whether this was through inadvertence or otherwise, the minister was quite co-operative and indicated in her reply she would be pleased to table the document concerning the agreement with the provinces dealing with who will have the $10-and-above games, and who is to have the $9-and-below games. The minister subsequently did table that document, for which I am very appreciative.

● (1552)

In the second part of her reply the minister stated:

—I think that it would be more appropriate to consider tabling it when the final resolution of that contract is reached.

She has disposed of the two agreements about which I asked, by tabling one and suggesting that the tabling of the second be postponed to a different occasion.

As a result of the tabling of the agreement I find that clause 3 states that the federal government will abandon the proposed loto game and, as was foreseen during the last provincial conference, a reasonable agreement will be reached, meaning in the future, between the provinces of Ontario and Quebec and the federal government regarding the disposal of assets for the loto game. There is now a third agreement. The minister indicated today in her reply that she had already told me on several occasions she did not think it appropriate to table that agreement at this time because negotiations were going on. That was in reference to the Loto-Canada and General Instruments agreement. This agreement deals with the method of dividing the assets or commodities purchased between the provinces of Ontario and Quebec and the federal government. That is definitely a third agreement which has not been mentioned heretofore in this House.

I did not know of that third agreement until this document was tabled, and I wanted to point out that there was an inconsistency in those replies. I am sure the minister did not do this intentionally, but perhaps on the spur of the moment she was confused. There are three agreements, and I thought I should bring that to the attention of the House at the first opportunity.

I am sure the minister will read this in *Hansard* and, in answer to a future question, or perhaps tomorrow after the question period, she will clarify the matter. I am interested in having that agreement between the provinces of Quebec and Ontario and the federal government, dealing with the proposed disposition of the assets which were the subject of the agreement between Loto-Canada and General Instruments, tabled as well. Thank you, Mr. Speaker.

ROUTINE PROCEEDINGS

[*English*]

URBAN AFFAIRS

TABLING OF DISCUSSION PAPER ON HOUSING POLICY

Mr. Walter Baker (Grenville-Carleton): Mr. Speaker, during the course of the question period, in fact in the lead question, the hon. member for Ottawa-Carleton (Mrs. Pigott) referred the Minister of State for Urban Affairs (Mr. Ouellet) to an agreement or a document, a copy of which I have in my hand, dated March 9, 1978, entitled "A Discussion Paper on the Implementation of Housing Policy to Achieve Federal Priorities for 1978-79". In fact the hon. member for Ottawa-Carleton quoted from that document in the course of her remarks.

During the interchange that took place in the House it was obvious that, for some reason or other, this reference agitated the government, and certainly over-agitated the minister. I really cannot understand why that should be so because this is a government document. In any event, during the agitation which occurred on the other side of the House, the minister and, indeed, his seatmate, the Minister of State for Federal-Provincial Relations (Mr. Lalonde) shouted, "Table it! Table it!" The hon. member for Ottawa-Carleton reminded them that, of course, it is the government's job to table documents.

If the government had intended to make a disclosure I am sure it would have tabled the document, but the minister is not here to do that. Since the tabling of the document in the House obviously has the approval of persons in such high position as both the Minister of State for Urban Affairs and the Minister of State for Federal-Provincial Relations, I wonder, sir, if I might obtain unanimous consent of the House to the tabling of that document as I have described it. In order that members may understand the document, it might be appropriate if I read from it.

Mr. Speaker: Order, please. The hon. member will realize the difficulty we are in now. In order for him to complete that line of thought to its ultimate conclusion, he might read the whole document, and thereby put on the record what he is endeavouring to have tabled. I think the hon. member has made the point that he is seeking unanimous consent for the tabling of the document. Quite frankly, I am glad he relieved me of the procedural difficulty of having to decide whether a private member can table a document, even if agreed to by a minister of the Crown, for in fact a decision in that regard would be in the negative. Nevertheless, the hon. member in attempting to table the document is seeking the consent of the House, and unanimous consent would be required if he were to table the document at the present time. Does the hon. member have the unanimous consent of the House for the tabling of this document at this time?

Some hon. Members: Agreed.

Mr. Speaker: Agreed and so ordered.

Mr. Baker (Grenville-Carleton): Mr. Speaker, I just wonder if it might be appended to *Hansard* rather than simply—

Some hon. Members: Oh, oh!

Mr. Baker (Grenville-Carleton): Mr. Speaker, since my friends have been so agreeable in respect of this matter, I wonder if this document, signed by the minister, which is fundamental to housing in Canada, could be appended to *Hansard*? I certainly think this would be an excellent idea.

Mr. Speaker: Order, please. I wonder if we could be absolutely clear in this regard. Procedurally the tabling of a document is quite different from having it printed in the records of the House. Was the hon. member originally seeking to have it printed in the records, or simply seeking to have it tabled?

Mr. Baker (Grenville-Carleton): Mr. Speaker, I thank the House for its generosity for agreeing, as I understand it, that

the document be tabled. You asked whether there was consent. There was consent, and I understand the document has now been tabled. What I was asking was whether it might be appropriate to ask the House if it was agreeable to the document being made an appendix to *Hansard* as well as being tabled.

[*Translation*]

Mr. Yvon Pinard (Parliamentary Secretary to President of Privy Council): Mr. Speaker, we agreed to the first request because it was so nicely made by the hon. member for Ottawa-Carleton (Mrs. Pigott), but we do not see the necessity for the second since all we want is copies of the document which has been tabled.

* * *

[*English*]

UNEMPLOYMENT INSURANCE ACT, 1971

MEASURE TO AMEND

Mr. David Orlikow (Winnipeg North) moved for leave to introduce Bill C-443, to amend the Unemployment Insurance Act, 1971 (labour dispute).

Some hon. Members: Explain.

Mr. Orlikow: Mr. Speaker, the purpose of this bill is to clear up and correct a serious misinterpretation of an act which has arisen as a result of decisions by the Unemployment Insurance Commission in recent years. This has resulted in workers who have not concluded negotiations with their employers being locked out. I am thinking of the recent dispute between Canada Packers and Swifts and their employees who were on strike recently. There was also the recent strikes in the brewery industry. All these employees were refused unemployment insurance benefits when they made their claims.

● (1602)

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

* * *

QUESTIONS ON THE ORDER PAPER

(Questions answered orally are indicated by an asterisk.)

Mr. Yvon Pinard (Parliamentary Secretary to President of Privy Council): Mr. Speaker, the following questions will be answered today: Nos. 209, 268 and 225.

[*Text*]

CUSTOMS—SASKATOON AIRPORT

Question No. 209—**Mr. Hnatyshyn:**

Is the government giving consideration to improving customs services at the Saskatoon airport and, if so, to what extent and on what date?

Point of Order—Mr. Beatty

Mr. Yves Demers (Parliamentary Secretary to Minister of National Revenue): There is presently no permanent staff assigned to Saskatoon airport. All customs service is provided on a call-out basis from the Saskatoon office. Regional officials indicate that, to date, there would not be sufficient work to justify assignment of permanent staff to the airport. Given the current low volume of traffic and the necessity for financial restraint, it would be neither desirable nor feasible to further expand customs service at Saskatoon beyond the current level, that is from 0700 to 2400 hours, seven days per week.

DREE—LAWYERS IN PROVENCHER

Question No. 268—**Mr. Epp:**

From June 1, 1974 to date, what lawyers in the Constituency of Provencher were given work by the Department of Regional Economic Expansion and what amount was each paid per year?

Mr. Claude-André Lachance (Parliamentary Secretary to Minister of Justice): In so far as the legal agents of the Minister of Justice are concerned: None.

EYRETECHNICS LIMITED

Question No. 325—**Mr. McKinnon:**

1. Was Eyretechnics Limited, 92 Grenville Crescent, Ottawa, Ontario, allotted a contract for $175,000 in connection with preliminary work for destroyer life extension?

2. Was the tendering process conducted before this contract was let?

3. Is it the current plan of the Department of National Defence to go ahead with the destroyer life extension plan?

Hon. Barney Danson (Minister of National Defence): 1. Yes.

2. Yes.

3. The Department of National Defence has approved in principle a program to extend the life of the current steam destroyers until the new ships come into service. The precise scope and extent of the project is yet to be determined.

[*Translation*]

Mr. Speaker: The questions enumerated by the parliamentary secretary have been answered. Shall the other questions be allowed to stand?

Some hon. Members: Agreed.

* * *

[*English*]

POINT OF ORDER

MR. BEATTY—ANSWER TO QUESTION NO. 67

Mr. Perrin Beatty (Wellington-Grey-Dufferin-Waterloo): Mr. Speaker, at the outset I would apologize to you and the House for having to raise a further point of order, because discussions have gone on and taken up the time of the House

since the end of the question period. My point of order is with regard to the answers given to questions on the order paper.

I feel that it is a fundamental question and that my rights as a member of parliament are affected by the procedures we are following here, as well as the ability of all members of parliament to discharge their responsibilities. I acknowledge that you, sir, have stated on many occasions that it is not your responsibility to ensure that answers given to questions on the order paper, or answers to questions asked during the oral question period, are adequate and full, that your responsibility is merely to ensure that the rules are kept. I certainly accept your statement in that regard.

However, I think it may be useful to you, sir, and to the House, if I explain the difficulty that these procedures have put us in at the present time and which leads to a situation where the rules make a mockery of the ability of an individual member of parliament to get information from the government if the government is determined to frustrate his attempts to do so. I would like to bring to your attention the answer I received on November 7 to question No. 67, which I placed on the order paper on October 11.

You will recall, sir, that over the course of the past several months I have risen at this point in the proceedings several times to bring to the parliamentary secretary's attention the question which I had on the order paper relating to the use of government aircraft by the then minister of labour to fly to western Canada to consult with various owners of CFL teams to prevent the takeover by Mr. Harold Ballard of the Hamilton Tiger Cats. The first part of my question was to elicit from the parliamentary secretary whether in fact the trip had taken place at government expense and, if so, what were the costs to the taxpayers, who the other individuals were who accompanied the minister, and how these activities related to the official responsibilities of the minister of labour because, surely, if he is to commandeer government aircraft, it must be in line with his official responsibilities.

The second part of my question was to ask whether the Minister of Agriculture (Mr. Whelan) intended to follow up on a suggestion made by the then minister of labour to the extent that the Minister of Agriculture would find money to cover the cost of increasing the seating capacity at Ivor Wynne Stadium.

These questions were first placed on the order paper on February 22, 1978. At that time they were listed as question No. 1,332. I allowed several months to elapse before first bringing the question to the attention of the parliamentary secretary because I felt, even though this was a matter which would be answered in short order, that the government was entitled to a reasonable period of time. The first time I rose in the House to bring it to the attention of the parliamentary secretary was in June, 1978, at which time I asked him, after mentioning the substance of the question, why it had sat on the order paper for several months without receiving an answer. The response I received from the parliamentary secretary, as reported at page 6832 of *Hansard* reads:

[Mr. Beatty.]

> Mr. Speaker, the number of the question is all I need. I am quite capable of reading the order paper. I can assure the hon. member that we will give his question all the attention it requires within the next few weeks.

At the time I thought the parliamentary secretary was acting in good faith, and allowed the matter to drop. I assumed that he would discharge his responsibilities and provide me with an answer to this very straightforward question.

The House then adjourned for the summer, and the question was left standing on the order paper for three months while the House was in recess. During that period, of course, no further questions could be added to the order paper and therefore the government had three months to come to grips with the various questions left on the order paper and to prepare answers for when parliament resumed for the last day of the old session. When parliament resumed there was no answer given to that question and it died on the order paper.

Although I raised the matter in the form of a point of order at that time, the parliamentary secretary then assured me that he had made every effort to get an answer but had not been able to do so. I subsequently raised the question a couple more times, and in all it has been five times in eight and one half months that I brought to the parliamentary secretary's attention the fact that this question was outstanding. On June 29, October 17, and October 24 I referred specifically to this question, and on November 1 and October 10 I referred in general terms to a number of questions still outstanding which I had on the order paper.

On November 1, in response to a question which I raised in the form of a point of order as to delays in answering questions, the parliamentary secretary made this comment:

> Mr. Speaker, I find these remarks unfair. On numerous occasions, following interventions made by the hon. member or by others, I have shown the government's good will and efficiency in dealing with questions on the order paper.

This was reported at page 698 of *Hansard*.

Quite apart from the irony in these statements when he talked about efficiency and good will in answering these questions, I think that the answer by the parliamentary secretary would lead a reasonable person to believe that a decent answer would be forthcoming shortly. But this was not to be the case.

Last Tuesday, the parliamentary secretary tabled an answer to my question. The answer to part one reads:

> See Beauchesne's Parliamentary Rules and Forms, citation 171(11).

Over the course of the past few days I have had an opportunity to review Beauchesne to find out exactly why the parliamentary secretary was refusing to answer the question. Citation 171(11) of Beauchesne's fourth edition, 1958, reads:

> A question oral or written must not:
>
> (11) seek from an ex-minister information with regard to transactions during his term of office.

You can see the ludicrous situation I now find myself in, sir. The minister took the trip on the weekend of February 4, 5 and 6 of this year. On February 22 I placed my question on the order paper. It dragged on through the intervening months,

and half a year later the minister resigned from the cabinet. We end up with this situatin where the parliamentary secretary tables an answer in which he says that he is not going to give me the information because the minister has resigned. He does not feel that he has any obligation to give the House information about the way in which the funds of the taxpayers have been used.

As I said at the outset, Mr. Speaker, you cannot compel the parliamentary secretary to give adequate answers to questions on the order paper, but surely members of this House, under its procedures, in trying to discharge their responsibilities as parliamentarians and to ensure that the taxpayers' money is properly used, have rights too.

An hon. Member: You are only politicking; you don't mean it.

Mr. Beatty: Mr. Speaker, the hon. member opposite laughs when I mention the rights of members of this House.

I feel that I have been poorly treated by the parliamentary secretary. It is a sign that he has acted in either bad faith or simply has not been responsible in discharging his duties. I hope that the House will look at this matter and come up with a means to ensure that when members ask questions in good faith they will get full and complete answers and will be treated in good faith by members on the other side.

● (1612)

Mr. Ray Hnatyshyn (Saskatoon-Biggar): Mr. Speaker, I would like to speak on a point of order with respect to answers that have been forthcoming. This is a special occasion for me. I have received my first answer in this session, and so I wanted to mark this by bringing to your attention, a grievance which I feel I have respecting the whole process of answering questions.

As you know, the purpose of putting question on the order paper are twofold. First they are not necessarily matters of urgent and pressing necessity which would be allowed within the context of question period. Secondly, detailed information is sometimes required that is not appropriate for question period. We have a device now of having written questions on the order paper, in order to obtain information from the government on matters that are of some considerable importance to each member, who puts these questions on the order paper. This applies not only to members on the opposition side, but indeed to members on the government side as well.

What we have is the example that is being set by this parliamentary secretary. I am sure he is merely the conduit for each department to give answers as they deem appropriate. I have observed the list that we have been getting during the course of this session. Most times it contains something like three replies, occasionally more, but three answers each time there is an opportunity for the parliamentary secretary to rise and table answers given to these written questions.

On the basis that, as individual members of parliament, we are using this device in a responsible manner to allow departments to answer questions not in an indefinite period of time but within a reasonable time, under this point of order I would like to raise with the parliamentary secretary the question as to whether there are any guidelines handed down to departments concerning the time limit within which it is expected these questions will be answered. I can give examples of my own questions where it would be almost possible to have a yes or a no answer. Yet I have been in a position of waiting. In some cases I could give examples of questions which were put on the order paper in previous sessions that went unanswered, and I have replaced them on the order paper because I am still interested in finding out what the policy is with regard to areas important to myself and my constituents.

If there is to be any semblance of order and we are to have any credibility in this government—whether it wants to answer these questions or just play games with us—I would like to know if there are any guidelines the parliamentary secretary gives to departments to suggest that within a certain period of time it would be reasonable to expect answers to these questions, unless there are extenuating circumstances.

Some of my colleagues have asked on previous occasions, I think in all seriousness, whether the parliamentary secretary would tell us what questions the government does not intend to answer, and if in fact that is its intention, then let us know about it. However, will the parliamentary secretary inform us if there are any guidelines at all given to departments concerning time limits in which it is expected they will, in the normal course of activities, answer?

Mr. James A. McGrath (St. John's East): Mr. Speaker, I would like to speak in support of the excellent point of order put forward by my colleague, the hon. member for Wellington-Grey-Dufferin-Waterloo (Mr. Beatty), and to support him with my own particular grievance. This concerns question No. 232 on the order paper. It has been on the current order paper now since October 17. That question, sir, is really a very simple one. It has to do with a detailed account of the spending of money under the Federal Labour Intensive Program and, more particularly, how many jobs were created under that program, and by department.

That question was placed on the order paper in the last session. It was one of the 20 per cent of those questions which the parliamentary secretary was unable to answer because he was unable to obtain answers from the various government departments to whom the questions were directed. However, this question deals with an expenditure of $100 million voted by this parliament. This expenditure was undertaken by this government under a program late last winter, a program known as the Federal Labour Intensive Program, the purpose of which was to be a part of the government's over-all attack on the very troublesome and serious unemployment problem facing the country.

As we get into this winter, and as the present serious unemployment situation becomes even more aggravated by winter conditions and the traditional seasonal factors that are at work, we will be called upon, I have no doubt, to provide more funding for the Federal Labour Intensive Program.

Surely, Mr. Speaker, it is not unreasonable to expect, and indeed we have every right to expect the government to inform us as to just exactly how productive, how effective that last vote of $100 million was under the Federal Labour Intensive Program and, more particularly, how many jobs were created by it.

The parliamentary secretary can put my mind at rest very quickly by explaining to me and to the House why he cannot get an answer to this question. That phase of the government's make-work program is now over. We are going into the next phase which will mean, as I have indicated, another vote under the Federal Labour Intensive Program. We have a right to know, Mr. Speaker. We are voting public money. We have a right to know whether or not that public money is productive in terms of its intent, in terms of the purpose for which it is being voted. Surely, sir, that lies at the very root of supply in this House.

We are on the eve of a new budget and we are going to have to go through the whole process again. By addressing myself to the legitimate grievance of the hon. member for Wellington-Grey-Dufferin-Waterloo, I would hope that you, sir, and the House, can find some way to satisfy the House and its members who have grievances in this regard. As I say, we no longer have the right under our new rules in this House to withhold supply. If we did, here is a classic case where I, as an aggrieved member, would withhold the passage of estimates to provide more money under the Federal Labour Intensive Program until the government was able to satisfy me that the previous vote, the $100 million spent last winter, was effective in producing jobs.

The parliamentary secretary can put this matter to rest by telling me and the House that he is unable to obtain this information from the Minister of Employment and Immigration (Mr. Cullen) and from the various government departments. I suspect that is the dilemma in which he finds himself. If that is the case, then I have a question of privilege, and I will pursue that question of privilege with a substantive motion.

[*Translation*]

Mr. Yvon Pinard (Parliamentary Secretary to President of Privy Council): Mr. Speaker, with respect to the remarks made by the first speaker, I believe he raised two points: the question of good faith and the question of the taxpayers. On the question of good faith, his remarks were directed either at me in my capacity as parliamentary secretary or the government generally. He knows quite well, or should know, that good faith is always presumed, and it is up to the person allegating that there was bad faith to substantiate it. The hon. member will understand that. He is smiling like his leader who, if he had passed his law exams, would be able to understand the principle I just mentioned but he is in a very bad position to be smiling on that principle when this government in the past two sessions answered over 90 per cent of the questions that were put on the order paper. I realize the hon. member is in an unfortunate situation in not being able to give more substantiation or weight to his argument, when you consider that there are hundreds of questions put on the order paper every session, that my predecessor answered more than 90 per cent of them and that I answered 88 per cent or 89 per cent of those questions. That takes care of the argument of good faith raised by the first speaker.

With respect to his concern for the taxpayer, I draw his attention to his own questions. Very often his questions require research in several departments, and they are costing the taxpayers a fortune in time and research so we can give him a full answer or an answer that makes sense. And even if sometimes we are unable because of the end of a session to answer a question he asked, that does not mean that we did not do any research to try to answer it. In that sense, Mr. Speaker, if the hon. member were more concerned with the good of the taxpayers, he would be more careful with the kind of questions he asks and he would try to ask questions perhaps as intelligent as the hon. member for St. John's East (Mr. McGrath) has the habit of asking.

• (1622)

Mr. Speaker, there is also the intervention made by a second hon. member who spoke before the hon. member for St. John's East. He wanted to know whether there were any guidelines to be followed by those who do the research to provide answers to the questions on the order paper. The instructions given to the employees of all departments and agencies when they consider these questions are as follows: they must try to find as much information as possible to provide the best and the most complete answers possible as soon as possible. In this regard, Mr. Speaker, we continuously take steps to encourage these employees to provide us with full answers as soon as possible. In support of their excellent work, I must say that they have behaved very well and that they have always made valid efforts to provide this type of answer to the opposition as soon as possible. The results of the last few sessions stand as evidence of this fact.

Finally, Mr. Speaker, as concerns question No. 232 asked by the hon. member for St. John's East, I shall take note of his representations, but I would still like to draw to his attention a mistake that he made in his comments. Since I have great respect for the hon. member, I am certain that it must have been an involuntary mistake when he said that we failed to reply to 20 per cent of the questions asked during the last session. He probably wanted to say that we did not reply to approximately 10 per cent of the questions asked during the last session, and I am convinced that he made this mistake involuntarily. As far as we are concerned, we shall try not to make any mistake when we reply to his question.

[*English*]

Mr. Walter Baker (Grenville-Carleton): Mr. Speaker, there are a couple of matters I want to talk on with regard to this point of order in connection with answering questions, because of the diminishing right of private members to obtain informa-

tion. This is one of the faults of our system. It is something to which we must address ourselves.

Every time this matter is raised the parliamentary secretary states that they answer 90 per cent of the questions. That is their record. I do not know how it stands statistically. I would not doubt the word of the parliamentary secretary that in statistical terms that is true.

The problem raised by the hon. member for Wellington-Grey-Dufferin-Waterloo (Mr. Beatty) was with regard to the kind of answer he received and the circumstances under which he received it. To rely on that citation in Beauchesne is to evade an answer or give a non-answer. Statistically I would not argue with the parliamentary secretary, but that is what is happening with regard to answering questions.

The question raised by the It reads: member for St. John's East (Mr. McGrath) is very simple. It reads:

1. By department and by community, how many positions have been made or will be made available under the Federal Labour Intensive Program?

That kind of information must be in the hands of a competent department in order to do the planning. It has to be there and available. To say that it is not available or it is hard to find, is to say that the ministry involved is incompetent, is not doing studies and so on.

It is wrong, innocently wrong, or I suppose innocently improper is the best way to describe it, for the parliamentary secretary time and again to say that all questions cost a considerable amount of money. I realize there is work caused in the public service as a result of questions by members of parliament because I represent a number of public servants who do the work in respect of answering questions. They tell me that is the case. Of course, that is their job. Not one has ever complained about doing his job.

I become concerned when I hear colleagues in the House worrying about questions that are not answered when the public service has done its job, when the answers are prepared and available, but the minister or someone else does not let those answers see the light of day. That is a matter which concerns me. Perhaps at some stage during the course of this parliament we could examine the process to ensure that does not happen. The hon. member for Ottawa-Vanier (Mr. Gauthier) says it is nonsense. If that were so, I would be relieved.

I know a large number of public servants who prepare answers to questions. They do not complain about that. I worry that sometimes their work does not get to the floor of the House of Commons because somebody's ox has been gored. That is the suspicion I have. Perhaps some day the parliamentary secretary can indicate the process to the House of Commons so that we can be relieved of that doubt.

Mr. David Orlikow (Winnipeg North): Mr. Speaker, I rise because, in his earlier intervention, the parliamentary secretary made some statements with which I take sharp issue. I have had a large number of questions on the order paper session after session. I admit that some of them have been complicated. When it has taken a long time to get an answer, I have not complained.

A year and a half or two years ago I put on the order paper of that session a series of questions having to do with Crown corporations. Each one was a very simple question. I will quote one which I have again placed on the order paper. I quote question No. 85:

1. Who (a) is the president (b) are the vice-presidents of the St. Lawrence Seaway Authority?

2. What is the annual salary in each case?

I have a series of questions, each along the same line, asking about a particular Crown corporation.

Had the government said it has not been the practice to divulge that kind of information with regard to Crown corporations, I probably would have accepted that answer, gone to the committee where the Crown corporation reports, in this case the transport committee, and discussed it with the minister. These questions would have then been off the order paper.

I do not do what the minister accuses some members of doing, create a great deal of work for public servants, then the end of the session comes, they do not have a chance to report, and the questions are forgotten. I waited until the first day of this session and I again placed the questions on the order paper. I repeat, they have been on the order paper for a year and a half or two years.

These are not complicated questions. They would not be difficult to answer. If the government wanted, I am sure it could obtain the information in a day or two, answer the questions, and have them removed from the order paper. If the government is embarrassed because it is paying too much or too little and therefore does not want to answer the questions, I suggest to the parliamentary secretary a lot of time could be saved by simply saying it does not want to answer the questions. I would not then have to get up every two or three months to ask what is happening.

I sympathize with hon. members who complain that their questions are not being answered or that it is taking a very long time to get answers, because I frequently receive that kind of treatment in this House.

• (1632)

MOTION TO ADJOURN UNDER S.O. 26

[*English*]

NATIONAL DEFENCE

PURCHASE OF FIGHTER PLANES

Mr. Andrew Brewin (Greenwood): Mr. Speaker, I ask leave, seconded by the hon. member for New Westminster (Mr. Leggatt), to move the adjournment of the House under Standing Order 26 for the purpose of discussing a specific and important matter requiring urgent consideration, namely, the proposal of a cabinet committee to seek the approval and commitment of the cabinet to the purchase of fighter planes at the total of $2.3 billion in 1977 dollars, on the grounds that

this order, which is the largest arms order ever made by Canada, has not been debated in the House or in the standing committee on defence and involves the assumption of a very large commitment at a time when restraint and retrenchment in government expenditure are called for, and when there is no need for the proposed fighter planes to be used against the unreal threat of manned bombers, there being no such commitment in either the NORAD or the NATO treaties.

This motion, as I say, comes at a time when restraint and retention are urged.

An hon. Member: What about Petro-Canada?

Mr. Brewin: I am not dealing with Petro-Canada at the moment. If the hon. member would recognize the importance of the subject I am dealing with, it would be helpful.

Mr. Stevens: Perhaps the hon. member would recognize the importance of Petro-Canada.

Mr. Speaker: Order. The hon. member gave the Chair notice of his intention to make this application pursuant to Standing Order 26. First I would like to call to his attention the language I used in dealing with a recent application, if I recall correctly, by one of his colleagues in respect to the proposed acquisition of Pacific Petroleums by Petro-Can which has been the subject of such lengthy discussions this afternoon. In that circumstance I indicated that in order for me to respect paragraph 16(a) of Standing Order 26 and find a genuine emergency, I would have to find some irregularity or something extraordinary about the practice that was being followed, and on the surface I see no allegation that the practice which is followed in this instance is any different from that followed in the past.

However, I am also struck by subparagraph 5 of the rule in this particular case, not because I am inviting the hon. member to make this the subject of one of the allotted days. I do not like to use that approach in dealing with applications under Standing Order 26, but I can scarcely ignore the fact that if the hon. member is seeking an opportunity for himself and his colleagues to inform the government of the position they would propose to take in respect to this kind of an arms' transaction, they would have, all of them, I trust, an ample opportunity to do so in the course of the discussions which are to begin tomorrow evening when the budget is presented. In the days that follow, the hon. member for Greenwood (Mr. Brewin), along with other hon. members, will have the opportunity to address themselves to defence policy in general and, in particular, to the spending of money, the subject most germane to that debate. Therefore, in deference to those two paragraphs of the rule, I have to decline the hon. member's application at this time.

[Mr. Brewin.]

ROUTINE PROCEEDINGS

[*Translation*]

MOTIONS FOR PAPERS

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

Mr. Speaker: Is that agreed?

Some hon. Members: Agreed.

* * *

[*English*]

POINT OF ORDER

MR. STEVENS—COMMODITY TAX REVIEW

Mr. Speaker: The hon. member for York-Simcoe (Mr. Stevens) on a point of order.

Mr. Sinclair Stevens (York-Simcoe): Thank you, Mr. Speaker. My point of order arises from a matter that has been raised, I think, on three occasions earlier—the fact that the government has declined to date to make a commodity tax review reference to the Standing Committee on Finance, Trade and Economic Affairs.

I see the parliamentary secretary to the House leader is in the House, Mr. Speaker, and I would like to draw his attention to the fact that the commodity tax matter was referred initially in the last session of parliament to the Standing Committee on Finance, Trade and Economic Affairs on June 8, that is, 1978, not long before we adjourned. On July 12 the committee advertised for submissions from all concerned with respect to that commodity tax review. To date, 93 briefs have been submitted, and we understand there are another 21 to come. The deadline for submitting briefs was initially September 21.

Our problem in the Standing Committee on Finance, Trade and Economic Affairs now is that we cannot deal with this matter. There is no reference. Yet, there are 93 briefs sitting there and I think it is a grave injustice to the various people who have spent the money and taken the time to send in their material. We still cannot process it without a new reference to the Standing Committee on Finance, Trade and Economic Affairs. My House leader has reminded me that every time this question has been raised we have assured the government that if they move a reference it will pass without any debate on our part.

Mr. Alan Martin (Parliamentary Secretary to Minister of Finance): Mr. Speaker, I share membership on the steering committee of the same committee with the hon. member for York-Simcoe (Mr. Stevens), and I am well aware of the suggestions which have been put forward by him. My understanding at the moment, however, is that the Standing Committee on Finance, Trade and Economic Affairs decided just

last night in full session to call six meetings a week to deal with the Bank Act reference which has been made by this House and that the committee has been extremely busy recently in connection with Bill C-7. I did make an undertaking in the committee—and this is really a committee matter—to report back to the next meeting of the steering committee with regard to a reference of the commodity tax matter.

GOVERNMENT ORDERS

[*Translation*]

BORROWING AUTHORITY ACT, 1978-79

MEASURE TO GRANT SUPPLEMENTARY BORROWING POWER

The House resumed, from Tuesday, November 14, consideration of Bill C-7, to provide supplementary borrowing authority for the fiscal year 1978-79 and to amend the Financial Administration Act, as reported (with amendments) from the Standing Committee on Finance Trade and Economic Affairs, and the motion of Mr. Stevens.

Mr. Pinard: Mr. Speaker, last night at the end of the day's proceedings I had the floor, but in view of today's dilatory tactics by the opposition, I will give others the chance to speak.

[*English*]

The Acting Speaker (Mr. Ethier): The hon. member for Vaudreuil (Mr. Herbert).

Some hon. Members: Order.

The Acting Speaker (Mr. Ethier): I had indicated to the hon. member for Nanaimo-Cowichan-The Islands (Mr. Douglas) that he might follow the parliamentary secretary, but when the hon. member resumed his seat nobody got up except the hon. member for Vaudreuil. I have recognized him, but if there is unanimous consent I could go back to the hon. member for Nanaimo-Cowichan-The Islands. Is there unanimous consent?

An hon. Member: Agreed.

Mr. T. C. Douglas (Nanaimo-Cowichan-The Islands): I was on my feet, Mr. Speaker, when the parliamentary secretary sat down. I had no way of knowing he was going to play the shrinking violet and disappear from the debate.

When the hon. member for York-Simcoe (Mr. Stevens) put his amendment on the order paper, I decided I would not take any part in this debate even though I thought the amendment was somewhat puerile and mischievous to the extent that all it would do would be to confuse the whole situation with respect to Canada Savings Bonds.

● (1642)

The hon. member for York-Simcoe used his speech on this amendment yesterday to launch a vitriolic attack upon socialism, on the NDP in particular, and on the things which the New Democratic Party members in the House from 1972 to 1974 supported and to some extent succeeded in having put on the statute books of this country. The hon. member spent a good deal of his time attacking the establishment of Petro-Canada, and particularly the acquisition by that corporation of Pacific Petroleums a few days ago. His speech was reminiscent of the Coolidge and Hoover era. It could have been delivered by Ronald Reagan or a member of the John Birch Society.

I recognize that the official opposition has a compound name. It calls itself the Progressive Conservative party. I have always thought that to be a contradiction in terms, but a party which looks in two directions at the same time is bound to have a left wing and a right wing. Yesterday the hon. member for York-Simcoe demonstrated the genius, which the right wing of the Conservative party has always displayed, of snatching defeat from the jaws of victory. Whenever they get within sight of taking office, they immediately drop the masquerade of being progressive, and all their reactionary tenets come to the fore. That is what we witnessed yesterday.

The hon. member for York-Simcoe talked about the dangers to this country and to the western world if democratic socialist principles were put into effect. He spoke about how this country would be pushed back to the stage of human history reminiscent of conditions in Calcutta. The trouble with the right wing of the Tory party—and the hon. member for York-Simcoe is the exponent of it—is that it never really understands the people of Canada. Members of the right wing of the Tory party spend so much of their time talking to the bankers and financiers of this country that they think those individuals represent the man on the street, but they do not. The man on the street is not fooled by the "bogey man" of socialism. He is not fooled about the great blessings of free enterprise. He knows perfectly well that in the Scandinavian countries, some of which have had socialist democratic governments for over 40 years, progress has been made.

Mr. Stevens: They also have the highest suicide rate.

Mr. Douglas (Nanaimo-Cowichan-The Islands): Only the hon. member for York-Simcoe would believe that fable. If he will take the trouble to look up the figures published by the United Nations, he will find that that is not true, as is the case with many other propaganda figures tossed out by the right wing. He should take the trouble to look at West Germany, which has a social democratic chancellor, a social democratic prime minister, and social democratic government. The economic performance of West Germany far outstrips Canada or the United States.

Mr. Oberle: How many Crown corporations are there in West Germany?

Mr. Douglas (Nanaimo-Cowichan-The Islands): If he wants to, my friend can speak when I am finished. People are not

fooled any more. People look around this country and recognize that the province of Saskatchewan has a better debt position and a better budgetary situation than has the province of Ontario. Saskatchewan does not have the big deficit Ontario has, nor the debt load per capita Ontario has. The official opposition tries to frighten people about public enterprise and about governments using the power which the people have given them to insert some control in the market place so that the average individual will at least have a voice in determining his own economic destiny. Most people recognize the value of such a procedure.

Yesterday the hon. member for York-Simcoe said that in the years 1972 to 1974 the New Democratic Party, along with the government of that time, and I quote:

—seeded the expansion in our monetary system and fiscal system that gave us the inflation we are now living with—

As a matter of fact, it was the New Democratic Party which moved an amendment to the budget which defeated the government and brought on the election of 1974. Our opposition was to the fact that the government was giving $2.5 billion to corporations which, by the way, the Conservatives supported.

The right wing of the Tory party and the Tory party as a whole are going to have to come clean with the Canadian people. What are they talking about with respect to the inflationary fiscal policies of 1972 to 1974? Are they talking about the fact that we put pressure on the minority Liberal administration to index old age pensions and family allowances, and to improve the medical and hospital services of this country? Is it to that they are objecting? The hon. member for Winnipeg North Centre (Mr. Knowles) asked the hon. member for York-Simcoe whether that was what he was objecting to and whether he would commit the Conservative party not to curtail those services if it took office. What was the answer? The answer was, "Give us a chance; just try us; put us in office and see what we do." That will hardly satisfy the people of Canada.

I tell my friends in the Conservative party that the people of Canada will not be satisfied with a party which says, "Put us in and we will then tell you what we will do." The Conservative party seems to be saying, "Put us in and then we will start to think about what we will do." The people of Canada will not be fooled by that technique.

The hon. member for York-Simcoe criticized members of the New Democratic Party for supporting and, in fact, urging the government to bring in legislation to set up Petro-Canada. The official opposition criticized us at the time. The hon. member for York-Simcoe was a member, as I was, of the committee which worked on that legislation. I think there were 19 sessions. At least 12 of them were the result of the objections and filibustering of the hon. member for York-Simcoe, who fought tenaciously against the legislation. That was his right, and I did not blame him for exercising it. He did not support the legislation, and he had a perfect right not to do so. However, that obsession has stayed with him, and he used yesterday's debate to criticize the acquisition of Pacific Petroleums by Petro-Canada.

[Mr. Douglas (Nanaimo-Cowichan-The Islands).]

It is time that we brought this issue out into the open. It is time for the Progressive Conservative party to tell us where it stands. For the past 20 or 25 years 99 per cent of the ownership and control of the production and refining of petroleum products in this country has been in the hands of foreign corporations. I have not heard any protests about that from the hon. member for York-Simcoe. Are we to assume that, in the eyes of the Progressive Conservative party, government intervention in the oil industry is bad and that 99 per cent ownership of the oil industry by foreign corporations is good? Is that where the official opposition stands?

Mr. Broadbent: That is their position.

Mr. Douglas (Nanaimo-Cowichan-The Islands): It is time the official opposition told the Canadian people where it stands. It is significant that when the Liberal government reluctantly and belatedly got around to setting up a Crown corporation—and I have been as critical as any of the slow pace at which it has moved—the opposition came solely from the Conservative party.

What is the situation now? In Canada today we have probably sufficient quantities of light crude oil to last us at best until 1990, and after that we will be dependent for oil upon the tar sands which cannot possibly meet our requirements because of the large capital investments necessary and because of the disposal of the tailings.

• (1652)

The only other way we will be able to have anything like adequate petroleum supplies will be to develop the heavy oil deposits which straddle the borders of Alberta and Saskatchewan. It is estimated that there are billions of barrels of heavy oil there, but it is heavy oil which is very difficult to extract, which requires new technology, and which requires very large investments of anywhere from $700 million to $1 billion. The difficulty is that that territory is in the hands of private oil companies which have the leases. They have not been developing the oil, they have been sitting, waiting until the price gets to the place where it is economically viable to develop that heavy oil. Petro-Canada and the government have been pushing these companies to get on with the production, but nothing has been happening.

A few months ago Petro-Canada decided to try to purchase Husky Oil Company, which has very large holdings. All the members know what happened. Alberta Gas Trunk Company, closely associated with the government of Alberta, moved in, bid the price up and took the Husky Oil Company away from Petro-Can. I did not hear any of the Progressive Conservatives objecting to that. As a matter of fact it was the very opposite; they were chuckling with glee at the fact that Petro-Canada had been denied the opportunity to develop those heavy oil resources. Petro-Canada was not going to be able, on behalf of the Canadian people, to develop the Canadian people's own resources for the benefit of the people of Canada! The Conservatives were delighted that Husky Oil was going to go into the hands of a private company.

An hon. Member: And the government of Alberta.

Mr. Douglas (Nanaimo-Cowichan-The Islands): Now Petro-Canada has made its second move. It has managed to purchase from Pacific Petroleums in the United States 48 per cent of the shares which they hold, and it will endeavour to buy the shares which are held in Canada, but even 48 per cent will give them a controlling interest in Pacific Petroleums.

We have listened all week, in question period after question period, to all kinds of criticisms made about the impropriety and the foolishness of the government and of Petro-Canada in seeking to buy up the shares of Pacific Petroleums. Pacific Petroleums gives to the Canadian people the opportunity of having oil ten or fifteen years from now, therefore enabling us to avoid the terrible imbalance in our overseas payments if we have to import that oil from the Middle East.

Every person who has looked at the situation knows that any industry which controls the energy resources of a nation has its fingers on the windpipe of that nation's economy, and unless people in this country, through their federal and provincial governments, obtain some control of the petroleum industry, we will have to go through, in the next 25 years, what we have gone through in the last 25 years when we have watched the petroleum industry, which is foreign owned and controlled, ignoring the interests of the Canadian people and blackmailing Canadian governments.

Some hon. Members: Hear, hear!

Mr. Douglas (Nanaimo-Cowichan-The Islands): Yesterday the hon. member for York-Simcoe said that taking over Pacific Petroleums will not produce one barrel of oil or provide one job. What it will do is to enable the Canadian people to get oil when they need it, at a fair price to the Canadian consumer.

What has been our experience with the 99 per cent American controlled oil industry? Any member who was here in 1974 can give you the answer. In 1974, when the price was $4 a barrel and the government was reluctant to raise it, the oil industry sent its drilling rigs down to the United States—it went on strike. If the oil workers had gone on strike there would have been legislation on the floor of this chamber within 48 hours. But the oil industry went on strike and said, "We are not going to drill until you raise the price." They put the gun to the government's head, and the government had little choice, so they knuckled under, and since then we have been raising the price by $1 every six months until it reaches the world price.

Are we going to go through that again when we come to the heavy oil? At present we are already net importers of oil; we now import more oil than we export. It is going to cost us $2 billion or $3 billion in the next 12 months or so to pay for imported oil, even after we subtract from the cost of importing oil what we export. Will we once more, when we come to deal with the billions of barrels of heavy oil that straddle the provincial border between Saskatchewan and Alberta, allow the same companies to hold us up to ransom as they did in 1974?

When the Canadian people realize where the Progressive Conservative party has been standing, or at least where the hon. member for York-Simcoe has been standing, and when they realize that the Leader of the Official Opposition (Mr. Clark) has committed his party to wiping out Petro-Canada if he takes office, then I say the Canadian people will realize that the choice in this country is whether or not we are going to develop the petroleum resources of Canada for the benefit of the Canadian people, or whether we are going to continue to be an economic colony in which our vital energy resources are owned and controlled by foreign multinational corporations.

Some hon. Members: Hear, hear!

Mr. Hal Herbert (Parliamentary Secretary to Minister of State for Urban Affairs): Mr. Speaker, first I should like to congratulate the hon. member for Nanaimo-Cowichan-The Islands (Mr. Douglas) for his remarks concerning the purchase of Pacific Petroleums, and particularly for his reference to the need of the people of this country to have a greater handle on the development of their natural resources. I think the effect will be considerable in the sense that presumably the realization that we can purchase and control our own resources will be forcibly brought to the attention of the Canadian people by this purchase, and also by the fashion in which it is done. I am pleased it is not done by expropriation but rather by agreement.

I find it quite interesting that there has been some discussion about the price that was paid. I would not suggest that I have any special knowledge by which I can judge whether the price was high or low, but let me say that I am under the impression that the shares of companies such as Pacific Petroleums are considerably undervalued so far as the stock market is concerned, and therefore their fair value will be substantially higher than the present market value. Therefore it is not unreasonable to pay some $20 more than the present market price of the shares.

What I want to point out in my few remarks this afternoon is the fact that this bill is necessary essentially because we are running into a deficit, one this year and probably one next year. The fact that we have these deficits necessitates additional borrowing. When I look at the situation as it exists today, I see our national debt, the public debt, as of March 31 of this year, listed at some $80 billion. The figure is made up of $51 billion in unmatured debt, and another $28 billion in other liabilities. I am not talking about net debt because that would include a deduction of the assets. I am not deducting the assets for the simple reason that the only assets listed total approximately $40 billion. Obviously this amount does not include huge assets throughout the country which have never been recorded in the balance sheets of our nation. Most of the debt on which we are obliged to pay interest charges totals $80 billion.

● (1702)

Federal expenditures this year are expected to be somewhere between $48 billion and $49 billion, and our deficit will be

somewhere between $11 billion and $12 billion. Looking at a total indebtedness of $80 billion for a nation such as Canada, it seems to me that we should not become particularly excited. I do not. I look at it from the point of view that the debt is something in the order of half the total income of the nation for one year. If a person has an income of $20,000 per annum, the chances are that his personal debts are considerably in excess of $10,000. In fact I doubt whether anyone would criticize an individual with a $20,000 per annum income if his total indebtedness was in the order of $25,000 or $30,000. The person judges whether he can handle his debts on his ability to pay interest charges and principal.

Canada is running into increasing public debt every year because of deficits and deficit budgets. We should examine the reason why. I should like to deal with that. Of the total expenditure this year of something less than $49 billion, $13.7 billion is in the form of transfer payments to the provinces, transfer payments made in areas acknowledged to be entirely provincial areas of responsibility, such as hospital care, education, social services, and welfare.

A few days ago I made a rather simplistic motion indicating that we could very easily get rid of our deficit of almost $12 billion by eliminating transfer payments to the provinces. That would leave us with a net surplus of approximately $2 billion which could be used for other purposes. Obviously the purpose of my motion was to illustrate why we are running into deficit financing and budgets at the present time.

The province of Quebec receives $4.3 billion from the federal treasury. Before someone says that the province of Quebec does not agree, I should like to indicate that the figures of that province amount to $3.2 billion. For the moment I will not argue about the difference between Quebec's figure of $3.2 billion and the federal government's figure of $4.3 billion. At the present time the Quebec budget varies between $12.3 billion and $12.7 billion, depending upon whether provincial or federal figures are used. That means between one-quarter and one-third of the Quebec provincial budget is moneys which come from the federal treasury. I am not objecting. I am saying that in provinces which run balanced budgets, this is being done because they receive money from Ottawa, even the rich provinces of British Columbia and Alberta. These provinces are considered to be rich because they have greater wealth than other provinces in the country. Those two provinces receive $2 billion from the federal treasury.

We must recognize that there was good reason for transfer payments being introduced. They are just as valid today as they were when the programs were put into force. I support fully the fiscal intervention or participation by the federal government in programs recognized as being of a purely provincial nature in order to ensure standards of service, portability, and a national scope. When the federal government puts out moneys to the provinces to ensure minimum standards of service, then those payments should not be discontinued. As an individual, that is why I opposed the latest agreement on social services, where the government no longer exercises its right to ensure even social services in the provinces. As a federal government we must strengthen our position, not weaken it. We should say bluntly to the provinces that presently we are running a huge federal deficit, substantially because of moneys being transferred to the provinces in areas recognized as entirely the responsibility of the provinces. Conditions should be attached, and we should insist upon conditions which ensure that the programs are national in scope, such as hospital treatment being available to all Canadians no matter where they are situated in the country, welfare payments, and so on.

I should like to deal with the two areas of transfers in old age security payments and family allowances which amount to a total of $8 billion. Approximately 11.6 per cent of the federal budget is devoted to old age security payments, and 4.8 per cent to family allowances. These are national programs, but if one wants to argue about constitutional powers they can be construed as provincial by nature. One cannot have it both ways. The only way to maintain a strong federation is by ensuring that social programs are national in their scope.

At the present time the direction in which the Conservative party is going, when talking about more power for the provinces, is hypocritical in the extreme. When I attempted to draw them out on the subject of transfer payments, I heard loud cries from the hon. member for Kingston and the Islands (Miss MacDonald) who called transfer payments the very linchpin of Confederation. Even the Leader of the Opposition (Mr. Clark) suggested that to withdraw these transfer payments would be a matter of devastating consequence to Confederation. At least we have that position established. When members of the Tory party discuss the weakening of the federal system they presumably are not talking about cutting payments for hospital service, welfare programs, social services, old age security, and so on.

• (1712)

I think the criterion on which we must judge whether we should be in the position of deficit financing is precisely what we do with the moneys that are involved. In the present case one of the problems we face obviously is that most of these programs have been indexed, or because we have been involved in sharing on a percentage basis with the provinces there have been substantial percentage increases beyond the control of the federal treasury.

I have no idea what the Minister of Finance (Mr. Chrétien) is going to introduce in his budget tomorrow night. One thing I do hope our federal finance minister will do at the finance ministers' conference which is coming up next week is put bluntly to the provinces, "You have been talking about provincial powers, you have been talking about the fact that the federal government is exercising its authority in areas where it should not be exercising such authority; how about now being specific? We have on going programs in areas which are entirely a provincial responsibility; do you believe we should re-negotiate these programs now, which would be of tremendous advantage to the federal government, or do you believe it

is of national importance that we maintain the programs in their present form?"

Even though the programs are ongoing, it is my firm belief we must have the position established with provincial finance ministers and provincial governments before we go much further in this debate regarding what we want in a new confederation. I am absolutely convinced that the people of this country have been somewhat mesmerized by the continuing statements of provincial premiers that the federal government is too strong and that more powers should be distributed to provincial governments. Personally it is my belief that the opposite should be the case. In the many discussions I have had, I have found that people, when you discuss directly with them what they believe should be the power of the federal government, agree that rather than decreasing federal powers there should be a transfer of some of the powers from provincial governments to the federal level so that we can act in many areas as a nation.

I feel, for example, and I am glad that the subject of the petroleum company has come up this afternoon, that resources in this country should be considered as belonging to the nation. Before we start an argument on this, that does not mean I want immediately to transfer control of all resources to the federal government. I only suggest that most people, I like to believe, feel that the lumber of British Columbia, the oil of Alberta, the wheat of the western provinces, the industrial might of Ontario, the hydroelectric power potential of Quebec, and even the potatoes of the maritimes and the fish of our coastal waters, belong to our country, and in that respect we should look upon them as being national resources, and we should under no circumstances accept from either private companies, as in the case of the oil industry, or for that matter even from provincial governments, any attempt to hold back on the development of resources that can be of national benefit.

The federal government has contributed so much in the resource area which at the present time is often ignored. For example, I wonder just how far the oil industry in Alberta would have been developed had it not been for federal intervention to assure a market for Alberta oil when it was much cheaper to buy it from foreign sources. I wonder where the consumers of fuel oil, heating oils, for example, in the province of Quebec and in the maritime provinces, would be if the federal government had not intervened to stabilize prices in this country, ensuring that the full impact of oil price increases was not borne by the consumers of these provinces. I wonder even, in spite of all the arguments I have heard in this House about the Wheat Board, where the western provinces would be if there was not a national policy for grain. I wonder today where the coastal provinces would be were it not for the position taken by the federal government to keep to ourselves our fishing waters.

All these things clearly indicate there has been in the past, and is continuing today, massive federal intervention in respect of resources of the country—resources which I suppose, according to the letter of our constitution, are provincial, but which the people of our country from coast to coast look upon as being national.

I feel we are now moving toward a realization that we as a nation must be able to control our own riches. I am very pleased to see we have acquired a major interest in the oil industry, and I certainly like the way it has been done. I feel that the continuing intervention by Crown corporations for the benefit of Canadians as a whole will achieve something we are not able to achieve through the private sector. It has been extremely difficult to encourage Canadians to participate fully in Canadian enterprises, or to the extent we would like.

Hopefully our Minister of Finance will come in one of these days with something regarding the capital gains tax that will make it a little more encouraging for Canadians to invest in Canadian corporations.

We are asking for the power to borrow more money. We need that additional borrowing power because we are in a deficit financing position. We are in a deficit financing position for two basic reasons: first, huge transfer payments to the provinces and, second, increasing cost caused by indexing, increased population in areas of social service programs, all of which are surely a stimulus to the economy. This point should not be missed by the Conservative opposition. Moneys which are paid—

The Acting Speaker (Mr. Turner): Order, please. I regret to inform the hon. member that his allotted time has expired. He may continue with unanimous consent. Does the hon. member have unanimous consent?

Some hon. Members: Agreed.

Mr. Herbert: I will just conclude my sentence, Mr. Speaker. These moneys paid in the area of social services are, in the main, moneys that are spent by the recipients. Old age pensioners, the majority of whom obtain the supplement, will obviously be spending these dollars. Women receiving family allowance cheques will be spending these dollars. These programs must surely be a direct stimulus to the economy. If the Tory party would look upon it from that point of view perhaps they would be a little less critical about the present deficit and less difficult in passing a bill which is so essential if we are to continue to manage our country in an efficient fashion.

● (1722)

Mr. A. D. Alkenbrack (Frontenac-Lennox and Addington): At the calling of the orders of the day just a few minutes ago, sir, you witnessed a fine piece of footwork when the Parliamentary Secretary to the President of Privy Council (Mr. Pinard) deferred his remaining time to the hon. member for Nanaimo-Cowichan-The Islands (Mr. Douglas), one of the Liberal party's crutches, the former leader of the NDP and who, the government thinks, apparently is better at expounding its devious policies than any of its own members.

Mr. Martin: Mr. Speaker, I was present in the House last evening when the parliamentary secretary made his remarks. As I understand it this afternoon, he merely stood up to

indicate that he had completed his comments, and it was as simple as that.

Mr. Alkenbrack: Anyone who was here last night, Mr. Speaker, knows that the parliamentary secretary had plenty of time to finish. If the government's policies were any good, why did he not remain to expound on them himself, instead of deferring to his ally in the NDP party, who spent all his time attacking the Progressive Conservative party and their policies? Both the Liberal party and the NDP party are in a federal eclipse, and the House has just witnessed one of their last frantic embracing gestures. I say to the Canadian people, "Don't vote Liberal or NDP, both of these parties are in bed together, with nothing but deceit and political trickery to offer as a solution to Canada's problem."

As I join in this debate on Bill C-7 I am reminded that on April 20 I made what I thought at that time would be my last major speech in this House. When I left for England on April 30 as a delegate to the Commonwealth Parliamentary Association conference in London, I fully expected to return to the excitement of a federal general election campaign in this country. Instead I found that our country was still gripped in the turmoil caused by this confused and leaderless government. It is common knowledge right across this country that the government is in deep financial trouble, and has been for a long time. There is a five hour time limitation on the debate of this bill, the equivalent of closure, because the government cannot issue any bonds until it is passed.

This bill gives the Prime Minister and what is left of the Liberal party in this House the authority to borrow another $7 billion. The name of the session has changed since I returned from the old country from the third to the fourth session, but apart from that nothing else has changed. We are still mired in the same old political, social, and economic morass. The Prime Minister (Mr. Trudeau) does not seem to have heard the same message that we in this House have heard from people across the country. The message is that the Prime Minister has had his day and reached the end of his rope. It would be charitable and merciful if he should step aside and let the country recover its equilibrium with a new administration in charge.

On the occasion of my last speech I announced my voluntary retirement from active politics, and I did not expect to be here six months later debating still another government bill that turns out to be no more than another effort to borrow money. Just six months and 15 by-elections later I find that the government is setting still another record for spending and borrowing.

What we are getting is economic doubletalk. We hear from the Minister of Finance (Mr. Chrétien) that we can still go deeper into the bottomless pit of national indebtedness without increasing per capita indebtedness. What a fallacy that is. There might have been a time two or three years ago when it would have been true, but even then it would have required some juggling on the part of those who were selling that theory. Today, with a greatly devalued dollar, reduced productivity, and even greater deficit spending, there is no way that the Minister of Finance can sell such a theory; he will just have to think up a new one.

In the same vein, Bill C-7 seeks borrowing authority for the government to go into the market place anywhere in the world to borrow $7 billion, and at the same time amends the Financial Administration Act. While they were at it they should have asked for authority to amend the dictionary, and in particular to change the definition of "debt" and all its derivations. It now takes more than 15 cents of every dollar levied to carry our national debt. A year ago it was between 13 cents and 14 cents, but I am making that safe estimate of 15 cents now because there is at least 15 per cent discount on our money in the New York stock markets, which is the source of our emergency credit.

Unhappily, the government is faced with the same fact that the rest of us must face, that that debt means the same today as it meant yesterday, the same today as it meant 50 years ago, and the same today as it meant even to the Fathers of Confederation, and will mean the same in the years to come when our children and grandchildren are faced with a veritable mountain of IOUs, promissory notes, bond issues, and heaven knows what. The plain fact is that we are up to our eyeballs in debt, and yet this government wants more and more.

We are being asked to approve a further $7 billion of indebtedness, but we do not know for what it is to be used. If my leader had not jumped on the government and forced it to split its bill in committee, it would not have been $7 billion, it would have been $17 billion, but the government backed down on the other $10 billion.

What is the explanation we are given for the use of this money? Paragraph 2 of this five-paragraph bill reads:

> —the sum of $7 billion, as may be required for public works and general purposes.

Given the record and the attitude of this government, we probably should be thankful for small mercies and for the fact that the writers even volunteered to mention what it would be used for, albeit in general terms. Government bills seeking spending authority keep getting shorter and shorter.

Previous speakers in my party and in other parties in the House have termed this bill a disaster. It would be difficult to improve on that, because a disaster is a disaster. The Trudeau government is the all-time record holder in Canada for profligate spending and for floating bond issues. Over the past two years this government has been floating bond issues to pay interest on interest on the national debt.

I would like to quote from today's *Citizen*, no handmaiden to Liberal policies of profligate neglect of our nation's business and her economy:

> Canadians are desperate to see solutions to the country's economic problems and they're willing to make major sacrifices to achieve that objective—
>
> The more the government spends, the more it prints money. The more money it prints, the less worth that money has. Once it's into the cycle, there's almost no way, short of draconian measures, to get out of it.
>
> Part of the problem is government borrowing to finance over-spending.

● (1732)

Yes, that is true. I have stressed government borrowing to finance the payment of interest on interest on maturing obligations in the form of bonds.

The article in the *Citizen* continues:

In the process it imposes totally contradictory policies on Canadians and tries to explain those policies with unmitigated gibberish, pompous bluster and downright falsehoods.

A majority of Canadians may favor wage and price controls, but that preference should be seen as a willingness to bite the bullet, to make the sacrifices required to preserve this country's economic future.

The last few paragraphs in the *Citizen* editorial read as follows:

What it failed to do in the first ten years of its existence, the Trudeau administration now hopes to bring together in six months.

Is that the date of the election, six months from now?

Borrowing and deficit financing further debase and undermine our currency, and therefore our dollar falls in relation to the currencies of more responsible governments, the cost of imports goes up, and inflation soars.

In the last three years the government has been remarkably inactive in planning to reduce Canada's demand for imports. It has been equally delinquent in planning for increasing Canada's exports.

To return to the subject of the national debt, a subject which this government shies away from, but nevertheless it will have to face up to, we find that this is the third time in fiscal 1978-79 that the government has come to parliament to request an increase in its borrowing limit. Over the past two years these increases in borrowing authority have amounted to $28 billion, a 66 per cent interest in the national debt accumulation. I should add that "coming to parliament" is a hollow phrase. Those Liberal members vote as a pack, probably without even reading the bills, and so it is a foregone conclusion that Bill C-7 will pass.

Bill C-7 also authorizes the government to borrow in currency other than Canadian currency, and to repay loans in the currency in which it was borrowed. The plain fact is that the loans must be paid back in Canadian currency converted to the foreign currency borrowed, and the discount on the Canadian dollar must be paid. In the case of U.S. funds the exchange rate of 15 per cent to 17 per cent must be added to the average of 10 per cent interest, and to that must be added the two or three points that foreign buyers are discounting for our bond issues. This all adds up to an astronomical cost to our children and grandchildren.

Considering the growth in government spending and borrowing, and considering that we are being plunged headlong intc massive public debt, there should be more, rather than less scrutiny of bills such as Bill C-7. There should be dollar by dollar accountability by parliament on the part of any government. It is obvious from this five-paragraph bill before us that accountability has been lost. It is obvious, Mr. Speaker, that this government has lost control over our economy.

Accountability for public funds has always, at least until the past ten years, been an honour and a sacred trust. Under the reign of the present government it has now become somthing else. It is now a vital necessity to restore accountability to governments and ministers. The PC administration that will succeed this one will certainly stick to that code. Bill C-7 is a prime example of what I am talking about. Seven billion dollars is a lot of money to approve of spending for general purposes. I have to tell myself what I spend my money for, and so does each member of this House. We do not try to delude ourselves that we can spend vast sums of money and put it under the heading "general purposes", and yet the explanation in Bill C-7 as to what the money will be used for reads "For public works and general purposes" That is exactly six words, not even one word per billion. That is not an explanation, it is a put-off.

When I came to parliament 17 years ago I came from the municipal level of government where I learned my lessons on accountability of elected officials. As any hon. member who also came here from municipal politics can tell us, we did not strike mill rates for general purposes. Those rates are struck to cover the cost of specified expenses and services required by the corporate body, the municipality. I shudder to think of where I would be today if I had attempted to cover an item of, say, $20,000, by telling my colleagues to just charge it to general purposes. I know for certain that I would not be sitting here in this House.

Briefly, by way of qualification of this point, municipal government expenditures are controlled in three ways. Municipal governments are far more accountable than we are. First, council committees draw up their budgets. These are combined and brought before the whole council for debate and approval. Second, budgets are scrutinized and approved, in whole or in part, by the official arm of the province. In my case, it was the Ontario Municipal Board. In Ontario, and I suppose in other provinces, municipalities are creatures of the province and each has their municipal board. Third, mandates are often given by the people in the form of local referendums concerning certain types of laws and public improvements. There is naturally a certain amount of deficit financing allowed by the province since the province is responsible to the people. But it is not run-away deficit financing without accountability as we have seen over the past few years with this profligate government.

Day after day this government is stretching its credibility to the breaking point. Day after day the obedient ciphers on the Liberal benches across the way vote yea plunging the Canadian people further into debt. I have objected as strongly as possible to this government's practice of floating bond issues to pay interest on interest, but this has been to no avail. This practice is destroying parliament's confidence and the Canadian people's confidence in this government. They should do the honourable thing, get out and call an election.

This bill should be thrown out for at least two very good reasons—I know it won't be—but in the first place we do not have the faintest notion as to what the government wants the money for. I suspect that it is to pay interest on interest because it has to pay that, among other equally devious purposes. But the fact is that we do not know, and we know that we are not going to be told before this bill passes. Second,

what we are being asked to do is approve a third mortgage for a client who is not able to pay even the interest on the first and second mortgages. That is certainly not good financial practice, Mr. Speaker. We should not be put into the position of approving this bill by aiding and abetting it here. I resent being put into that position. It is a perversion of the high trust of public office and it is a misuse of the high privilege of being allowed to cast a vote in this chamber. How much of this money will go to buy another oil company? How much of this money will go help shore up the shaky Trudeau buck in New York, London, and other world monetary markets?

In short, there is a misty aura of deception and doubt already created by the dismal record of this government which should make any member voting on this bill conclude that the borrowing authority which they have asked for, of another $7 billion, should be refused. But better still than that, an amendment should be moved to the Financial Administration Act prohibiting and forbidding any government of Canada or any government in Canada at any level to borrow money anywhere from anyone to pay interest on interest, making it illegal to place a third mortgage on Canada, our country, which is now financially embarrassed and in a state of near bankruptcy as a result of being too long governed by the false and phony policies of Trudeau liberalism.

● (1742)

[*Translation*]

Mr. Yves Demers (Parliamentary Secretary to Minister of National Revenue): Thank you, Mr. Speaker, for allowing me to speak on a matter as important as borrowing money to ensure the efficient operation of the federal government.

I noted the speech of the previous speaker as well as those of other members of the Progressive Conservative party. It seems to me they are all mixed up about that bill requesting authority to borrow money. Most hon. members refer to borrowings and expenditures. The bill is merely aimed at borrowing money and does not authorize the government to spend it in various areas such as agriculture, fisheries and so on. It is merely a bill to borrow money.

If we want to borrow money, it is surely to do something, to spend it. As I said, however, that amount will not necessarily be earmarked for specific areas. It could be used, for example, to maintain what is commonly called the cash flow. It could also be used to repay matured bonds. In short, it could be used for many purposes.

The official opposition suggest that the Liberal government is spending money in an irresponsible way. However, since last August the Liberal government is cutting expenses in almost all departments, wherever it is possible to reduce expenses. In spite of those cuts, the official opposition still suggest that we spend far too much money. Yet in the course of the last election campaign the Leader of the Opposition (Mr. Clark) said that if he were elected he would allow Canadians to deduct from their income tax return up to $5,000 in interests or taxes paid on private houses.

A few simple calculations show us that such an exemption would cost the federal treasury about $1.5 billion and again as much to the various provinces. In other words, by a very innocent electoral promise he commits himself and others to outlays of about $3 billion. Since we know that the federal budget varies between $43 and $44 billion, such an expense would represent 6 per cent of the total budget and would result from a very arbitrary and hasty promise. If that promise were enacted, it would cost $1.5 billion.

And the Conservatives have the nerve to say that we Liberals are irresponsible in our spending. I would really like to hear what they have to say about that $1.5 billion promise. My contention is that not only it would cost the government a fantastic sum of money but it would be unfair to all Canadians. Tenants who rent their homes would not benefit from that exemption. Yet when they pay rent these tenants also pay interests, taxes and unavoidably a portion of their landlords' profits. But when the landlord determines the rent, he takes into account these taxes and interests. I think it would only be fair, if these credits are allowed, to grant them not only to landlords but to tenants as well. Incidentally, the province of Ontario has a system through which such things as interests and taxes are deductible. True, this system is restricted to a very small amount but on the other hand, it applies to all Ontario taxpayers, whether they are homeowners or tenants.

Another thing is very important. People whose houses are mortgage free could not benefit from this exemption even if the Progressive Conservative party could pass it because they do not pay mortgage interest. However, if such a measure were accepted, these people could mortgage their home for a sum depending on its value, let's say, for $50,000. The same owner who took a mortgage loan of $50,000 on his house could go to Florida, buy a condominium and live there during the winter months. Then he would be eligible for the deduction for the interests paid on his mortgage, which means that Canadian taxpayers as a whole would finance a portion of the condominium in Florida.

I said earlier that the present government has been reducing expenditures as much as possible since last August. I would like to bring hon. members to a place where I agree with the limitation of expenditures, namely my constituency where it affects me particularly. As we know, Mr. Speaker, the Central Mortgage and Housing Corporation has a definite purpose, which is to lend money to builders so that they resell their buildings to Canadian people with as little cash as possible. I understand that there are some other things related to the Central Mortgage and Housing Corporation, but its main purpose is what I have just mentioned. However, along the way some contractors went bankrupt. The Central Morgage and Housing Corporation, as any mortgagee, was therefore forced to take over its property and in many cases even had to

complete construction, improve it and rent out to individual Quebeckers. And in Quebec a great many housing units belonged to CMHC. However, in view of management restraint, it decided to sell its properties, which were often rented 40 per cent to 50 per cent below market value, which means that indirectly CMHC was helping underprivileged people to have adequate housing at minimal cost. To recover its money, it is now selling its properties in Quebec. Before selling, it asked the Quebec Housing Corporation Authority, which is under provincial jurisdiction, to make offers on all its units. The Quebec Housing Corporation did in fact buy some of them, but at a minimal price.

● (1752)

However, I would like to explain also the difference between the role of the Central Mortgage and Housing Corporation and the Quebec Housing Corporation. The main function of the Quebec Housing Corporation is not to lend money to promote construction and help Quebeckers become homeowners but to have buildings built or bought to rent them to underprivileged people so the poorer people in our society can have adequate housing.

I think the Quebec Housing Corporation should have bought a lot more of those units in Quebec. Furthermore, I realize that the Quebec Housing Corporation should have incurred deficits because its duty is to rent its housing units according to the capacity of the tenants to pay and not the market value. However, those deficits incurred by the Quebec Housing Corporation are financed 50 per cent by the federal government and the Central Mortgage and Housing Corporation. I realize that CMHC rented its buildings to individuals at reduced rates for a long time, because then the federal government was financing 100 per cent of those tax credits, but according to the law, those credits should be paid half by the federal government and half by the provincial government.

That is an example where the federal government is tightening its belt, recovering money and saving. I can also mention others, Mr. Speaker. In my riding there is the St-Vincent-de-Paul penitentiary. And now civil servants are being laid off, particularly staff working in the kitchens, and also office staff and even guards. And again the opposition which wants to spend $1.5 billion on a tax credit for housing is accusing the government of overspending. This is one specific area where we are saving the taxpayers money. In fact, I could mention all the departments, but one department where most members can see a saving in their ridings is the Post Office, which is spending a lot less than before. In the Montreal metropolitan area, for example, the Post Office has reduced the number of available boxes where people can deposit their mail. In the rural areas of my riding, we have boxes located on street corners, and the people living there must go and get their mail at those boxes. There again we have reduced the number of boxes and, of course, in doing so, we had to relocate them in perhaps somewhat more strategic and more central places so they could accommodate all the people in that same area.

Bill C-28 aims among other things at limiting the indexing of pension for public servants. I am not saying that it aims at eliminating indexing, but rather at limiting it. In my opinion, it would be a good thing if our public servants were limited to a reasonable amount because there is absolutely no restriction for most Canadian workers. There is also the unemployment insurance policy where there have been carefully thought-out cutbacks which will also save money for the federal treasury. For instance, in the past benefits represented a maximum of 66⅔ per cent of the insured salary. This has been reduced to 60 per cent. We have also increased the number of weeks of work required for employees to become eligible for unemployment insurance benefits. I cannot give the list of everything that has been done in all areas because I would then have to list all the departments as there have been significant cutbacks in each one of them.

I noted one thing earlier when I read the speech made by the hon. member for York-Simcoe (Mr. Stevens). He said that if, instead of issuing federal government bonds on November 15 we were to postpone the issue until November 22, because this bill will not have been passed yet, this would cost $30 million more to the federal treasury in interest charges. He then said: If this bill is not passed, instead of November 22, it could be November 29. This would mean one week more and cost another $13 million. If the members of the Progressive Conservative party are serious, they should give us their support as soon as possible so that this bill can be passed and we can avoid needlessly paying current interests on Canadian bonds. I therefore urge them to act like responsible managers and responsible Canadians and allow this bill to pass as soon as possible so that the interests charged to Canada will be as low as possible.

[*English*]

Mr. Alex Patterson (Fraser Valley East): Mr. Speaker, it is a privilege to have the opportunity to make some comments with respect to the bill currently before the House. I always enjoy the opportunity to speak on measures that are constructive, measures which offer some means by which the problems facing us as a nation can be resolved. Unfortunately, the bill before us is one which somehow brings with it a feeling of unhappiness and unease because we are being asked in this measure, the first of economic consequence to be introduced this session, to authorize the borrowing of a further $7 billion for the financing of government operations. This, in itself is an indication that we are facing serious difficulties. It is an indication that the government has failed to come to grips with the problems which are besetting the nation. It also indicates that the administration has failed to find solutions for the problems which are of current concern, not only to members of this House but to Canadians generally. So, as we face the task of commenting on this legislation we find it necessary to go

back and remind ourselves of some of the circumstances which have led up to the present serious financial situation.

For the past ten years the government has been engaging in a mad spending spree, with adverse results which are of tremendous consequence, and which call for immediate action.

May I call it six o'clock?

The Acting Speaker (Mr. Turner): It being six o'clock, the House stands adjourned until tomorrow afternoon at 2 p.m.

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

HOUSE OF COMMONS

Thursday, November 16, 1978

The House met at 2 p.m.

• (1407)

ROUTINE PROCEEDINGS

[*English*]

AGRICULTURE

MILK—REQUESTED AMENDMENT OF QUOTA POLICY—MOTION UNDER S.O. 43

Mr. John Wise (Elgin): Mr. Speaker, I rise, under the provisions of Standing Order 43, on an urgent matter of national importance.

In view of statements made by the hon. William Newman, Ontario minister of agriculture and food, to the Ontario Dairy Council's annual convention to the effect that a shortage of industrial milk produced in Ontario is causing severe losses in terms of jobs, farm income and secondary economic growth, as well as a loss of export sales, particularly of Cheddar cheese, I would move, seconded by the hon. member for Oxford (Mr. Halliday):

That the Minister of Agriculture accept his responsibilities and convene a meeting immediately with the provincial ministers, the National Milk Supply Management Committee and officials of the CDC for the express purpose of amending the present rigid quota policy so as to take into account changing production and market demand within the provinces.

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

Some hon. Members: Agreed.

Some hon. Members: No.

* * *

TOURISM

PROPOSED INCREASES IN COST OF AIR TRAVEL—EFFECT ON TOURIST INDUSTRY—MOTION UNDER S.O. 43

Mr. Jack Murta (Lisgar): Mr. Speaker, I rise, under the provisions of Standing Order 43, on a matter of urgent and pressing necessity, that being the proposed increases in the cost of air travel in Canada.

Domestic air fares may go up by an average of 5 per cent, airport taxes may be increased from $8 to $13, and landing fees may also be increased. Because of the negative effect this would have on the tourist industry in Canada, I ask leave to move, seconded by the hon. member for Vegreville (Mr. Mazankowski):

That the government use its powers to stop these discriminatory and damaging increases which would deal a further blow to our tourist industry.

Mr. Speaker: Presentation of such a motion, under Standing Order 43, can be done only with unanimous consent. Is there such consent?

Some hon. Members: Agreed.

Some hon. Members: No.

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POST OFFICE

PROTEST AGAINST FURTHER INCREASE IN FIRST-CLASS POSTAGE RATE—MOTION UNDER S.O. 43

Mr. Stanley Knowles (Winnipeg North Centre): Mr. Speaker, under the provisions of Standing Order 43, and seconded by the hon. member for Winnipeg North (Mr. Orlikow), I ask leave to move:

That this House calls on the Postmaster General to drop the idea of a further increase in the first-class postage rate, it being the view of the House that enough is enough.

Some hon. Members: Hear, hear!

Mr. Speaker: Under the terms of Standing Order 43, such a motion can be presented only with unanimous consent. Is there unanimous consent?

Some hon. Members: Agreed.

Some hon. Members: No.

* * *

[*Translation*]

POST OFFICE

REQUEST COMMEMORATIVE STAMP BE ISSUED IN HONOUR OF MONTREAL LION'S CLUB—MOTION UNDER S.O. 43

Mr. Gérard Laprise (Abitibi): Mr. Speaker, under the provisions of Standing Order 43, I ask for the unanimous consent of the House to move a motion dealing with an urgent matter of pressing necessity.

Considering that an international congress of the Lion's Club will be held in Montreal during the week of June 17, 1979, considering that the congress will be attended by more

than 40,000 delegates from 150 countries and principalities throughout the world, I move, seconded by the hon. member for Lotbinière (Mr. Janelle):

That the House ask the Postmaster General to issue a commemorative stamp for that important event.

Mr. Speaker: Order. The House has heard the motion of the hon. member. Under the provisions of Standing Order 43, this motion requires the unanimous consent of the House. Is there such consent?

Some hon. Members: Agreed.

Some hon. Members: No.

* * *

[*English*]

HARBOURS

SAINT JOHN, N.B.—CONSULTATION WITH FOREST PRODUCTS INDUSTRY ON ESTABLISHING TERMINAL OPERATOR—MOTION UNDER S.O. 43

Mr. Fred McCain (Carleton-Charlotte): Mr. Speaker, I rise, under the provisions of Standing Order 43, on a matter of urgent and pressing necessity.

In light of the fact that the National Harbours Board is considering establishing a terminal operator in the Navy Island forest products terminal at the port of Saint John, and in view of the fact that it is considering awarding that title of operator to a Montreal consortium of stevedoring firms, while rejecting a consortium of New Brunswick forest products producers, I would move, seconded by the hon. member for York-Sunbury (Mr. Howie):

That the Minister of Transport personally investigate this matter to ensure that no change in terminal operations is considered until full consultation has taken place with the New Brunswick forest products industry so that the industry will be a part of the decision-making process.

Mr. Speaker: Presentation of such a motion, under Standing Order 43, can be made only with unanimous consent. Is there unanimous consent?

Some hon. Members: Agreed.

Some hon. Members: No.

* * *

CONSERVATION

RE-CYCLING OF WASTE PAPER ON PARLIAMENT HILL—MOTION UNDER S.O. 43

Mr. Chas. L. Caccia (Davenport): Mr. Speaker, I have a motion under Standing Order 43 with respect to which there seems to be a consensus in this House.

In view of the importance we attach today to conserving our forest and energy resources, given the cords and cords of wood consumed by hon. members in the form of paper subsequently discarded, and in view of the opportunities for recycling waste paper in the Ottawa-Hull region, I ask leave to move, seconded by the hon. member for Victoria (Mr. McKinnon):

That this House set an example to the country and instruct the Sergeant-at-Arms to take prompt action and make the necessary arrangements to have the paper discarded on Parliament Hill recycled by the industry.

Mr. Speaker: Presentation of this motion, under Standing Order 43, can be made only with unanimous consent. Is there such consent?

Some hon. Members: Agreed.

Mr. Speaker: The House has heard the terms of the motion put forward in the name of the hon. member for Davenport (Mr. Caccia), seconded by the hon. member for Victoria (Mr. McKinnon). Is it the pleasure of the House to adopt the said motion?

Motion agreed to.

* * *

● (1412)

EMPLOYMENT

COMMUNITY EMPLOYMENT STRATEGY PROGRAMS IN NEWFOUNDLAND—MOTION UNDER S.O. 43

Mr. Fonse Faour (Humber-St. George's-St. Barbe): Mr. Speaker, under the provisions of Standing Order 43, I move, seconded by the hon. member for Broadview (Mr. Rae):

That this House direct the government to discontinue its plans for the termination of the community employment strategy program in the western part of Newfoundland and, in particular, the Labrador Straits community employment strategy association and the Port au Port community employment strategy association, it being the view of this House that to discontinue these programs at this point, when local associations have strategies in place, without adequate provisions for implementation will tend only to undermine local community efforts to foster local development.

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

Some hon. Members: Agreed.

Some hon. Members: No.

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CANADIAN WHEAT BOARD

APPEARANCE OF OFFICIALS BEFORE COMMITTEE TO EXPLAIN LOSS OF EXPORT SALES—MOTION UNDER S.O. 43

Mr. Doug Neil (Moose Jaw): Mr. Speaker, I rise, under the provisions of Standing Order 43, on a matter of urgent and pressing necessity.

In view of the announcement by the U.S. Secretary of Agriculture that China plans to increase its purchase of American grain, in view of the fact that so far this year China has purchased 4.35 million tonnes of American wheat and

corn, of which 3.3 tonnes was wheat, and in view of the fact that traditionally the Chinese market has been a Canadian one, I move, seconded by the hon. member for Lisgar (Mr. Murta):

That the minister in charge of the Canadian Wheat Board take immediate steps to arrange for the appearance of Wheat Board officials before the Standing Committee on Agriculture to explain the reason for the loss of the Chinese market and other problems in the movement and sale of grain.

Mr. Speaker: Such a motion can be introduced for debate at this time, pursuant to Standing Order 43, only with the unanimous consent of the House. Is there unanimous consent?

Some hon. Members: Agreed.

Some hon. Members: No.

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LABOUR RELATIONS

LABOUR-MANAGEMENT DISPUTE AT INCO—MOTION UNDER S.O. 43

Mr. John Rodriguez (Nickel Belt): Mr. Speaker, I rise, under the provisions of Standing Order 43, on a matter of urgent and pressing necessity to seek the unanimous consent of this House.

In view of the fact that local 6500 of the United Steel Workers of America has been on strike against the International Nickel Company of Canada for over eight weeks, that Inco has always forced its workers into strikes, even when nickel markets were good, and that this government stood by and was powerless to act when Inco laid off about 2,600 workers last fall, I move, seconded by the hon. member for Sault Ste. Marie (Mr. Symes):

That this House instruct Inco to get itself back to the bargaining table and to offer its employees a better package than it has offered to date.

Mr. Speaker: As a result of recent discussions, I think hon. members will recognize that a minimum precaution which I ought to exercise, even with regard to Standing Order 43, is that motions have to be within the administrative capacity of the government, which this one does not seem to be.

ORAL QUESTION PERIOD

[*English*]

TRADE

IMBALANCE OF TRADE—GOVERNMENT POSITION ON STATISTICS CANADA FIGURES

Mr. Bill Kempling (Halton-Wentworth): Mr. Speaker, my question is for the Minister of Industry, Trade and Commerce. An analysis of imports and exports of high technology end products indicates that our position deteriorated in the first

two quarters of this year. We showed a deficit of $4.7 billion for six months.

Can the minister de-bag these facts as produced by Statistics Canada, and is this the rosy trade picture about which the minister talks?

Hon. Jack H. Horner (Minister of Industry, Trade and Commerce): Mr. Speaker, I am not aware of the analysis to which the hon. member refers. I will look into it. But I am quite confident that we have made gigantic strides forward in the export of end products from our country this year.

Mr. Kempling: Mr. Speaker, this statistic was produced by Statistics Canada and it is available to the minister. Can the minister explain why, after the government accommodated the formation of CAMCO an attempt to rationalize the white goods and appliance industry, we are importing more than $863 million worth of domestic and commercial heating, refrigeration and air-conditioning appliances? That is a very significant market. What efforts is the minister taking, or is he going to take, to see that some of these products are produced in Canada?

Mr. Horner: Mr. Speaker, we are making great efforts to encourage Canadian production. We recognize that we must rationalize manufacturing for many of our requirements in order to meet competition. I believe that over the last six years we have lent about $600,000 to the company to which the hon. member referred. However, I would like to check the facts. We have certainly attempted to keep manufacturers in business so that they can sell to the Canadian market.

• (1417)

Mr. Kempling: Mr. Speaker, I have a supplementary question for the minister. The Canadian machinery industry experienced a net deficit of more than $7 billion in the first six months of this year. Would the minister advise us whether he considers a $7 billion domestic market to be a significant market, and can he explain why reports out of Geneva suggest that the Canadian machinery industry will not survive the GATT negotiations?

Put another way, does the minister support the sell-out of the very significant market in Canada for the machinery industry?

Mr. Horner: Mr. Speaker, $7 billion, in relation to $11 billion, is less. I think the hon. member is reaching conclusions which are not at all well-founded. I believe very strongly that there is a growing market for the Canadian machinery industry in Canada, and we will do everything we can to make certain that that industry reaches its goals.

DEFICIT UNDER CANADA-U.S. AUTO PACT—REQUEST FOR REGULAR CANADIAN REPORT

Mr. Allan Lawrence (Northumberland-Durham): My question is for the Minister of Industry, Trade and Commerce. Why does Canada have to continue to rely on reports from the

United States Secretary of Commerce to indicate how large our deficit is growing under the auto pact? When will the minister produce a Canadian auto industry report on a regular basis?

Hon. Jack H. Horner (Minister of Industry, Trade and Commerce): I intend to release, I think on November 23, the Reisman report with regard to the auto industry. As I said about a week ago in the House, this year our deficit in trade in automobiles and auto parts between Canada and the United States is half of what it was a year ago, a reduction of something like $600 million, which is quite a substantial reduction as I am sure even the hon. member would agree.

Mr. Lawrence: It is still a $10.3 billion deficit accumulation, Mr. Speaker. For some time conditions looked very favourable for a new, multimillion dollar aluminum engine block foundry and plant to be located in the province of Quebec: it looked favourable until the Minister of Industry, Trade and Commerce got into the act. It is now apparent that General Motors will not proceed with it. Can the minister indicate what he did that turned them off?

Mr. Jamieson: Whatever turns you on.

Mr. Horner: I and my officials have had discussions with General Motors. They have not informed me that they are turned off at all, Mr. Speaker. In fact, this is only one of a number of plants which General Motors intends to build in Canada.

Mr. Broadbent: Some time before the end of the century.

* * *

PUBLIC SERVICE

RIGHT OF EMPLOYEES TO RUN FOR PUBLIC OFFICE

Mr. Edward Broadbent (Oshawa-Whitby): Mr. Speaker, I have a question for the President of the Treasury Board. The Minister of State for Urban Affairs spoke very eloquently yesterday about the government's commitment to civil liberties.

Considering that section 32 of the Public Service Employment Act permits public employees to obtain leave of absence to run for public office, and considering that the Liberal candidate in Winnipeg North is a civil servant who has been given leave, could the minister tell the House why Mr. Garth Brewer, a federal employee in New Brunswick, was not only denied leave of absence to become a candidate for the NDP in a recent provincial election, but has subsequently been fired for doing so?

Hon. John Roberts (Secretary of State): Mr. Speaker, this matter was brought to my attention only ten minutes ago. It is the responsibility of the Public Service Commission, and I will inform them of the concern expressed by the leader of the NDP and reply to him as soon as possible.

[Mr. Lawrence.]

Mr. Broadbent: Mr. Speaker, I regret that the minister has just learned of it; I informed the office of the President of the Treasury Board of it over an hour ago.

Some hon. Members: Oh, oh!

Mr. Broadbent: Even a Liberal cabinet minister should be able to find out something in an hour. I should like to ask the minister, in all seriousness, who is dealing with the matter.

As a supplementary question, may I point out that subsection 3 of the act asserts that the only reason for denying a public employee the right to run as a candidate is his or her usefulness to the public possibly being impaired. Can the minister tell us, after he looks into this case, how that could conceivably apply to Mr. Brewer's situation, who was employed as a customs and excise official?

Mr. Roberts: Mr. Speaker, the hon. member complains about the length of time in bringing it to my attention. I would have thought that he has been a member of the House long enough to know that the Public Service Commission reports to parliament through the Secretary of State. As I have already said to the hon. member, I will pass along his inquiries to the appropriate body, the Public Service Commission, and transmit its reply to him.

• (1422)

Mr. Broadbent: Mr. Speaker, quite apart from passing on information, and since a Liberal candidate has been given leave to run in the forthcoming federal election in Winnipeg—which makes a lot of sense, and we support it 100 per cent—will the government take steps to ensure that this man who sought, and ran for, public office recently in the province of New Brunswick will have his job restored to him?

Some hon. Members: Hear, hear!

Mr. Roberts: Mr. Speaker, if the hon. member is asking me to intervene for a specific purpose in relation to the Public Service Commission, it seems to me that is not entirely an appropriate suggestion. As I repeat for the third time, I will communicate his concerns and come back to him.

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[*Translation*]

POST OFFICE

REQUEST COMMEMORATIVE STAMP BE ISSUED IN HONOUR OF MONTREAL LION'S CLUB

Mr. Gérard Laprise (Abitibi): Mr. Speaker, my question is for the Postmaster General.

In view of the fact that the international congress of the Lion's Club will be held in Montreal this year and that it takes some time to issue a new stamp, I would like to ask the Postmaster General if he has received representations with a

view to issuing a commemorative stamp on this occasion, and if in fact he intends to do so?

Hon. J. Gilles Lamontagne (Postmaster General): Mr. Speaker, I must say that many representations have been made to me to that effect. I had some from both government and opposition members as well as from the general public. The matter has been referred to our philately experts and an answer will be forthcoming shortly on the opportunity to issue a stamp for the Lion's Club thereby setting a precedent in relation to that category of association.

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[*English*]

TOURISM

PROPOSED INCREASES IN COST OF AIR TRAVEL—EFFECT ON TOURIST INDUSTRY

Mr. Jack Murta (Lisgar): Mr. Speaker, I should like to direct a question to the Minister of Industry, Trade and Commerce. In terms of our lagging tourist industry, how can the minister justify a proposed increase of 5 per cent on domestic air fares, an increase in landing fees and an increase in airport taxes which, combined, will make Canada a very, very expensive place in which to travel? How can this be justified at a time when our tourist deficit for the first two quarters of 1978 is in the neighbourhood of $1.35 billion, and if projected to the end of 1978, the deficit will be over $2 billion?

Hon. Jack H. Horner (Minister of Industry, Trade and Commerce): Mr. Speaker, I am not as pessimistic as the hon. member. I have looked at the third quarter figures and there is substantial improvement in our deficit in tourism.

Leaving that aside, I also think it is true that we have taken great strides to make more charter flights available to Canadians travelling within Canada, which automatically lowers the cost to Canadian tourists travelling within Canada. Also, I should add that I well recognize the fact that most tourists coming into Canada come from the United States and most of these American tourists come by way of an automobile, not an aeroplane.

Mr. Murta: Mr. Speaker, in conversations with travel industry executives, they state that the implementation of the proposed new airport tax alone will hurt seriously our tourism industry in Canada. Is the minister in favour of the proposed increases that the Minister of Transport seems bound and determined to implement?

Mr. Horner: Mr. Speaker, I am not necessarily in favour of all costs. I do not like to pay any more than the next person for a service which I require or want the government to provide for me. I am not going out and asking the government to provide a bunch of costs for me to pay as a tourist. But I recognize that I, as a tourist, can afford to pay the costs which I incur as a traveller.

Some hon. Members: Oh, oh!

Mr. Horner: I reiterate that most of the tourists coming into Canada come from the United States, and by far and large most of them come by automobile, not by aeroplane.

Some hon. Members: Hear, hear!

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● (1427)

AIR TRANSPORT

AIRPORT TAX—EFFECT ON TOURIST INDUSTRY

Mr. Don Mazankowski (Vegreville): My supplementary question is to the Minister of Transport. Canada's airport tax of $8 per person is already one of the highest in the world. The sector task force report on tourism stated:

> The airport user-pay policy makes air transportation in Canada non-competitive with that of the United States, and is detrimental to Canadian tourism development.

Would the Minister of Transport indicate to the House, if he is in a position to do so, whether the airport head tax will be increased to $13 as part of the generation of the additional $72 million included in the government's restraint program?

Hon. Otto E. Lang (Minister of Transport and Minister of Justice): Mr. Speaker, at this point I cannot add anything to the comments which have been made previously in the House on the subject. As far as the question of costs is concerned, particularly those being borne by travellers rather than by taxpayers not travelling, I think that the hon. Minister of Industry, Trade and Commerce put the matter very well.

Mr. Mazankowski: Mr. Speaker, it is the intention of the government to increase airport landing fees by some 30 per cent to 40 per cent over an eight-year period. This would result in these fees being increased by six times their present level, which would raise the cost of landing a 747 up to $1,800, compared to roughly $400 for an airport such as the one in Chicago in the United States.

Would the minister explain to the House the differential between these two costs, and is he not concerned about the negative impact this will have upon domestic air travel and, indeed, the tourist industry? Or is this simply the price the air traveller must pay for the ministers grandiose schemes in terms of the Taj Mahals that have been erected in this country in place of airports?

Mr. Lang: Mr. Speaker, first of all, the United States is also reviewing its policy of subsidizing air travellers by not charging fully the costs of the system. We are awaiting their judgments in that regard.

I can assure the hon. member that, although there may be increases in charges over the year, at no time will the charges be higher than the actual costs of providing the facilities and conveniences to the traveller. Not only that, I can assure the hon. member that this very system of making realistic the fact

that facilities being provided have to be part of the cost of flying has led to a full discussion with the carriers of all the issues—

Mr. Mazankowski: That is not true.

Mr. Lang: —about what kind of facilities should be put in place. Whereas, until we were charging some of these costs through, the carriers always found it very attractive to ask for as much as possible in the way of facilities. Now that they know there is a charge to be borne, they are being very realistic indeed about what they ask for in the way of facilities, and that is a very good result for the taxpayer and the traveller.

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NATIONAL SECURITY

IGOR GOUZENKO CASE—PUBLICATION OF SECRET DOCUMENTS

Right Hon. J. G. Diefenbaker (Prince Albert): Mr. Speaker, I would like to direct a question to the Prime Minister: it has to do with national security.

As the Prime Minister knows, under the law, secret documents are kept in custody for 30 years. Recently, it has become known that in so far as the revelations of Igor Gouzenko are concerned, they are not going to be made available at this time. Would the Prime Minister tell the House why such an alteration has been made in the general policy, and when does he expect that these revelations, which were so beneficial to our country and would no longer be detrimental by revelation, will be revealed to Canadians as a whole?

Right Hon. P. E. Trudeau (Prime Minister): Mr. Speaker, the former prime minister will recall that I took the initiative a few years ago, myself, to reduce the 50-year rule to a 30-year rule, at which time I consulted with the right hon. gentleman and obtained his agreement.

It is a matter of policy to shorten the time interval as this government has done. If there is some exception, I am not aware of it; but I will take note of the question and find out why there has been an exception.

Mr. Diefenbaker: Mr. Speaker, I realize what the Prime Minister has done: I thought it was worth-while and I approved of it. However, there has been an exception made in Gouzenko's case and some people in this country are very frightened at the revelations which might be made, for they were not proceeded against as others were who were no more guilty than these people. Therefore, it is necessary that at the earliest date this information be made available.

Mr. Trudeau: Mr. Speaker, I believe that the hon. gentleman has repeated his previous question and I can only give the same answer, that I will inquire if an exception has been made and, if so, why. Presumably, if it has been made, it would have been in the interests of national security.

Mr. Diefenbaker: There is no national security in that.

Mr. Trudeau: The hon. gentleman knows that there is no national security involved. I wonder how he knows that. The files were not accessible to him at that time.

* * *

• (1432)

NATIONAL DEFENCE

INCREASE IN CAPITAL BUDGET OF DEPARTMENT

Mr. Allan B. McKinnon (Victoria): Mr. Speaker, my question is for the Prime Minister. On Tuesday, he told his press conference that the government was adhering to its commitment to increase the capital budget of the Department of National Defence by 12 per cent per year, in real terms, and its operating budget to keep pace with inflation.

Can the Prime Minister clarify those remarks, as senior DND officials, particularly the associate deputy minister of finance in the department, acknowledged at the Standing Committee on External Affairs and National Defence on March 21 that the real increase in the capital budget for this fiscal year is only 2.8 per cent?

Right Hon. P. E. Trudeau (Prime Minister): Mr. Speaker, I would have to refer to that testimony and see in what context it was made. Probably it was talking about a particular point in time, but the commitment on the forward budgeting over the period, I believe, until 1981 has been for a 12 per cent increase per year in capital budgets and in real terms.

It is possible that in expending the money the department will want to spend more than 12 per cent in one year and a little less in the next. Certainly, the commitment still stands and I would be very surprised if the hon. member could find any evidence to the contrary.

Mr. McKinnon: Mr. Speaker, I would like to turn to the Minister of National Defence for my supplementary question.

On Tuesday, he too referred to a theoretical capital envelope. Is this not really a subterfuge that means the government has taken some of the department's money out of this year's budget and is replacing it with an IOU possibly payable in some not yet specified year? Does the minister agree that the so-called financial envelope is a euphemism meaning, "Sorry, DND: we are breaking our financial promises this year, but we will give you a similar promise for some other year"?

Hon. Barney Danson (Minister of National Defence): Mr. Speaker, maybe it is unparliamentary, but that is absolute nonsense. The hon. member asks this sort of question in committee and in the House all the time. He knows the answer to it. The Prime Minister just gave the answer to it.

The capital envelope is not a fictitious thing; it is a very tough constraint in my department, as it is in all departments, but it is very real. Nevertheless, those expenditures are committed by the government, or will be if some are not already, and that equipment will be purchased. I think the hon.

member must realize it is there for a real purpose and not just to spend. If we do not spend it on the equipment we intend to one year, we do it the following year. We are not going to disrupt those major capital equipment projects for the Canadian armed forces.

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[*Translation*]

FEDERAL-PROVINCIAL RELATIONS

QUEBEC INDEPENDENCE PROJECT—GOVERNMENT POSITION

Mr. Herb Breau (Gloucester): Mr. Speaker, my question is for the right hon. Prime Minister.

In view of the comments made by the Prime Minister at his press conference the day before yesterday to the effect that Quebec Premier Lévesque has managed to lull Canadians to sleep concerning his real intentions, could the Prime Minister tell the House whether the government of Quebec is still pursuing its project for independence in the context of its relations with the federal government? Furthermore, what is the position of the federal government in view of the threat made by the Quebec government to hold a referendum to get a mandate to negotiate the province's withdrawal from confederation?

Right Hon. P. E. Trudeau (Prime Minister): Mr. Speaker, this question could lead to a lengthy answer. I think it would be summarized by saying that no one is being misled on the intention of the PQ government which is to lead Quebec to independence. No one on this side of the House, anyway. It is true that the statements of the PQ premier in Regina last summer seem to have slightly lulled the other provincial premiers to sleep but I do not think that any Quebecker entertains any doubts whatsoever as to the real intention of the PQ which is to try to make an independent country out of Quebec.

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[*English*]

HEALTH AND WELFARE

FEDERAL GOVERNMENT RESPONSIBILITY FOR HEALTH CARE OF INDIANS

Mr. Lorne Nystrom (Yorkton-Melville): Mr. Speaker, I have a question for the Minister of National Health and Welfare. As the minister knows, the federal government is now planning the transfer of Indian health care to the provinces. She knows that the Indian people are very concerned about this and have been to Ottawa to see us, as well as sending telegrams to the minister.

I should like to ask the minister whether she will consider suspending that action and restating a commitment to Indian health because of the great concern Indians have about Indian health being guaranteed under their treaty rights with the government?

Hon. Monique Bégin (Minister of National Health and Welfare): Mr. Speaker, there has never been such a plan: I want to make that extremely clear. I do not know what the hon. member has in mind. There is no need to say it is very easy for me to reaffirm, as he has asked, a firm commitment to better health for all Indians of Canada.

Mr. Nystrom: Mr. Speaker, that is rather strange. Representatives of the Saskatchewan Indian Brotherhood, the National Indian Brotherhood, the Manitoba and Yukon Indians have been down here to see members of various parties. They sent a very lengthy telegram to the minister. She replied to the effect that the government is still very committed to transferring Indian health from the federal government to the provinces. That telegram is dated October 18.

Today, the minister reversed her position and I want to be clear about this: is she saying now to the Indian people that Indian health care is going to rest with the federal Department of National Health and Welfare, and not transferred, as her telegram indicates, to the provinces and to the territorial governments?

Miss Bégin: Mr. Speaker, the telegram was probably too long for the hon. member to read. If he had taken the time to read it and study it, he would have seen that the National Indian Brotherhood delegates, who came for a very good meeting in Ottawa this week, asked me questions and made very good representations to me concerning what we call, in the jargon of the health delivery system, the uninsured items or expenditures. That has nothing to do with health care per se. Health care remains exactly as it is, and we are following completely the historical relationship by which we are in it. That means eyeglasses—and I told them there would not be several pairs per year, per person—it means dental equipment or expenditures, it means transportation costs and drugs.

This question is very serious, and if the hon. member is honest, he will listen. There is no point giving to any segment of the population open expenditures that will create abuses to which everyone else will object. We were going bankrupt with the expenditures because there were no guidelines. We have set guidelines, which I issued in September, giving Indians on welfare 50 per cent more than the provinces give them.

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POST OFFICE

INCREASED POSTAL RATES TO COVER INCREASED DEFICIT—GOVERNMENT POLICY

Hon. W. G. Dinsdale (Brandon-Souris): Mr. Speaker, I have a question for the Postmaster General. On November 21, 1977, the then postmaster general announced significant increases in postal rates affecting all classes of mail, to be effective April 1, 1978. A year later, because of the continuing turmoil in the Post Office, that means the deficit for the fiscal

year 1978-79 will be much higher than the $525 million predicted by the present Postmaster General last June.

Does the hon. gentleman intend to pass on these unplanned, increased deficits to the taxpayer by increasing postal rates again in 1979? If so, what will be the proposed rates, and what classes of mail will be affected?

Hon. J. Gilles Lamontagne (Postmaster General): Mr. Speaker, I appreciate the hon. member for Brandon-Souris picking up the question put by the hon. member for Winnipeg North Centre in a motion at the beginning of the sitting.

As the hon. member for Winnipeg North Centre said, "Enough is enough". But enough is enough of deficit, not necessarily the postal rates. That is exactly what we are trying to do, to reduce the deficit of the Post Office. That is why we moved so wisely by putting Bill C-8 through the House, so that we would have labour stability during at least another year.

Also, at the postal users conference, most of our users asked us to administer the Post Office as closely as possible on business principles. This means that we have to be very fair about the share which is paid by the users themselves, which must be their fair share, and the share paid by the general public. That is what we are going to do when we decide to raise rates. It is under consideration at the moment, and the hon. member should hear about it soon.

Mr. Dinsdale: A supplementary question, Mr. Speaker. There are some post offices around the world making profits today. This deficit is created by the continuing turmoil in the postal service.

The Postmaster General referred to postal users. I wonder if he has discussed the proposed increases with the publishers of periodicals and the other major users of the postal service who must have at least a six-month lead time before the implementation of new rates in order to plan their affairs and meet other rising costs. The Postmaster General neglected to consult with substantial post office users before the last round of increases. Has he met with these major customers this time around? If not, when does he intend to do so, in order that they might make their necessary plans?

● (1442)

Mr. Lamontagne: Mr. Speaker, the turmoil in the Post Office is very often caused by the remarks of some opposition members. There is no turmoil in the Post Office.

Some hon. Members: Oh, oh!

Mr. Lamontagne: I wonder where the hon. member for Brandon-Souris was at the time of the two-day postal users conference in Toronto: he was not there, of course. I was there. I consulted with at least 1,800 people from across Canada who use the postal service, including publishers, editors and others. I met with directors of most of the magazines and publishers in Canada. They have a very good opinion: they told us to administer the Post Office in a way that makes it as close as possible to operating a business. As far as postal rates are concerned, they realize that at the moment we have the lowest rates in the industrialized world.

Some hon. Members: Hear, hear!

* * *

ENERGY

PETRO-CANADA PURCHASE OF PACIFIC PETROLEUMS SHARES—EFFECT ON COMMON CARRIER PRINCIPLE

Mr. F. Oberle (Prince George-Peace River): Mr. Speaker, my question is for the President of the Privy Council: it is with regard to his responsibility for the Alaska pipeline.

My concern is the Petro-Can takeover of Pacific Petroleums which, of course, has a subsidiary known as Westcoast Transmission which, in turn, is a partner in the pipeline consortium. Is the minister concerned over the fact that such ownership by the government would not only offend the common carrier principle but would put the government in a precarious position with regard to establishing and administering guidelines to which they themselves would later have to adhere? Is it the intention of the government to ask Petro-Can to divest itself of the interests in Westcoast Transmission after the acquisition?

Hon. Allan J. MacEachen (Deputy Prime Minister and President of Privy Council): No, Mr. Speaker, I do not see any difficulties arising from this transaction, with regard to the northern gas pipeline, in any particular raised by the hon. member.

Mr. Oberle: Can the minister indicate whether there has been a reaction from the industry, other partners in the pipeline consortium and the government of the United States? After all, this is a strange and serious departure from the principles which earned this consortium the right to build the pipeline in the first place.

Mr. MacEachen: No, Mr. Speaker, to my knowledge, there have been no representations from any sources with regard to this situation.

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AIRPORTS

CALGARY INTERNATIONAL—ZONING BYLAWS RESPECTING CONSTRUCTION OF NEARBY BUILDINGS

Mr. Eldon M. Woolliams (Calgary North): Mr. Speaker, I have a question for the Minister of Transport: it deals with the safety of air traffic particularly as it applies to the Aeronautics Act.

My question is twofold. By an order in council passed in 1977, No. 2449, hundreds of houses in the city of Calgary adjacent to the airport and quite some distance from it were affected. A zoning bylaw was passed governing, probably, two things, height and noise with regard to hundreds of houses. I wrote the deputy minister on October 31.

First, was this order in council passed in reference to only the height of the buildings? Second, it is similar to a caveat and none of the owners received notice respecting the filing of the order in council against hundreds of houses already built and bought by citizens of that city. No notice was given. The act requires that an action with reference to any damage resulting from the filing of this zoning bylaw must be commenced within two years. None of these people received notice. Will the minister look into this fact and advise me of the reason for filing this order in council and, second, why notice was not given in accordance with the Land Titles Act similar to caveat law?

Hon. Otto E. Lang (Minister of Transport and Minister of Justice): Mr. Speaker, I will certainly look into the matter and see the nature of the order in council and any zoning that flows from it. My impression is that it will be in relation to height only, because we have not taken general power in relation to zoning for other reasons. A bill to broaden our power in relation to zoning was before this House and held up, I must say, by Conservative filibustering in the last session.

In addition to giving us the right to do some zoning around airports when necessary, and that was only intended to be used when the municipalities were unable or unwilling to do what was required to make sensible use of airports, the bill had some additional provisions to give protection to people around airports as to the way in which notice would be served. I would be delighted if the hon. member would have discussions with his colleagues about quick passage of that bill so that we might bring it back and move it forward.

Mr. Woolliams: The minister will be pleased to know that I did discuss this with some of my colleagues. As I examine the new bill, I find it would make the situation even worse. The minister did not answer the main part of the question. There were hundreds, probably thousands, of these properties affected. Good money was paid for them by average people with average incomes. When they come to sell, they will find, after two years, this has been on the title without notice. I have searched the titles. How can they commence an action for any loss or damage? Will the minister explain that?

Mr. Lang: Mr. Speaker, if I did not, as the hon. member says, answer the main part of his question, I surely made it clear to him that I was not aware of the exact content of that particular order; that it likely did relate to height and, therefore, likely has no adverse effect upon any existing structure in the area. All of that is logical conclusion on my part, from our ordinary practices. I further told the hon. member I would check into the matter and report to him when I had more detail available.

Oral Questions

EXTERNAL AFFAIRS

REUNIFICATION OF FAMILIES PROGRAM—SITUATION WITH VIET NAM

Mr. Art Lee (Vancouver East): Mr. Speaker, my question is for the Secretary of State for External Affairs. In view of the fact that negotiations with the Republic of Vietnam have been disappointingly slow in respect of reunification of families in Canada, and in view of the fact that I have received reports from people who have left Vietnam that officials in Vietnam demand $3,000 for each person who wishes to leave, will the minister undertake to express concern to the government of the Republic of Vietnam at the time it is taking to conclude this agreement on reunification of families in Canada and respecting the fact that its officials are demanding cash payment for those who wish to leave the country?

Hon. Donald C. Jamieson (Secretary of State for External Affairs): Mr. Speaker, I have been aware of some of these charges. I thank the hon. member for having given me notice.

An hon. Member: In caucus.

Mr. Jamieson: I did not hear the hon. member's interjection. We have been making frequent representations to Vietnam with regard to family reunification. We will continue to do so. I have asked, for example, that representatives at our embassy in Peking, which is responsible for our embassy operations in Vietnam, be welcomed there to negotiate individual cases. We will resume and strengthen those representations.

* * *

EMPLOYMENT

CRITICISM OF DISCONTINUANCE OF JOB VACANCY SURVEY

Mr. Lincoln M. Alexander (Hamilton West): Mr. Speaker, I wish to direct my question to the Minister of Employment and Immigration. It was revealed this morning, in committee, that the deputy minister, Mr. Manion, regretted very much discontinuance of the job vacancy survey. He has made a recommendation that it be reintroduced. Given the fact that the government was embarrassed with regard to the job vacancy survey, can the minister tell me what has happened with the deputy minister's recommendation?

Hon. Bud Cullen (Minister of Employment and Immigration): Mr. Speaker, the preamble of the question is in error: the government was not embarrassed by it. As a matter of fact, it was a useful instrument which was used very often by my department. It was taken at the initiative of another department which prepared that statistic and which apparently felt it was not receiving extensive use. In view of the fact it had to make cuts, it decided to make cuts in those programs that were not being used.

Mr. Alexander: Mr. Speaker, the minister has not answered my question. His deputy minister, Mr. Manion, indicated that

he very much regretted that the job vacancy survey had been discontinued. This is of significant importance to him, and he recommended that it be reintroduced. What has the minister done with that recommendation? Has he accepted it? Has he discussed it with his colleagues in order to see that this very important survey is reintroduced?

● (1452)

Mr. Cullen: I commend my deputy minister for commenting in such a forthright way about the valuable use my department made of that particular statistic. However, as I have indicated, there are many projects which I would have liked, and which the deputy minister and others would have liked, which have had to be dropped. In the interest of saving, another department of government has decided that this is a project which should not, in fact, be kept alive.

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AIR CANADA

REQUEST FOR ASSURANCE HOLIDAY SERVICES WILL NOT BE DISRUPTED

Mr. J. M. Forrestall (Dartmouth-Halifax East): Mr. Speaker, my question is directed to the Minister of Transport and Minister of Justice. I trust he is fully aware of today's public relations release by Air Canada with respect to the corporation's pilot problem.

May I ask him, first of all, whether he is seized of the release, if he is satisfied with it and, more important, whether or not he is prepared either today or later this week to give some assurance to the flying public that notwithstanding pilots having in large numbers "flown out" the contractual hours allowed, there will be no interruption or disruption of essential holiday services next month?

Hon. Otto E. Lang (Minister of Transport and Minister of Justice): I am literally seized with it, Mr. Speaker: it came into my hands a few minutes ago as a consequence, perhaps, of notice from the hon. member's office that he intended to raise the matter. I have not had a chance to read it thoroughly, and I want to do that before replying to the hon. member's question.

Mr. Forrestall: One very brief supplementary, Mr. Speaker. I hope I am right in assuming that the minister was not aware of the difficulty facing Air Canada with respect to flying hours available to the pilots. I hope he will take careful notice, within his department, of their knowledge of the rate at which this situation was building up; the failure by Air Canada to exercise its internal management responsibilities to ensure that such a situation did not exist; to ensure that he or his senior officials had not been advised of this, and that he did not take earlier, corrective action to offset or negate the very serious situation which exists and which puts Air Canada in the position of having this problem in manning aircraft because their pilots do not have left over flying hours.

[Mr. Alexander.]

I ask that question because of the obvious implications to safety and the convenience of the flying public. Does he know whether he had ever been advised?

Mr. Speaker: The hon. member's definition of a brief supplementary is quite different from mine.

Some hon. Members: Oh, oh!

Mr. Lang: Mr. Speaker, I have not had this matter brought to my attention. I can assure the hon. member that my departmental safety officials will see to it that all the ordinary safety rules are adhered to and that there will be no problem in that respect.

I think the question which has been raised relates, essentially, to a management problem, and in this release, as far as I can see, Air Canada is, in fact, explaining how it came to be in its present difficulty. We will both look at it together at a later time.

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EXTERNAL AFFAIRS

SAFEGUARDS APPLIED ON SALE OF CANADIAN NUCLEAR REACTORS

Mr. T. C. Douglas (Nanaimo-Cowichan-The Islands): Mr. Speaker, my question is addressed to the Secretary of State for External Affairs. The Latin America Economic Report carries a statement from Buenos Aires which quotes Admiral Madero, president of the National Atomic Energy Commission of Argentina, as saying work will soon begin on the building of an experimental plutonium reprocessing plant. The report goes on to say that the plant could supply enough reprocessed material to develop a nuclear weapon and keep Argentina firmly ahead of Brazil in the arms race.

I want to ask the minister whether this development has been brought to his attention, and whether the safeguards entered into between Canada and the nations which are recipients of Canadian reactors give the minister power to take action with regard to such a development and, if so, does he intend to take action?

Hon. Donald C. Jamieson (Secretary of State for External Affairs): I do not know of the quotation to which the hon. member refers. I deeply regret it, if it was made in that context, because our whole effort in Latin America, as elsewhere, has been to achieve total recognition of the non-proliferation treaty and, most particularly, a limitation on the reprocessing aspect which, as the hon. member recognizes, is extremely hazardous and dangerous.

Rather than give an off-the-cuff answer with regard to the safeguards, I would ask the hon. member's indulgence to allow me to look up the treaty. I can say, in passing, that I suspect the safeguards are such that we can prohibit the kind of reprocessing to which he has referred. But I will take the question as notice, look into it and give the hon. gentleman a specific answer.

Mr. Douglas (Nanaimo-Cowichan-The Islands): In view of the fact that the minister, along with the Prime Minister and some of his colleagues, has repeatedly told us that these safeguards are the strongest in the world, and in view of assurances the House has been given from time to time that in the event of any recipient of a Candu reactor building a reprocessing plant, steps could be taken to discontinue the operation and the supply of equipment and repairs, can we have an assurance from the minister that he intends to take this matter seriously and apply all the powers he has under the safeguard arrangements?

Mr. Jamieson: If that question had been posed originally, my answer would clearly have been yes. In other words, whatever action it is possible for Canada to take vis-à-vis that particular country, or any other country, to keep down and to prevent expansion in reprocessing, we would certainly take. I was perhaps being unnecessarily cautious by saying I would like to look at the agreement so that I could be sure. I did not want to be charged in the House tomorrow, when somebody sees the document, with having misled the House. That was the only reason.

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AGRICULTURE

MILK—REQUESTED AMENDMENT OF QUOTA POLICY

Mr. John Wise (Elgin): Mr. Speaker, my question is directed to the Minister of Agriculture: it relates to difficulties arising from his national dairy policy. In view of those difficulties, related to the lack of adequate industrial milk supplies within British Columbia, Alberta and, particularly, Ontario, would the minister take the necessary action to revise the present quota system to take into account changing production patterns as well as changing market opportunities within the provinces?

Hon. E. F. Whelan (Minister of Agriculture): I think I know what the hon. member has in mind: it is what the Ontario minister of agriculture said when addressing a dairy group in Ontario yesterday. I say to the hon. member that he should also refer to what the Ontario Milk Marketing Board stated as reported in the same article. It is under the jurisdiction of the provincial minister of agriculture, and not under my jurisdiction. They are the ones who decide on the national quota, how it is distributed, and so on.

No one has reported to me that there is any cheese shortage in Canada at the present time. If Mr. Newman has anything he wants to put on the record, he can do it on Monday, because we are going to be meeting with the provincial ministers and that is one of the subjects we shall discuss. We do not, as federal and provincial ministers, set that quota. That is set by a group which is representative of the dairy producers and the provincial governments; they sit down with the National Dairy Commission and they are the ones who decide what the quotas shall be. So no matter what Mr. Newman says, or what I say, we abide by what that group tells us.

Mr. Wise: I appreciate what the minister is trying to say, but he has the responsibility and the authority to ensure that the national dairy policy is fair and equitable to all producers in all provinces. He also has the responsibility to ensure that financial returns to the producers are maximized and that both domestic and export needs are met. Under the present policy, neither of these requirements is achieved. Would the minister consider increasing the size of the national quota to the extent which would provide sufficient products to meet domestic and export needs?

• (1502)

I also want to ask the minister if he would consider lowering the present $7.50 per hundred penalty charge to encourage producers to fulfil their own individual production requirements.

Mr. Whelan: Mr. Speaker, if the dairy industry is healthy and if many want to get into the production of industrial dairy products, I will take full blame. If, because of the quotas we have placed on imported cheese, people are enticed into getting into the production of cheese, I will take full blame for that. Cheese production has been good. Our reserves are not much different from what they were a year ago. There is no shortage of specialty cheese; there is a tremendous increase in specialty cheese production. In Ontario alone I believe there has been about a 44 per cent increase in two years.

If the hon. member has any more facts to present, I would be glad to hear them, but nothing he has presented here today shows that anybody is suffering. Cheese producers are making more money than they ever have. Farmers in the dairy industry are making more money than they ever have.

Some hon. Members: Hear, hear!

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HOUSE OF COMMONS

PRESENCE IN GALLERY OF GUATEMALAN MINISTER OF AGRICULTURE

Mr. Speaker: Order, please. That happy agricultural note gives me an opportunity to ask hon. members to join with me in welcoming a distinguished visitor in our gallery in the person of the Minister of Agriculture of Guatemala, the hon. Edgar Ponciano Castillo, who is on an official visit here.

Some hon. Members: Hear, hear!

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BUSINESS OF THE HOUSE

WEEKLY STATEMENT

Mr. Baker (Grenville-Carleton): Mr. Speaker, by way of a point of order I wonder if I might ask the Deputy Prime Minister (Mr. MacEachen) about his proposals regarding the budget. I understand that it is his intention to continue the

budget debate tomorrow and to carry it into next week for the appropriate number of days. In order to allow us to plan, would he give us the order of his priorities following the budget debate?

Mr. MacEachen: Mr. Speaker, first I want to say that today we will continue with the bill which would authorize additional borrowing authority, to be followed by the old age security legislation, and then the child credit benefits legislation. The budget will be presented tonight, and the debate will continue on Friday and on Monday, when the first vote will take place. I indicated informally to the hon. member earlier that it was my intention to continue the budget debate without interruption, but if the child benefits legislation is not passed, it might be necessary on Tuesday to interrupt the debate in order to deal with that in committee of the whole. However, that is not certain yet.

I have not cast my attention beyond the budget debate, but I highlight as one of the main items I would like to bring forward early, in line with requests made by the hon. member for Winnipeg North Centre (Mr. Knowles), the legislation affecting pensions in the public service. There is also the health resources fund legislation to be considered. By that time I hope to have on the order paper the bill relating to the Post Office. That would certainly be high on my list, but I would prefer to give a more precise indication next week.

Mr. Baker (Grenville-Carleton): Mr. Speaker, I thank the minister for his remarks. Some comments have been made with respect to the budget debate this evening. During the course of the day I wonder if the Deputy Prime Minister might give some consideration to making the text of the speech of the Minister of Finance (Mr. Chrétien) available to members of parliament as the Minister of Finance begins his speech, so that we can follow that speech carefully.

An hon. Member: Hear, hear!

Mr. Baker (Grenville-Carleton): I see that there is some support on the other side of the House for that proposition. This would enable the media to deal with the matter appropriately from the point of view of their operations outside, because I understand there has been an embargo placed on anything regarding the minister's speech until 8.30 p.m. I can understand that the privileges of parliament should not be infringed, but in these circumstances it seems to me that it would be appropriate for the Deputy Prime Minister to consider, if the media can begin dealing with the budget, whether members of parliament should have copies of the speech on their desks so that it can be followed by them. I would be very grateful if my hon. friend would consider that, in order to assist us and the public in understanding what is in the budget, if indeed there is anything in the budget.

Mr. MacEachen: With respect to the arrangements for the media I understand that there is an embargo on media reports of the budget statement until 8.30. That seems reasonable, because it is logical to provide the minister an opportunity to make his budget statement before interpretations and reports of the budget statement. I think it is reasonable to have an embargo until 8.30.

I will draw to the attention of the minister the matter of whether he could make copies of his speech available earlier. The Leader of the Opposition (Mr. Clark) and the leader of the New Democratic Party (Mr. Broadbent) have always had copies of budget speeches as ministers of finance have read them. I have always felt discriminated against because, as a minister, I have never had copies provided to me the way they have been provided to the Leader of the Opposition and the leader of the New Democratic Party.

Mr. Baker (Grenville-Carleton): Mr. Speaker, my heart bleeds for my hon. friend, but I thank him for his cooperation. I hope he will consider having the speech available at least for members of parliament.

I wonder if this morning the cabinet considered the possibility of fixing a date by which time we might begin the Christmas adjournment, if we are to have one this year, and how long it might be. If that was dealt with and if we knew where we were heading, I think it might help expedite business. That, coupled with an announcement regarding business after the budget, would help parliament expedite its work, which we always want to do.

Mr. MacEachen: Mr. Speaker, I did not have an opportunity, as I had hoped, to discuss with my colleagues this morning the time for the Christmas adjournment. I can assure the hon. member that it is my intention to provide for a Christmas adjournment, and I would appreciate any comments hon. members might have as to the length of that adjournment.

Mr. Broadbent: Mr. Speaker, what I have to say does not affect the Deputy Prime Minister (Mr. MacEachen), but I know the Prime Minister (Mr. Trudeau) is a family man, and those of us who are do like to make plans, believe it or not. Would the Deputy Prime Minister consult the gentleman on his left and decide early on a fixed date so that we will all know where we stand?

Mr. Knowles (Winnipeg North Centre): Mr. Speaker—

An hon. Member: Stanley said no.

Some hon. Members: Oh, oh!

Mr. Knowles (Winnipeg North Centre): Mr. Speaker, if I were taking part in the discussion which has just taken place, I would do so on behalf of all the grandparents in this place. We too have rights.

I would like to have a word with the Deputy Prime Minister (Mr. MacEachen) about the business for today. He announced that we would deal first with Bill C-7, on which there is a time limit, and that then we would move to Bill C-5. Bill C-7 is the bill respecting borrowing authority, and Bill C-5 is the old age security bill. I hope, Mr. Speaker, that you will permit me to make the point that under Bill C-5 there is a provision for the

extension of the spouse's allowance in certain cases, but it will come into effect only when that bill has received royal assent.

● (1512)

This means that every day that we delay the passing of that bill, seven more spouses between the ages of 60 and 65 who have become widows will not get the benefit under the act. Therefore I am suggesting that the Deputy Prime Minister call that bill first so that we could pass it quickly, sent it over to the Senate, and get it passed on the earliest possible date. As I say, every day means seven more widows who will not get the benefit of that legislation.

Mr. MacEachen: Mr. Speaker, the representation made by the hon. member is a good one because I have been concerned, as has the Minister of National Health and Welfare (Miss Bégin), about the speedy passage of the bill, for the reasons cited by the hon. member. I would be prepared to call Bill C-5 as the first item today if I had some understanding that it would be passed without debate, so we could go on to the bill on the borrowing authority. If that is the wish of the House, I will call it, but I cannot call it without an assurance of some kind. Otherwise, it may take all afternoon and I would not be able to have the borrowing authority bill passed, which is under a time limit, and which would normally be passed within an hour.

Mr. Alexander: Mr. Speaker, I rise on the same point of order. I heard the minister mention the Crown corporation bill affecting the Post Office. A few days ago I heard the Minister of State for the Environment (Mr. Marchand) mention the Crown corporation bill. My concern, which has been registered by others, is that the government is thinking about introducing the omnibus Crown corporation bill to determine the conduct, control and accountability of Crown corporations. Given the fact that a Post Office Crown corporation might not be the answer, is the government considering the ramifications of dealing with a Post Office Crown corporation bill followed by an omnibus bill on Crown corporations which could perhaps wipe out the effectiveness of the previous bill? Are we not a little premature in giving the Crown corporation bill such high priority.

I am just bringing this to the minister's attention because of the great concern which not only the government but we on this side and the people of Canada have with regard to the conduct of Crown corporations. Is there any possibility of the omnibus bill on Crown corporations guiding the conduct, control and accountability of Crown corporations, being brought forward in the very near future?

Mr. MacEachen: Mr. Speaker, I would say that there is little likelihood of the general bill being brought forward before the bill relating to the Post Office as a new Crown corporation. I believe the House will have to deal with the provisions of that bill on their own merit, and later we can deal with the general principles relating to all Crown corporations.

Introduction of Bills

Mr. Brisco: Mr. Speaker, I should like to ask the government House leader whether or not it is the intention of the government to reintroduce Bill C-14 which died on the order paper in the last session, dealing with the regulation, control and development of nuclear energy.

Mr. MacEachen: Yes, Mr. Speaker, I believe that that bill is on my list, but I will have to check further. I am sure there is a bill dealing with nuclear administration which will be put before the House.

Mr. Baker (Grenville-Carleton): Mr. Speaker, I rise with respect to a point I wish to make following the discussion we had a few minutes ago on Bill C-5. If it is the intention of the government House leader to call it immediately with the understanding that the matter would go through without debate, we are quite willing to deal with it.

Some hon. Members: Hear, hear!

Mr. Baker (Grenville-Carleton): Frankly, I had anticipated that there would be a period before private members' hour when we could do that, but I have no objection to dealing with the bill sooner. I think, in fact, it is an excellent suggestion.

ROUTINE PROCEEDINGS

[*English*]

REGULATIONS AND OTHER STATUTORY INSTRUMENTS

First and second reports of the Standing Joint Committee on Regulations and Other Statutory Instruments—Mr. Robinson.

[*Editor's Note: For texts of above reports, see today's Votes and Proceedings.*]

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[*Translation*]

ROYAL CANADIAN MOUNTED POLICE ACT

MEASURE TO AMEND

Hon. J.-J. Blais (Solicitor General) moved for leave to introduce Bill C-19, to amend the Royal Canadian Mounted Police Act.

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

Order Paper Questions

[*English*]

NATIONAL TRANSPORTATION ACT AND DEPARTMENT OF TRANSPORT ACT

MEASURE TO AMEND

Hon. Otto E. Lang (Minister of Transport) moved for leave to introduce Bill C-20, to amend the National Transportation Act and the Department of Transport Act for the purpose of defining the objective of the transportation policy for Canada and the powers and duties of the Canadian Transport Commission and to amend the Transport Act and the Railway Act in respect of freight rates and other matters.

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

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[*Translation*]

QUESTIONS ON THE ORDER PAPER

(Questions answered orally are indicated by an asterisk.)

Mr. Yvon Pinard (Parliamentary Secretary to President of Privy Council): Mr. Speaker, the following questions will be answered today: Nos. 48, 351 and 377.

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

[*Text*]

CANADIAN PENSION COMMISSION—PROFESSIONAL SERVICES

Question No. 48—**Mr. Orlikow:**

1. For the fiscal year 1976-77, what contracts for professional services were let for studies, surveys and analyses into (a) present or future policies, programmes or information analysis and their efficiency and effectiveness (b) the examination of the administration or internal operation of the Canadian Pension Commission?

2. How much was committed on each contract and to whom?

Hon. Daniel J. MacDonald (Minister of Veterans Affairs): 1. (a) Bureau of Management Consultants—Supply and Services, Canada, A study of Statistical Information System, $12,500.

(b) None.

2. See 1 (a) above.

ENTERPRISE DEVELOPMENT PROGRAM—GRANTS IN N.B.

Question No. 351—**Mr. Howie:**

For the fiscal year ended March 31, 1978, how many grants under the Enterprise Development Programme of the Department of Industry, Trade and Commerce were made to firms in New Brunswick and what was the total amount?

Mr. Bernard Loiselle (Parliamentary Secretary to Minister of Industry, Trade and Commerce): In so far as the Department of Industry, Trade and Commerce is concerned: For the fiscal year ended March 31, 1978, two grants were made under the Enterprise Development Program to firms in New Brunswick totalling $55,132.

DSS—PAYROLL

Question No. 377—**Mr. Bawden:**

1. Does the Department of Supply and Services prepare the Post Office Department's payroll and, if so, at what cost?

2. How many persons are employed at DSS in the preparation of the payroll?

3. Does DSS lease payroll systems and, if so, on what basis are the charges determined?

Hon. Jean-Pierre Goyer (Minister of Supply and Services): 1. The Department of Supply and Services provides payroll administration for the Post Office Department. For the fiscal year 1978-79 the cost of providing this service is estimated to be $3,000,000.

2. It is estimated that the Department of Supply and Services applies 100 staff years to the administration of the Post Office payroll service.

3. For payroll administration, the Department of Supply and Services develops, maintains and operates its own system.

[*English*]

Mr. Speaker: The questions enumerated by the parliamentary secretary have been answered. Shall the remaining questions stand?

Some hon. Members: Agreed.

Mr. Speaker: Do I understand it is the disposition of the House that Bill C-5 be called now, on the understanding that it will be dealt with, without debate?

Some hon. Members: Agreed.

Mr. Speaker: It is so ordered.

GOVERNMENT ORDERS

[*Translation*]

OLD AGE SECURITY ACT

AMENDMENT TO INCREASE GUARANTEED INCOME SUPPLEMENT

Hon. Monique Bégin (Minister of National Health and Welfare) moved that Bill C-5, to amend the Old Age Security Act, as reported (without amendment) from the Standing Committee on Health, Welfare and Social Affairs, be concurred in.

Mr. Speaker: Is it the pleasure of the House to adopt the said motion?

Some hon. Members: Agreed.

Motion agreed to.

Mr. Speaker: When shall the bill be read the third time?

Some hon. Members: Now.

Motion agreed to.

Miss Bégin moved that the bill be read the third time and do pass.

Mr. Speaker: Is it the pleasure of the House to adopt the said motion?

Some hon. Members: Agreed.

Motion agreed to, bill read the third time and passed.

* * *

BORROWING AUTHORITY ACT, 1978-79

MEASURE TO GRANT SUPPLEMENTARY BORROWING POWER

The House resumed, from Wednesday, November 15, consideration of Bill C-7, to provide supplementary borrowing authority for the fiscal year 1978-79 and to amend the Financial Administration Act, as reported (with amendments) from the Standing Committee on Finance, Trade and Economic Affairs, and the motion of Mr. Stevens.

[*English*]

Mr. Alex Patterson (Fraser Valley East): Mr. Speaker, at this stage of Bill C-7 I feel constrained to express not only my own views but the feelings of a great many of my constituents, and of Canadians in general, with respect to the present government's mishandling of the business of our nation as it relates to the economy. On a number of occasions prior to the resumption of this session or the beginning of a new session, the Prime Minister (Mr. Trudeau) declared that it was imperative that parliament meet and deal with legislation vital to the economy of the country. Also, ministers of the Crown, many times after long periods of delay and inaction, have suddenly produced bills and urged their quick passage because of the urgent needs confronting us. However, time and time again parliament has resumed its sittings faced with a blank order paper, except for some inconsequential items which had little if anything to do with the economy.

• (1522)

In a period when there is almost universal agreement that the Canadian economy is in dire need of attention, and that some effective measures are required to reverse the trends and start moving forward, all the government has to offer are some limited measures to cushion the effects of inflation on some of the more needy in our society—redistribution of income—but not one measure to increase the productivity of the economy, thereby increasing the size of the economic pie.

I should like to refer to an editorial which appeared in the *Financial Times* of October 30, 1978. It reads as follows:

> There are a number of examples of the way some fine master plan devised by Mr. Trudeau and the great thinkers in the Prime Minister's office has fouled things up: the controls program which held back investment, stifled job creation and kept Canada in a state of semi-permanent recession while doing little to curb inflation; the hassle over resource taxes; energy pricing; overtaxation of capital; the lack of any coherent economic policy; the commitment to redistributing wealth instead of creating it. These and other "initiatives" have produced four bad years for the economy when Canada could have been enjoying four good ones.

Bill C-7 does nothing to improve the health of the economy and its ability to support the demands being made upon it.

What are some of the factors which compound our problems at the present time? As mentioned in the editorial, there is a lack of any coherent economic policy. There have been ad hoc programs, policies born of desperation and fear, lacking forethought, and devoid of any regard to the consequences thereof. They have been the order of the day, and when challenged by failure and rejection the defence has been that the people do not understand what the government is trying to do, and they fail to take advantage of the largesse of the government in its attempt to bolster and expand the economy.

I should like to refer to another article which appeared in the Ottawa *Citizen* on October 24, 1978. The article was written by Dian Cohen, and reads in part as follows:

> The best we can say about the economic policies of the Trudeau Liberals is that they are consistently bad. The federal government has been playing the same tapes for a long time and still has not the wit to realize they are not conducive to the economic well-being of this country.

There has been no recognition on the part of the government that perhaps it might carry some of the blame for the state of the economy and not just blame the people in the private sector. The lack or loss of confidence in the government's ability effectively to guide the affairs of this nation is demonstrated by the flight of investment capital, which has been referred to on many occasions in the House. I am not only referring to the flight of capital which would otherwise be invested in Canada by the international community, but the flight of investment capital on the part of Canadians as well. This is a clear indication that there is a complete lack of confidence in the economy. These investors choose to invest their money elsewhere.

There is another problem which we face in Canada today. It is the government's waffling as to the basic economic philosophy needed to meet the requirements and aspirations of Canadian society. Yesterday we were treated to a rather impassioned speech by the hon. member for Nanaimo-Cowichan-The Islands (Mr. Douglas) as he extolled or implied the glories of a socialist state. I should like to remind him that we in British Columbia were rather recently the recipients of the so-called advantages resulting from such experiments. I remain unconvinced that that is the road we want to travel in Canada.

Some months ago the Prime Minister (Mr. Trudeau) intoned the obituary of the market system and predicted the further intrusion of government into the lives of Canadians. I think it was he who stated that the government had no business in the bedrooms of the nation. Even if he has followed this particular philosophy, he still claims the keys to all other

rooms in the house, because more and more the heavy hand of government is strangling initiative, industry, and the efficiency of the economy of this country. The Prime Minister later proclaimed his conversion to a belief in the doctrine of the pre-eminence of the private sector. But I am afraid that this remains uncorroborated by any fruits "meet for repentance" to which the scriptures allude.

The private sector in Canada has been the strength of the nation in the past and will so remain in the future, if given an opportunity to make an effective contribution. We must think of the place of the business community in the economy of Canada in providing opportunities for the great numbers of our people who seek ways of providing for their own needs and the needs of their families. They are prepared to take the necessary time, expend energy, lay the plans and face the obstacles of entering into business opportunities in Canada, because they have the desire to make a contribution and to look after their own needs. Not only must we think of the needs of the people in the business community, but also the provision of job opportunities for hundreds of thousands of fellow Canadians.

Many times when the government enters into restrictive measures as far as business is concerned, it fails to realize the role Canadian business is playing in the economy of the nation. Approximately 60 per cent, or perhaps more, of job opportunities is provided by small and medium-sized businesses. This calls into question any suggestion that we ought to have more government control, direction, and the heavy hand of government being exercised in the business community to a greater extent than at the present time. As well as providing job opportunities for hundreds of thousands of fellow Canadians, those engaged in the small and medium-sized business sector supply a great proportion of the revenue required by the government to assist those in society who cannot provide for themselves for a variety of reasons. They do not object to this. However, they object to the confiscation of their time, energy, and resources by a government which has neither the will nor the capacity to spend its money in an efficient and productive manner.

Also we are faced with the tragedy of unrealized possibilities in this country of ours. The editorial in the Financial *Times* to which I referred pointed out that these government programs and policies and other initiatives have produced four bad years for the economy when Canada could have been enjoying four good ones. This is the tragedy. This country has natural resources, skills, technology, will, and all other prerequisites for progress and success. But because of the absence of effective policies and leadership, its aspirations remain unfulfilled, its potential thwarted, its capacities underutilized and its shaky economy is maintained on borrowed money. It will be a burden on the backs of our children, their children and even succeeding generations, which they will not be able to bear. These are things that we have to remember. We have to recognize that these are the things which are facing us. Unless we can reach the point in our history when government, either this one or one that will be succeeding it, faces some of these issues, we are going to suffer from a lagging economy, an overburdened public, and the inability of our nation to achieve the objectives that the people of Canada have a right to expect.

● (1532)

I intended to deal with the policies which have been presented by my leader and my colleagues in the Progressive Conservative party, but due to the limited time available it will not be possible. I would commend to hon. members the statements that have been made outlining the policies which we have been proposing in order to meet this challenge of a lagging economy. I would ask that they take the time to peruse these statements and speeches so that they might realize that all our participation in debate is not negative and that we are presenting ideas which we believe are essential if the problems of Canada are to be met, and if we are to have an economy that will respond and be able to meet the challenges of the days ahead.

Another weakness of the government is its addiction to borrowing, and it is underlined once again by the presentation of this bill. I would refer to statements made by the Prime Minister nine or ten years ago in which he talked about Canada being on the road to financial disaster if nothing was done to bring spending under control. We now find down through the years since then that not only has the problem remained unsolved, but it has been aggravated. The very things which the Prime Minister predicted would happen unless something was done then, are actually happening in our economy and society today.

This bill takes the form of a third demand for additional borrowing authority. We all know that there are two main sources of revenue for government, taxes and borrowing. As far as taxation is concerned, it has just about reached the limit, and I do not believe that the general public will stand idly by for additional increases. The problems they are facing now in meeting their own needs, because of the confiscation of their savings and income by the government, even now are not acceptable, and I believe that there will be a revolt in this country if the government proceeds along this line.

We are left therefore with one alternative, and that is borrowing. After two previous authorizations for borrowing, the government is back asking for authorization to borrow $17 billion, $7 billion for this fiscal year and another $10 billion for the coming year. It is unprecedented in our history for a government to ask for borrowing authority two years in advance in order to carry on its operations. We all have heard the statement of the Auditor General that spending is out of control. As a result, there was a comptroller general appointed, but he was not given the power to exercise any control, and the problems remain unsolved, the evil still remains in our midst, and we are faced with a continuation of policies that can only spell disaster for Canada.

I would like to refer hon. members to one or two statements in a book by William E. Simon called "A Time for Truth". Mr. Simon is the former secretary of the treasury of the United States. At page 10 of his book he says:

Unfortunately, all the rhetoric about deficits and balanced budgets obscures the real danger that confronts us: the gradual disintegration of our free society. . . . This country is in desperate danger.

In reference to the consequences of deficits, he says at the bottom of page 11:

—we all know what they are. We all know that neither man nor business nor government can spend more than is taken in for very long. If it continues, the result must be bankruptcy. In the case of the federal government, we can print money to pay for our folly for a time. But we will just continue to debase our currency, and then we'll have financial collapse.

That applies to Canada as appropriately as it does to the United States. Unfortunately, this government has not learned the lesson. Its ministers have not faced the issue or brought into effect the policies they indicated were necessary to bring government spending under control. I believe that we are in for serious trouble unless something is done immediately. Fortunately, because of the opposition which was raised to the borrowing authority for $17 billion, the government finally yielded and asked for borrowing authority for only one year.

As our debt increases we find that a greater percentage of our income is siphoned off to pay for the interest. Just ten years ago it was $893 million, and today it is in the neighbourhood of $4 billion—the cost of interest on our national debt. It is all right for this government to go ahead and spend money, borrow money, spend money and borrow money; but I shudder to think of the burden it will put upon my children, my children's children, and the generations beyond that who will have no way in which to extricate themselves from the morass in which they have been placed by the spending of this government today.

Mr. Paul E. McRae (Fort William): I find this debate, Mr. Speaker, on the borrowing bill sown with a good deal of confusion. Perhaps it is deliberate confusion, but if it is not it is certainly confusion based on a great deal of naivete. When one talks about debt it is meaningless to say, for example, that I owe $10,000 and somebody owes $20,000, and then to say that one person is twice as much in debt as the other. Anyone knows that they must consider the individual's assets, his earning power, and the percentage of the cost of that loan of his income. These are the questions we have to ask when talking about debt. We speak about the borrowing power of government, and about the debt going up and up, but we need some reference point to understand the magnitude of that debt.

● (1542)

In 1960, which was the last year that the Progressive Conservative party held power in this country, the national debt, which had been rising, was 33 per cent of the gross national product. By 1972 the debt was down to 19 per cent of the gross national product. That is a considerable reduction, Mr. Speaker, so we were better off in 1972 in view of the fact that our assets had not quite doubled in that period. The debt today, and this figure is perhaps several months old, is only 18.7 per cent of the gross national product. In 16 years, therefore, the debt has been reduced from 33 per cent of the earnings of all the products and services in our country, to below 19 per cent. In the next year or so we can expect this to grow at a moderate pace. It will probably go up to about 21 or 22 per cent.

I think it is extremely important that we consider debt as a function of earnings, Mr. Speaker. We should also consider it in terms of the cost of maintaining that debt as a function of earnings. In 1967 interest on the national debt used up 1.9 per cent of the gross national product; in 1977, in spite of the fact that interest rates had nearly doubled, the interest costs used up 2.4 per cent of the gross national product. I want to put the thing in perspective. This government is very concerned, and as the opposition points out, it has a right to be, about the growing debt and the fact that we may be spending beyond our means. It is unfair, it is confusing, naive or both, to assume that debt is an absolute thing and not to relate it to the gross national product or our assets.

Another thing that concerns me about this borrowing bill is that it is made necessary by fluctuations in the Canadian dollar. Most of the need for authority to borrow $7 billion—we are not actually spending it; through the bill we only have authority to borrow—comes about because of efforts by the government to sustain the dollar at a reasonable level, or at least sustain fluctuations in the dollar. This should be better understood.

We would not need to borrow this $7 billion if we did not need money for this purpose, and if we do borrow it we are not going to spend—we have borrowed something in the order of $5.4 billion—but we are not going to spend that money on current expenses. What it actually means is that when we borrow—as we have borrowed the $5.4 billion—we pay interest for that, then put the money into an investment of some sort or another and receive an interest on that. The cost of this borrowing is the net difference between the cost of borrowing the money and the return we get from the investment of the funds.

I believe the Canadian dollar will rise to a higher level. The assets we have bought in terms of German deutschmarks, United States dollars, etc., will appreciate, and this will give us some advantage; it will reduce the actual net cost of servicing the whole loan.

We are not talking about going to Hades in a sidecar, or that the debt is going to destroy future generations and so forth; we are talking about stabilizing the dollar, investing money and the difference in interest between what we have to pay and what we accrue from our investments.

I want to deal with the Canadian dollar because I happen to believe that the depreciated dollar, at least no higher than 90 cents, has some great advantages for our economy, particularly at this time. I can see what it has accomplished in the community of Thunder Bay which is heavily involved in the pulp and paper industry, in the movement of grain, in building rail cars and other equipment for foreign markets, through the EDC. For the last year or year and a half, we have had the lowest unemployment rate of any city in Canada, and this can be attributed to the level of the Canadian dollar as much as anything. I think some other advantages have also accrued.

Earlier this year the manufacturing sector of the economy was operating at about 81 per cent capacity. I think 90 per cent would be full capacity, so 81 per cent is low. That gap has been more than halved in the last four or five months and we are now operating around 87 per cent capacity, close to the maximum level of 90 per cent. That is a very significant gain, Mr. Speaker, and is partly due to the sale of exports which were able to compete on the world market because of the depreciated dollar. Canadian domestic producers are also able to compete much more easily with imports. It is almost like saying to Canadian manufacturers selling on the domestic market that we have given them a 15 per cent tariff and telling them to do something about it. I think something has been done. Closing the capacity gap from 81 per cent to 87 per cent is very important.

When we consider the trade position we see that in the second quarter we had a surplus in commodity trade of $176 million, to be exact. In the third quarter this had risen to $600 million, a very significant increase. The third quarter, the mid-summer and early fall, is normally considered a slow period. It is significant that this happened at that time.

● (1552)

There are those who spend a great deal of their time deploring the state of our economy, the low value of our dollar and how badly this reflects on Canadians. They should realize that we are getting into a very enviable position. When the Japanese trade deficit starts to plummet, we begin to see the advantage to Canada of having a low value dollar. We begin to see the effect this will eventually have on our dollar, probably pushing it up to 87, 88, or 89 cents.

Mr. Hnatyshyn: The Trudeau buck.

Mr. McRae: During this debate the hon. member for York-Simcoe (Mr. Stevens) referred to Crown corporations and Petro-Canada. I wish to make a few comments in this regard. We should very seriously look at where we are going in this area. The Leader of the Opposition (Mr. Clark) and the members of the Progressive Conservative party have said without question that if they are elected and become the government of this land, they will disband Petro-Canada.

Mr. Hnatyshyn: Not if, when.

Mr. McRae: They should another look at that position. I do not think Canadians want Petro-Canada disbanded. I fought for it from the beginning. I sat in on the 19 meetings of the Standing Committee on National Resources and Public works while it was considering Article II. I did so because I believe what we were doing was right.

There are three basic reasons for doing that. First, it is one of our most important resources aspects. Ninety per cent or more of those assets is owned and controlled by foreign corporations, most of them large corporations. We have less than 10 per cent ownership in those assets. I could not see how the private sector could turn that fact around. There is not one Canadian company that could move into the big four or five. The only way to do that was to create a national company. That was absolutely essential.

The second point is that, regardless of what is being said this year, we are being faced with a downturn in our oil supplies. We will likely be out of conventional crude oil if not by the middle of the next decade, by the end of it. It is essential that we secure a supply of crude oil, conventional or synthetic, for the future.

There are those who are concerned about debt and the legacy for future generations. They should be concerned about the fact that by the end of this century there will be virtually no oil. Early in the new century we may be out of gas. That is a fine legacy for future generations.

It is important that Canada get control of the situation and that we do the best we can to secure our supplies. This may mean drilling in areas where it will not be profitable. It will mean becoming very much involved in Syncrude.

The third season I supported strongly, and will continue to support strongly, Petro-Canada, is simply this. In the mind of the public, the oil industry of this country has virtually no credibility. I do not say the industry is lying, but the public just does not believe it is telling the truth.

At one point they say we have resources that will last 123 years. They feed this information to the National Energy Board. The next time they say we will be out of oil by 1985. All of a sudden we are going to exporting again. There is no credibility in the mind of the Canadian public. In fact there is no credibility globally. That may not be justified, but that is the case.

For the sake of the industry, and the Canadian people, it is extremely important that the Canadian government own a company that is part of the oil industry in order that it can monitor the industry. One of the beneficiaries of that kind of monitoring will be the majors in the industry. If the majors are not lying, and I do not say they are, having a group with some credibility to explain the situation and put it in perspective will do good. If the majors are lying and the figures we are given are not correct, we will then know that.

This becomes very important in view of the fact that oil and gas prices have been allowed to increase very rapidly in the last three or four years. One reason for that was so that the industry could spend more money exploring for future supplies. This is another reason why we should be in a position to monitor. It is important that we have a company owned by the Canadian people in a position to monitor the industry.

Before suggesting that we eliminate Petro-Canada let us look at a parallel situation. There may be three or four, but I can name one or two companies, British Petroleum and Acquitains, both functioning in this country and principally owned by the governments where their head offices are located, Britain and France. I am sure there are other such companies, but possibly not as large.

I have not heard the opposition say that British Petroleum and Acquitains should get out of Canada because they are socialist operations. We accept those companies. They do

business here. They function well. If this is all right for Britain and France, why is it a cardinal sin if Canadians own such a company? We must maintain a position in the oil industry.

Mr. Deputy Speaker: Order, please. I regret to interrupt the hon. member, but his time has expired.

Mr. Ray Hnatyshyn (Saskatoon-Biggar): Mr. Speaker, I do not have very much time. In the few moments remaining I want to put a little perspective on what we are talking about in this debate.

Whenever the government is in a difficult position, ministers rely on their good friends and colleagues to my left who are prepared to support them on any policy, including their profligate spending habits, regardless of the consequences.

We in the Conservative party are concerned about the social conscience of the people of this country, about the extent of the debt that has been developed through mismanagement of affairs by this government. That has to be taken into consideration. We should look at the programs in this country that we cannot afford because of the activities and practices of this government.

This government got into difficulty at the time of the minority government from 1972 to 1974. We had 19 occasions when my friends on the left supported the government and kept it in office. It reminds me of a story about Noah's ark that the hon. member for Nanaimo-Cowichan-The Islands (Mr. Douglas) likes to talk about. It reminds me of the time when Noah was standing at the ark and they wanted to make sure that there were no births on the ark, so he put the giraffes in charge to make sure there was no fooling around. Of course what happened was, when the waters came and went, Noah was standing at the ark and the animals came off in pairs, and finally he noticed that although two cats went on, there were 19 kittens following behind, when debarking. Noah went up to the giraffes and said, "What in heaven's name is going on? What happened?" One giraffe said "I don't know. I thought they were fighting." That is the situation we have now with the NDP.

● (1602)

Mr. Deputy Speaker: Order. It being 4.02 p.m., the five hours allotted for the debate on the report and third reading stage have expired and it is my duty to interrupt the proceedings, pursuant to the order made Thursday, October 26, 1978, and put the question to the House.

The question is on the motion in the name of the hon. member for York-Simcoe (Mr. Stevens) seconded by the hon. member for Edmonton Centre (Mr. Paproski). Is it the pleasure of the House to adopt the motion?

All those in favour of the motion will please say yea.

Some hon. Members: Yea.

Mr. Deputy Speaker: All those opposed will please say nay.

Some hon. Members: Nay.

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

And more than five members having risen:

Mr. Deputy Speaker: Call in the members.

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

● (1612)

(Division No. 10)

YEAS

Messrs.

Alexander	Hare	Neil
Alkenbrack	Hnatyshyn	Nowlan
Baker (Grenville-Carleton)	Holmes	Oberle
Beatty	Howie	Parker
Brisco	Huntington	Patterson
Clarke (Vancouver Quadra)	Johnston (Okanagan-Kootenay)	Peters
Coates	Kempling	Schumacher
Corbett	La Salle	Scott (Hamilton-Wentworth)
Cossitt	Lawrence	Siddon
Crosby (Halifax-East Hants)	MacDonald (Miss) (Kingston and the Islands)	Smith (Churchill)
Crouse	Masniuk	Stanfield
Darling	Mazankowski	Stevens
de Cotret	McCain	Stewart (Marquette)
Dick	McCrossan	Whiteway
Diefenbaker	McKenzie	Whittaker
Dinsdale	McKinley	Wise
Ellis	McKinnon	Woolliams
Epp	Mitges	Yewchuk—61.
Forrestall	Muir	
Gillies	Munro (Esquimalt-Saanich)	
Grafftey	Murta	
Halliday		

NAYS

Messrs.

Abbott	Comtois	Goyer
Allmand	Condon	Gray
Andras (Port Arthur)	Corbin	Guay
Andres (Lincoln)	Corriveau	Guilbault
Appolloni (Mrs.)	Côté	Harquail
Baker (Gander-Twillingate)	Cullen	Herbert
Beaudoin	Cyr	Hogan
Béchard	Danson	Holt (Mrs.)
Bégin (Miss)	Daudlin	Hopkins
Blackburn	Dawson	Horner
Blais	De Bané	Isabelle
Blaker	Demers	Jamieson
Blouin	Dionne (Northumberland-Miramichi)	Janelle
Boulanger	Douglas (Bruce-Grey)	Johnston (Westmount)
Breau	Douglas (Nanaimo-Cowichan-The Islands)	Joyal
Brewin	Duclos	Kaplan
Broadbent	Dupont	Knowles (Winnipeg North Centre)
Buchanan	Ethier	Lachance
Caccia	Faour	Lajoie
Cafik	Faulkner	Lalonde
Campagnolo (Mrs.)	Firth	Landers
Campbell (Miss) (South Western Nova)	Fleming	Lang
Campbell (LaSalle-Émard-Côte Saint-Paul)	Foster	Langlois
Caron	Francis	Laniel
Chrétien	Gauthier (Ottawa-Vanier)	Lapointe
Clermont	Gendron	Laprise
Collenette	Goodale	Leblanc (Laurier)
		LeBlanc (Westmorland-Kent)

Messrs.

Lee
Lefebvre
Lessard
Loiselle (Chambly)
Loiselle (Saint-Henri)
Lumley
MacDonald (Cardigan)
MacEachen
MacFarlane
MacGuigan
Maine
Marceau
Marchand
Martin
McIsaac
McRae
Milne
Munro (Hamilton East)
Nicholson (Miss)
O'Connell
Olivier
Orlikow
Ouellet
Parent
Pearsall
Pelletier
Penner
Philbrook
Pinard
Portelance
Prud'homme
Rae
Railton
Raines
Reid
Roberts
Robinson
Rodriguez
Rooney
Roy (Timmins)
Roy (Laval)
Sauvé (Mrs.)
Savard
Smith (Saint-Jean)
Stewart (Cochrane)
Symes
Tessier
Trudeau
Trudel
Turner
Watson
Whelan
Wood—135.

● (1642)

Mr. Speaker: Therefore I declare the motion lost.

Hon. Jean Chrétien (Minister of Finance) moved that Bill C-7, to provide supplementary borrowing authority for the fiscal year 1978-79 and to amend the Financial Administration Act, as reported (with amendments) from the Standing Committee on Finance, Trade and Economic Affairs, be concurred in.

Mr. Speaker: Is it the pleasure of the House to adopt the said motion?

Some hon. Members: Agreed.

Some hon. Members: No.

Mr. Speaker: All those in favour of the motion will please say yea.

Some hon. Members: Yea.

Mr. Speaker: All those opposed will please say nay.

Some hon. Members: Nay.

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

And more than five members having risen:

Mr. Speaker: Is the House agreed that we should proceed to the vote without a further calling of the members?

Some hon. Members: Agreed.

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

(*Division No. 11*)

YEAS

Messrs.

Abbott
Allmand
Andras (Port Arthur)
Andres (Lincoln)
Appolloni (Mrs.)
Baker (Gander-Twillingate)
Béchard
Bégin (Miss)
Blais
Blaker
Blouin
Boulanger
Breau
Buchanan
Caccia
Cafik
Campagnolo (Mrs.)
Campbell (Miss) (South Western Nova)
Campbell (LaSalle-Émard-Côte Saint-Paul)
Caron
Chrétien
Clermont
Collenette
Comtois
Condon
Corbin
Corriveau
Côté
Cullen
Cyr
Danson
Daudlin
Dawson
De Bané
Demers
Dionne (Northumberland-Miramichi)
Douglas (Bruce-Grey)
Duclos
Dupont
Ethier
Faulkner
Fleming
Foster
Francis
Gauthier (Ottawa-Vanier)
Gendron
Goodale
Goyer
Gray
Guay
Guilbault
Harquail
Herbert
Holt (Mrs.)
Hopkins
Horner
Isabelle
Jamieson
Johnston (Westmount)
Joyal
Kaplan
Lachance
Lajoie
Lalonde
Landers
Lang
Langlois
Laniel
Lapointe
Leblanc (Laurier)
LeBlanc (Westmorland-Kent)
Lee
Lefebvre
Lessard
Loiselle (Chambly)
Loiselle (Saint-Henri)
Lumley
MacDonald (Cardigan)
MacEachen
MacFarlane
MacGuigan
Maine
Marceau
Marchand
Martin
McIsaac
McRae
Milne
Munro (Hamilton East)
Nicholson (Miss)
O'Connell
Olivier
Ouellet
Parent
Pearsall
Pelletier
Penner
Philbrook
Pinard
Portelance
Prud'homme
Railton
Raines
Reid
Roberts
Robinson
Rooney
Roy (Timmins)
Roy (Laval)
Sauvé (Mrs.)
Savard
Smith (Saint-Jean)
Stewart (Cochrane)
Tessier
Trudeau
Trudel
Turner
Watson
Whelan
Wood—120.

NAYS

Messrs.

Alexander
Alkenbrack
Baker (Grenville-Carleton)
Beatty
Beaudoin
Blackburn
Brewin
Brisco
Broadbent
Clarke (Vancouver Quadra)
Coates
Corbett
Cossitt
Crosby (Halifax-East Hants)
Crouse
Darling
de Cotret
Dick
Diefenbaker
Dinsdale
Douglas (Nanaimo-Cowichan-The Islands)
Ellis
Epp
Faour
Firth
Forrestall
Gillies
Grafftey
Halliday
Hare
Hnatyshyn
Hogan
Holmes
Howie
Huntington
Janelle
Johnston (Okanagan-Kootenay)
Kempling
Knowles (Winnipeg North Centre)
Laprise
La Salle
Lawrence
MacDonald (Miss) (Kingston and the Islands)
Masniuk
Mazankowski
McCain
McCrossan
McKenzie
McKinley
McKinnon
Mitges
Muir
Munro (Esquimalt-Saanich)
Murta
Neil
Nowlan
Oberle
Orlikow
Parker
Patterson
Peters
Rae
Rodriguez
Schumacher
Scott (Hamilton-Wentworth)
Siddon
Smith (Churchill)
Stanfield
Stevens
Stewart (Marquette)
Symes
Whiteway
Whittaker
Wise
Woolliams
Yewchuk—76.

Mr. Speaker: I declare the motion carried.

Mr. Chrétien moved that the bill be read the third time and do pass.

Motion agreed to and bill read the third time and passed.

POINT OF ORDER

MR. KNOWLES (WINNIPEG NORTH CENTRE)—SENATE DELAY IN DEALING WITH BILL C-5

Mr. Stanley Knowles (Winnipeg North Centre): Mr. Speaker, I rise on a point of order. Earlier today this House unanimously agreed to the passing of the third reading of Bill C-5 without debate. I know that this involved restraint on the part of some of us on this side of the House, but we felt that the circumstances were such that the bill should be passed as quickly as possible. The fact is that more than 200 times a month the situation arises where a spouse in the 60 to 65 year range loses the older spouse and loses the allowance. The extension of that allowance is—

Some hon. Members: Order.

Mr. Speaker: Order, please. Would the hon. member for Winnipeg North Centre (Mr. Knowles) get to his point of order?

Mr. Knowles (Winnipeg North Centre): I will be glad to do so. The reasons for my concern are apparent from what I have said. This bill was passed and sent to the other place this afternoon. However, my understanding is that although in the other place the bill was given first reading, Their Honours refused to proceed with it on second reading today. The result is that every day's delay means that seven more widows do not get—

• (1652)

Some hon. Members: Oh, oh!

Some hon. Members: Order, order!

Mr. Knowles (Winnipeg North Centre): Mr. Speaker, on my point of order I am asking if the government House leader will have consultation with Their Honours in the Senate to see if they cannot meet again today and deal with this matter.

Some hon. Members: Oh, oh!

Some hon. Members: Hear, hear!

[*Translation*]

Hon. Monique Bégin (Minister of National Health and Welfare): Mr. Speaker, I also heard this Senate report about which I inquired. I would like to thank hon. members, particularly my colleagues on the opposition side, who would have liked to take part in the debate this afternoon but who, having already expressed their views, agreed to withhold their additional remarks so that we could pass this bill unanimously. This is a bill which will give senior citizens $300 million in 1979 but which means starting from today a possible loss of money each day for those who receive the spouse's allowance, and I would like to say that in this case the Senate does not help speed up the business of the House.

[*English*]

Mr. Speaker: Order, please. I cannot see in fairness why two other hon. members may not have occasion to praise the bill which is evidently having difficulty which is beyond the scope of our procedures by any stretch of a point of order.

Mr. Walter Baker (Grenville-Carleton): Mr. Speaker, it is the concern about the relevancy of it that worried me. I just want to say, through you, to the minister that if she is concerned, beyond making a speech, with respect to her bill and about a day's delay in the Senate, I want to assure the government House leader that we will be happy to deal with an amendment very quickly to make it retroactive, so that we can deal with that matter.

Some hon. Members: Hear, hear!

Some hon. Members: Oh, oh!

Hon. Allan J. MacEachen (Deputy Prime Minister and President of Privy Council): Mr. Speaker, in reply to the suggestion made by the hon. member for Winnipeg North Centre (Mr. Knowles) I should say that when the House gave third reading to this bill, the Old Age Security Act amendment, we transmitted that information through the normal channels to the other place with the suggestion that, because of the needs that have been pointed out, particularly the benefits that would accrue to widows, action should be taken as quickly as possible and that we would attempt to arrange royal assent in order to provide that the bill be fully in effect before the end of the day.

Like other hon. members I regret that the Senate did not take action on that bill and that it adjourned without dealing with it. There is no way I can have consultations with members of the other place. I would just ask my colleagues in the House of Commons if they do not think now that the proposals made by the Prime Minister (Mr. Trudeau) with respect to the Senate—

Some hon. Members: Hear, hear!

Some hon. Members: Oh, oh!

PRIVATE MEMBERS' PUBLIC BILLS

[*English*]

Mr. Speaker: It being five o'clock, the House will now proceed to the consideration of private members' business as listed on today's order paper, namely, notices of motion (papers), private bills, public bills. There being no items under the heading notices of motions for papers, or under the heading of private bills on the order paper, the House will proceed to public bills. I understand there is some disposition to call the measure standing in the name of the hon. member for Nickel Belt (Mr. Rodriguez).

Mr. Knowles (Winnipeg North Centre): Mr. Speaker, earlier today there was some discussion about this and it was understood that the hon. member for Nickel Belt (Mr. Rodriguez) was tied up in committee this afternoon and so would not be able to proceed with that bill. Perhaps there is another one.

If there is no other bill to take, this would be a good day for the House to take my bill to abolish the Senate.

Mr. Speaker: Do I understand then that the bill standing in the name of the hon. member for Nickel Belt will not proceed at this time and will stand?

Some hon. Members: Agreed.

Mr. Baker (Grenville-Carleton): Mr. Speaker, perhaps I could help the government out of a dilemma. There is a bill on the order paper in my name dealing with lobbyists. I think there may be some way of having us proceed with private members' bills. If we cannot do that, or if it is inconvenient to do that, I would think, since this is budget night and many members are preparing themselves for budget night, that it would not be inappropriate if we called it six o'clock.

Mr. Speaker: Is that agreed?

Some hon. Members: Agreed.

Mr. Speaker: Agreed and so ordered. It being six o'clock, I do now leave the chair until eight o'clock this evening.

At 4.59 p.m. the House took recess.

● (2002)

AFTER RECESS

The House resumed at 8 p.m.

GOVERNMENT ORDERS

[*Translation*]

THE BUDGET

FINANCIAL STATEMENT OF THE MINISTER OF FINANCE

Hon. Jean Chrétien (Minister of Finance) moved:

That this House approves the budgetary policy of the government.

He said: Mr. Speaker, I welcome this opportunity to place before the House an assessment of the state of the Canadian economy and my proposals for improving our economic performance.

In recent weeks I have travelled to many parts of Canada. I have talked to many Canadians—my provincial colleagues, businessmen, labour leaders, economists and laymen. Everywhere I have been told that my budget must be responsible, that it should create an atmosphere of stability and certainty in the country and that it should aim at lowering costs, including the costs of government.

[*English*]

The General Economic Situation and Outlook

Let me begin by reviewing our current economic situation. The economy in 1978 made much progress, although the results have fallen short of my earlier expectations.

It is true that employment has risen strongly. In October, 362,000 more Canadians had jobs than a year earlier. A larger proportion of Canadians is working now than ever before, but unemployment is still too high.

The increase in the gross national product in current dollars is likely to be close to the 11 per cent I forecast in the April budget. But prices have risen by more and output has gone up by less than was forecast at that time.

The prices of the things we produce are likely to be up about 6½ per cent. The growth in output should be close to 4 per cent. We had a slow first quarter when the United States economy was depressed by the coal strike. We have not been able to catch up fully since.

The consumer price index rose more sharply than had been expected. In September, it was 8.6 per cent higher than a year earlier. This renewed outburst of inflation was not the result of any acceleration in our own incomes or our own domestic costs. It was the result of higher food prices and the decline in the dollar.

This faster rise in the CPI reduced the growth rate of real income and real purchasing power of Canadians. The result was that consumer spending rose by less than had been expected, and this was the main reason for the shortfall in growth. Consumer spending has risen this year, in real terms, by 3½ per cent to 4 per cent. Employment is higher and personal income taxes have been cut. A special stimulus has been provided by the temporary reductions in provincial sales taxes, largely financed by my April budget. But higher prices of food and other imported consumer goods have weakened the impact of these expansionary forces.

Since the Bonn summit, several countries have taken measures to stimulate their economies. Growth is expected to be rather more rapid in 1979 than in 1978 outside of North America. But it will slow down in the United States. The outlook is for expansion in Canada at a greater rate than in the United States next year. But because our most important trading partner will be growing more slowly, it will be hard for us to reduce the slack in our economy. Moreover, our trade balance will not improve as rapidly as it should, given our improved competitive position, although it will be higher this year. In these circumstances, we must get better access to the markets of other countries, especially those which continue to run very large trade surpluses. The success of the Tokyo Round of trade negotiations remains critical to us. In our

bilateral relations with other countries, we will press hard for greater opportunities to trade.

We have been through a period of great disturbance in international financial markets. The American dollar has come under severe downward pressure. The United States government has taken steps to rectify the situation, including sharp increases in interest rates. Our own situation has necessarily been made more difficult by the higher interest rates that have accompanied our efforts to control the rate of monetary expansion and maintain an appropriate relationship with interest rates in other countries.

[*Translation*]

Laying the Basis for Future Growth

While recognizing the setbacks and difficulties we have encountered, I want to emphasize that Canada has made great progress since the introduction of the Anti-Inflation Program in 1975. We have been getting the fundamentals right and laying the basis for sustained growth in the 1980s.

In the last three years the Bank of Canada has gradually reduced the rate of growth of the money supply. It has set target ranges for monetary expansion, successively reduced them and consistently succeeded in staying within them.

Expenditures by all levels of government have been brought under tight control. The growth of total federal outlays has been held to less than the growth of the gross national product since 1976-77 owing in large part to the tough leadership of my colleague, the President of the Treasury Board.

The ceiling on total outlays for next year has been established at $52.6 billion, an increase of 8.9 per cent over this year's ceiling. This increase is well below the expected growth of the GNP. Many programs will have to make do with a lower level of real resources; some activities have been eliminated. We are having to cut back on the rapid growth in our transfers to the provinces. Even so, our expenditure budget is coming under great pressure from the rising cost of our statutory programs, especially interest on the public debt. There can be no weakening in our determination to keep expenditures under tight control.

Average increases in wages and salaries have been brought down from a high of 15 per cent to 6 per cent in the last year of controls. I do not attribute all of this to our prices and incomes policy, because no doubt there would have been some slowdown in any event. But I am sure that controls made a contribution to the process. That appears to be the view of economists who have closely examined the record.

While domestic costs were being brought under better control, the decline in the exchange rate reversed the loss of competitiveness which we suffered earlier in the decade. Canadian firms are now in a good position to increase their sales in foreign markets and win back the share of our domestic markets which they had lost to foreign competitors. This is already happening. The good September trade figures suggest that we will have a record trade surplus this year of close to $4 billion.

Industrial Policy

Mr. Speaker, our manufacturing industries are benefiting most from this improvement in our competitive position. They suffered most when we priced ourselves out of world markets. The decline in manufacturing output and employment was a major concern, but the latest data show a turnabout in the past year.

Manufacturing production in August was 7 per cent higher than a year ago. New orders have risen sharply. Capacity utilization is back up to 86.4 per cent, which is above the long-term average. Manufacturing employment in October was up 110,000 or 5.7 per cent over a year ago.

The government has recognized the strategic importance of the manufacturing industry and provided assistance to it in many ways—through the tax system, through the Export Development Corporation, the Federal Business Development Bank and the Enterprise Development Program. In the reallocation of government expenditures announced September 8, we set aside an additional sum of $300 million to assist industry to exploit new markets, to develop new technology and to reorganize to meet the challenges which lie ahead. This will reinforce the measures contained in the last two budgets which have provided generous tax incentives for research and development.

I am frankly sceptical about the search for a single grand industrial strategy in a competitive market system. But we must have a set of sensible industrial policies, designed to provide a healthy framework for all industries and specific incentives tailored to particular needs. This government has gone a long way to putting these in place, and I will go further tonight.

The effective process of consultation between business, labour and government launched by my colleague, the Minister of Industry, Trade and Commerce (Mr. Horner) is contributing to the further development of our industrial policies.

● (2012)

[*English*]

Energy

There is good news from another critical sector of the economy—energy. The massive increase in world energy prices in the early 1970s created severe difficulties for all consuming nations. Because we are relatively rich in energy, we have been able to cushion the shock by phasing in higher prices gradually. At the same time, we have provided generous incentives to spur the development of new energy sources and we have put in place a number of conservation measures to restrain demand.

Our policies are working. In contrast to the perspective only two years ago, the outlook for energy self-reliance and the

sector's contribution to our economic performance are most encouraging.

This is true of all the main energy sources, but particularly of oil and gas.

According to the National Energy Board, domestic oil shipments to Montreal can continue until at least 1995 and exports of light oil could be maintained at 55,000 barrels per day for three years. Compared with the Board's 1977 forecast, the new figures indicate the basis for an improvement in our trade balance of more than $2 billion in total over the next three years.

Hon. members will be aware that the National Energy Board is holding hearings on the supply and demand for natural gas and is expected to report in February. There is mounting evidence that our reserves of natural gas are significantly more than estimated just a few years ago. The indications are that there may be more than enough to meet our foreseeable domestic needs. But the whole magnitude of our reserves remains to be determined. Primary emphasis must be laid on expanding the use of gas in Canada, and this in itself will displace imported oil. The favourable trade effects of the new gas outlook will be substantial. For example, an additional 500 millions cubic feet per day, whether used to displace imported oil or for exports, would improve our trade surplus by $500 million a year.

Growing Confidence in the Economy

All of these developments are building the greater confidence in our medium-term prospects which I found in my pre-budget consultations. There is a growing faith that Canada can launch itself on the sort of sustained expansion which I portrayed for the February meeting of first ministers.

We should not underestimate the strength of the expansionary forces that are at work. A powerful stimulus to sound economic growth is now coming from a more competitive dollar. This will not only improve our trade performance: it will also lead to more investment as Canadian firms increase their productive capacity and modernize their equipment in order to take advantage of the new opportunities.

A recent survey showed that 300 large corporations are planning to increase their spending on plant and equipment next year by 16 per cent. Allowing for rising costs, this represents a substantial increase of about 8 per cent in the volume of investment. I welcome this evidence that firms are pressing ahead in 1979 with the investments we will need in the 1980s. We should do all we can to encourage this development. We must respond to the particular problems confronting individual sectors of the economy. We must strengthen our efforts to encourage investment and growth in the less favoured regions.

The Outlook for Costs and Prices

Our most immediate challenge, however, is to hold onto the gains we have been making in our competitive position, as we come to the end of mandatory controls over prices and incomes. Decontrol is not an easy business at the best of times; our phased approach was designed to reduce the chances of a post-control bulge. It is all the more difficult when we have been through a surge in the cost of living, caused not by any acceleration in our domestic costs, but by the rise in food prices and the fall in the dollar.

These unfavourable influences are coming to an end. We have already seen some decline in food prices in August and September which brought about a welcome pause in the rising cost of living. A great deal more stability is expected from now on if crops are normal around the world.

● (2022)

There is good reason to believe that the major adjustment in the exchange rate that was required to restore our competitive position has been completed.

This can only have a lasting effect if the feedback on the domestic economy from the higher price of imports and export-related goods does not result in a fresh outbreak of large, leap-frogging wage and price increases in Canada.

Steadier food prices and a steadier exchange rate will mean that we have every chance of a much lower rate of inflation emerging even though we will probably see a jump in the cost of living for October. This will be mainly because of the ending of provincial sales tax cuts. But that should be no more than a temporary interruption of the trend unless we Canadians become unreasonable in our income demands.

In the last year, wage increases in Canada have been lower than those in the United States. So far, post-control wage settlements are showing only a very modest acceleration. I commend labour and management for the responsibility they have generally shown; increased competitiveness means more jobs. The federal and provincial governments agreed in February that compensation in the public sector should follow rather than lead the private sector.

While I urge Canadians to exercise self-discipline in their income demands, I would stress the fact that Canadian workers have done well in the last three years. Real disposable income per employee in Canada has increased by over 7 per cent. In the United States real disposable income per employee has declined by nearly 2 per cent in the same period.

Even so, there is some risk that we will launch ourselves again on a price-wage spiral which will undo all the progress we have made. We must reduce the rate of inflation to 6 per cent as soon as possible, but it will not be good enough to stabilize the rate of inflation at that level. Inflation must keep on declining if we are to expect really good economic performance.

[*Translation*]

Fiscal Policy Choices

I have now spelled out in some detail the economic background to this budget as I see it. In considering what action I should take on taxes, the obvious question is how much room do I have.

A wide range of views on this question has been put to me in my recent talks. I have been urged to cut taxes massively in

order to stimulate the economy. Given the expansionary forces which are already at work, I do not think this would be wise, particularly when our cash requirements are so high.

On the other hand, I have been told that I should do nothing to add to the $9.7 billion of cash requirements already forecast for 1979-80. But action is needed now to encourage investment, to respond to the needs of sectors and regions, and to keep our costs competitive, while reducing our cash requirements from the present high level.

I believe I have some room because of the efforts we have made to reduce our expenditures. I think we should share these savings with the public.

I would like now to turn to the tax measures that I am proposing tonight. Let me begin with personal income taxes.

Personal Income Tax

Mr. Speaker, an outstanding feature of our personal tax system is the inflation indexing of personal income tax exemptions and brackets. Canada is one of the very few industrialized countries that provide such indexing. Since its introduction in 1974, indexing has reduced the taxes paid by Canadians by billions of dollars.

I would like to announce that the indexing factor for 1979 will be 9 per cent. As a result, for example, the total personal exemptions for a family of four will increase by $490 to $5,970. This indexing adjustment will also increase the $200 child tax credit to $218 per child payable in the spring of 1980.

Indexing will reduce federal taxes paid by Canadians by about $1.2 billion for the 1979 taxation year. It will also reduce provincial income taxes in those provinces with tax collection agreements by some $400 million. As a result of these built-in reductions, Canadians will pay a lower share of their total income in taxes next year.

I have a further announcement to make with relation to personal income tax. Taxpayers are currently permitted an employment expense deduction of 3 per cent of wage and salary income with a maximum deduction of $250. I am proposing to double the maximum for this deduction from $250 to $500 for 1979 and subsequent taxation years.

This change will benefit most working Canadians. It is estimated that it will reduce their taxes by $270 million in 1979-80.

Hon. members expressed concern at the time of the last budget over the taxation of registered retirement saving plan proceeds. This concern was directed toward the situation where both parents die, leaving behind minor or disabled children. I undertook to review the situation. I now propose that the provisions be amended for the benefit of these children.

Unemployment Insurance Premiums

Employees and employers will also benefit from a cut in unemployment insurance premiums. On behalf of my colleague, the Minister of Employment and Immigration, I am pleased to announce that the weekly employee rate for 1979 will be reduced from $1.50 per $100 of insurable earnings to $1.35. The employer rate will be reduced from $2.10 to $1.89. The effect of this will be to increase take-home pay and reduce costs to employers by about $300 million in 1979.

The built-in reductions in personal income tax, the increase in the employment expense deduction, and the cut in unemployment insurance premiums will improve the take-home pay of Canadians by about $2 billion in 1979. The great majority of Canadians now recognize the inflationary impact of too rapid a rise in money incomes. I am confident that they will take into consideration these improvements in disposable income in setting their income demands over the year ahead.

[*English*]

Tax Structure Changes

Mr. Speaker, I come now to important structural tax changes. A stable tax system is essential for economic growth and development. It must be equitable. It must reward initiative and enterprise. Defects in the system and unchecked abuses lead to unfairness. Special tax incentives that miss their target do more harm than good. For these reasons, tax system stability cannot mean leaving the system unchanged.

We have to keep the tax system under constant review. I am releasing tonight two major studies made by my officials. One is a study that lay behind the decision of the government to introduce the refundable child tax credit. The second makes a comprehensive comparison of the Canadian and United States tax sytems. Mr. Speaker, this second study destroys a myth. It shows conclusively the Canadian personal tax system compares most favourably with that of the United States. I have also found that our business taxes are fully competitive. Our system is basically sound. There is, however, need for certain changes—some of a relieving nature and some not.

• (2032)

Commodity Taxes

First, certain changes are needed in federal sales and excise taxes. Some tax measures designed to conserve energy are not working as they should.

In my view the special 10 per cent excise tax on marine engines and private aircraft and the 5 per cent tax on motorcycles are having adverse economic effects. The contribution of these taxes to energy conservation has been minimal. I therefore propose to eliminate them, effective tonight. At the same time, I want to put all non-commercial users of gasoline on the same basis. I am therefore extending the special 7 cents a gallon excise tax on gasoline to aviation fuel for non-commercial uses.

To encourage energy conservation, storm doors, windows and automatic timer-control devices were exempted from federal sales tax. These exemptions have proven extremely difficult to control and to administer. For example, most glass

used in new construction is now exempt from tax, even though it is less energy-efficient than solid-wall construction which is taxable. The exemptions will therefore be withdrawn effective tonight. Also, the sales tax exemption for insulation materials will apply only to items with genuine insulating properties. Solar-powered water heaters will be exempted from tax. These measures will increase the effectiveness of the government's energy conservation program.

Air Transportation Tax

An air transportation tax is currently used to help finance a widening range of airport services. Unfortunately, the costs of these services have been increasing rapidly. I have been asked by my colleague, the Minister of Transport (Mr. Lang), to take steps to improve cost recovery. For flights within Canada and to the United States, I am therefore proposing an increase in this tax to 15 per cent of the air fare, with a maximum of $15. For international flights, the tax will be increased to $12 with provision for a subsequent increase to $15. This is another step in an ongoing process to shift the costs of airport services from the general taxpayer to those who use the airports. These increases will come into effect after March 31, 1979.

Tariffs

I am not proposing to make any tariff changes in this budget, partly because the multilateral trade negotiations are now at a critical stage. I do expect to be introducing in the near future a new schedule of tariff rates for fruits and vegetables.

I announced in my last budget that we were entering into negotiations on these products with our trading partners, following an exhaustive study of the industry by the Tariff Board. These negotiations are well advanced and should be concluded shortly.

Corporation Income Tax

Let me turn now to several important structural changes in the area of corporation taxes.

As a result of tax benefits introduced by this government over the past few years, small businesses in Canada enjoy very favourable tax treatment. Small Canadian-controlled private corporations pay federal income tax at less than half the normal corporation rate. The dividends they pay qualify for the generous dividend tax credit. As a result, the total tax on income from small incorporated businesses is below the level of personal tax on the same amount of wage and salary income.

Mr. Speaker, the very generosity of the measures makes it essential to ensure that they are effectively targeted. Some individuals have rearranged their affairs simply to make their personal, professional and investment income eligible for taxation at the low small business rate. It would be wrong to allow such practices to continue.

I am introducing changes to the Income Tax Act to ensure that the application of the low corporate tax rate is reserved for those small businesses for whom it is really intended. These will include those engaged in manufacturing, processing, mining, construction, farming, fishing, logging, transportation, wholesale and retail trade and other businesses as may be prescribed. In this way the generous tax incentives will be maintained for small businesses that need capital to expand and create jobs. The new measure will apply to taxation years starting next year.

I have also concluded that it is essential to amend the Income Tax Act to change the treatment of income debentures and term preferred shares. These securities are currently treated as equities for tax purposes, even though they are essentially debt obligations. As a result, income earned on such securities by banks and other financial institutions is tax-exempt. For the most part they are used for the financing of a relatively small number of multinational and large Canadian corporations. Their use has resulted in a very substantial loss of revenues to the federal and provincial governments. This has been of concern not just to me but also to my provincial colleagues, as we held discussions last week at the finance ministers' meeting in Ottawa.

The proposed amendments will generally apply to any such securities issued after tonight. They will not apply to issues outstanding or committed. Nor will they affect the tax treatment of common and ordinary preferred shares.

I am proposing other structural changes of a technical nature in the Notice of Ways and Means Motion which I am tabling tonight. One of the more important of these is a broadening of the deductibility of security underwriting expenses.

Sectoral and Regional Policy

Mr. Speaker, a strong industrial structure is vital to Canada's future. I have benefited greatly from the sectoral consultations I have already referred to.

The recommendations of the 23 industry task forces and the report of the Second Tier Committee have been carefully reviewed in my department. The supplementary material contains a summary and analysis of the tax proposals in these reports. In response to some of these recommendations of business and labour, I wish now to propose measures to improve efficiency, to lower costs and to promote a better distribution of economic activity across regions.

Investment Tax Credit

My first proposal concerns the investment tax credit. Since 1975 this credit has supported expansion and modernization of business. It is scheduled to expire on June 30, 1980.

I am now proposing to extend the credit indefinitely. This will provide benefits to manufacturing, the resource sector, farming and fishing.

But I want to go further. I therefore propose that the basic rate of the investment tax credit be raised from 5 to 7 per cent, effective immediately.

I also want to give increased support to regional development. For investments in areas designated under the Regional Development Incentives Act, other than in the Atlantic Provinces and the Gaspé, the credit will be raised from 7.5 per cent to 10 per cent. These areas include most of Quebec, all of

Northern Ontario, Manitoba and Saskatchewan, parts of Northern Alberta and British Columbia and all of the Yukon and Northwest Territories. For Atlantic Canada and the Gaspé, the investment tax credit will be doubled from 10 per cent to 20 per cent.

● (2042)

The importance of transportation was strongly emphasized by the first ministers last February. A modern and efficient transportation system is fundamental to prosperity throughout this vast country. I am therefore proposing that investment in equipment for rail, air, water and long-haul road transportation now qualify for the basic 7 per cent investment tax credit.

All these changes in the investment tax credit will confer benefits of $500 million in the first full year of application. This is $150 million more than under the present system.

Research and Development

A common theme of the industry task forces to which I have already referred was the importance of adequate incentives for research and development.

The government has already moved a long way in this direction. A 100 per cent write-off of these expenditures has been in place for many years. The March, 1977, budget introduced tax measures to extend the investment tax credit to both current and capital expenditures on R and D.

In April of this year I provided a new 50 per cent deduction for firms which increase their research and development. The government has also announced a package of direct grants and subsidies for industrial R and D.

I am proposing to do more. The basic investment tax credit for research and development will be doubled, from 5 to 10 per cent. In the Atlantic provinces and the Gaspé this credit will be 20 per cent. However, I want to provide a special measure of assistance for small business corporations. These corporations in all parts of Canada will qualify for a research and development tax credit of 25 per cent.

[*Translation*]

Resource Taxation

Let me turn now to the resource industries, and mining in particular.

Federal and provincial finance and resource ministers have just concluded an in-depth review of the tax situation in mining. The federal tax system has been found to be basically sound. However, some changes could be introduced to spur the development of new ventures. I want to take the lead here. Following our recent meetings. I feel confident that provinces will do their part.

I propose that the current write-off for development expenditures in mining incurred after tonight be raised from 30 per cent to 100 per cent.

Furthermore, I am proposing that for new mines, the costs of associated townsites and social assets earn depletion. I am also extending indefinitely the fast write-off for pollution control equipment, which will be of particular benefit to mining.

Also, Mr. Speaker, the regional increases in the investment tax credit are also of special value to this sector.

I want to assure the industry of the federal government's intention to pursue the spirit of federal-provincial co-operation established during the review. It is not my intention to initiate tax system changes that would create uncertainty. Nor will I offset the benefits from tax reductions that provinces may introduce. In the area of oil and gas, there has been a significant response to the incentive for drilling funds. This incentive expires on June 30, 1979. I have concluded that we must continue to encourage a high level of exploration activity. I therefore propose that the incentives be extended to December 31, 1981.

Pulp and Paper

I am anxious that the pulp and paper industry take advantage of the very favourable situation created by the lower value of the Canadian dollar. It should use this opportunity to modernize and so guarantee its future competitiveness. The federal government and a number of provincial governments are working together to reduce the high cost of wood supply. They are also studying ways to strengthen and modernize the industry.

Two of the measures in this budget will contribute to these efforts. The increase in the investment tax credit, and its enrichment in slower-growth regions, will be of considerable benefit to the pulp and paper industry. In addition, the indefinite extension of the two-year write-off for water pollution abatement equipment is particularly helpful.

Housing

I want to announce two measures to reinforce the government's support for housing. First, the tax incentive for multiple-unit residential buildings will be extended for one year. Second, developers will be allowed to deduct the carrying charges incurred after tonight on their land inventory.

[*English*]

Manufacturers' Sales Tax

I now come to one of the most important tax measures in my budget. I am proposing to reduce the 12 per cent manufacturers' sales tax to 9 per cent, effective tonight. This will affect all goods now subject to the 12 per cent rate with the exception of alcoholic beverages and tobacco.

Some hon. Members: Hear, hear!

Some hon. Members: Oh, oh!

Mr. Chrétien: I do not smoke and I do not drink very much. Gasoline is not subject to the 12 per cent ad valorem rate and will not be affected. Construction materials will continue to be taxed at the low 5 per cent rate.

This sales tax measure will reduce taxes payable at the manufacturers' level by $280 million this fiscal year and by $1 billion in 1979-80.

In accordance with standard practice, my colleague, the Minister of National Revenue has asked me to give notice that no claims will be entertained for refunds of tax in respect of goods on which the 12 per cent tax has been paid.

Unlike provincial sales taxes which apply at the retail level, the federal tax is levied on sales by manufacturers and importers. I want this cut to be passed on to consumers. That is why I have made a cut of significant size with no terminal date. Experience suggests that such tax cuts are passed on. I am appealing to manufacturers, wholesalers and retailers—I am surprised to see the hon. Leader of the Opposition (Mr. Clark) smiling. If he believes in the marketplace, he will conclude that the tax cut will be passed on.

Some hon. Members: Hear, hear!

Mr. Chrétien: I am appealing to manufacturers, wholesalers and retailers to make sure that the consumer gets the benefit. As well, I am asking my colleague, the Minister of Consumer and Corporate Affairs (Mr. Allmand), his department, the Anti-Inflation Board and the Centre for the Study of Inflation and Productivity to monitor the situation closely. Consumers themselves, by seeking out competitive price reductions, can help to make this measure effective.

Impact on the Economy

I estimate that the cut in the sales tax will reduce the increase in the consumer price index by one-half of one per cent. This comes on top of the proposed postponement of the oil price increase and the reduction in the gasoline excise tax announced in August. These two will have a similar impact.

● (2052)

These measures will have a direct effect on wage costs through cost-of-living clauses in wage contracts. More important, a somewhat lower rate of price increase will be helpful in moderating new settlements. The cut in income taxes as a result of indexing, the improved employment expense deduction and the reduction in unemployment insurance premiums will also help to relieve the pressures for large increases in money incomes.

I therefore believe that this budget will make a significant contribution to the containment of our domestic costs in the post-control era. This will enable us to take full advantage of the improvement in our competitive position that we have achieved.

My budget measures will, of course, provide a more direct stimulus to growth. Investment will be stimulated by the enriched investment tax credit. Consumption will benefit from the increase in the real spending power of Canadians as a result of the income and sales tax cuts.

I am projecting an increase in real output next year of between 4 per cent and 4½ per cent. I would expect the number of jobs to increase by at least 250,000. I expect that the consumer price index will average 6½ per cent above the 1978 level, but the increase from the fourth quarter of this year to the fourth quarter of next year should be under 6 per cent.

My revenue forecasts are based on an increase of 11 per cent in the current dollar value of the gross national product.

The Fiscal Position

Mr. Speaker, I would like now to table projections of the government's revenues and expenditures, the Notice of Ways and Means Motion, supplementary information giving details of the measures proposed tonight, and the two studies I mentioned earlier. I would also like to ask for the consent of the House to include in *Hansard* the usual tables on the government's accounts together with the explanatory notes.

Mr. Speaker: Is the House agreed?

Some hon. Members: Agreed.

Mr. Speaker: Agreed and so ordered.

[*Editor's Note: For tables referred to above, see Appendix.*]

Mr. Chrétien: This fiscal year I expect financial requirements, excluding foreign exchange transactions, to total $12.1 billion. The increase from the $11.8 billion forecast in September is due to the sales tax cut and other measures announced tonight.

I am forecasting financial requirements for 1979-80 of $10,750 million. This is an increase of $1,050 million from my previous forecast of $9.7 billion. The loss of revenues from the measures I have announced tonight which had not been reflected in the previous forecast amounts to $1,380 million. But there is some offset arising from the favourable impact of these measures on the economy and from other minor adjustments since the last forecast.

The financial requirements in 1979-80 will thus decline by $1,350 million or 11 per cent from this year's level. If account is taken of the special factors relating to Canada Savings Bond interest, financial requirements would increase by about $350 million. The deficit on a national accounts basis is forecast to increase by $200 million.

These financial requirements are large, but their size must be kept in perspective. They are lower than this year and they are being incurred at a time when unemployment and interest rates are high. Morever, the provincial governments are providing rather less stimulus than in the past, mainly because of the substantial surpluses of the resource-rich western provinces. With faster growth in the private sector in prospect over the medium-term, coupled with continuing expenditure restraint, significant reductions in the deficit can be expected.

I am confident that our financial requirements this year and next can be met without causing undue pressures on financial markets.

Concluding Remarks

Mr. Speaker, in the last three years Canadians have worked hard and responsibly to regain our competitive position in world markets. We are starting to reap the benefits. Our costs

are now competitive and we have seen recently a great improvement in our balance of trade and a firming of investment plans.

At the February first ministers' meeting and in discussions among government, labour and business an important consensus has developed. All sectors have come to recognize that to build a strong economy we must be competitive in international markets.

So tonight I have brought down a budget to build further confidence and to ensure continued competitiveness.

Everyone agrees that the future is very good for Canadians. Our resources, our people, our institutions, and our freedom make us the envy of the world. Of course, there are problems. There always will be. But the potential for even greater prosperity is there, and I am confident that Canadians are prepared to act responsibly so we can continue to enjoy one of the highest standards of living anywhere, and to make sure that we pass on to future generations a free, united and prosperous Canada.

Some hon. Members: Hear, hear!

Mr. Sinclair Stevens (York-Simcoe): Mr. Speaker, in making a few introductory remarks tonight in response to the budget we have just heard delivered to the House, I should first like to congratulate the minister on the various aspects of it which I believe will be good for Canadians.

The first thing I should like to refer to is the manufacturers' sales tax reduction from 12 per cent to 9 per cent. This is a move in the right direction. We may in due course have comments to make as to the form the minister has chosen in which to make this reduction. The minister will recall that over the period of the last three budgets we in the official opposition have pressed hard to have the manufacturing sales tax reduced in this country. The minister will also recall that in statements made earlier we indicated that we felt it would be more effective to have the manufacturing sales tax reduction in certain specific areas as opposed to reducing it across the board, as he has proposed tonight.

In particular, we felt that the construction industry was an industry that needs this type of stimulus, and I am disappointed the minister did not reduce the 5 per cent manufacturing sales tax that is still outstanding in respect of the construction industry.

● (2102)

I would like to commend the government also for deciding to go further in helping research and development in this country. This perhaps has been one of the greatest shortfalls of this government for the past ten years. The mining industry, if you add together the provincial tax portion and the federal tax portion, has had a very heavy load to bear which has undoubtedly discouraged development in this country. Once again, while it may be a bit late, I am pleased that the minister has chosen tonight to accommodate at least that resource field further.

One of the aspects that I think is perhaps dearest to the heart of everybody in the official opposition is the employee accommodation benefit which the minister has proposed for January 1, which allows employees in this country to increase the amount that they can properly charge for their ongoing expenses from $250 to $500. The minister will recall that only a few months ago in this House we on this side supported an increase in that expense allowance, but unfortunately we were voted down by the government forces at that time.

I am disappointed, as I am sure are many Canadians who are watching tonight, that the minister has refused to accommodate our mortgage deductibility proposal and our municipal tax deductibility proposal. Those two proposals, as we link them to meaningful expenditure reductions, are not only needed by Canadian homeowners, but they would add a stimulant to an otherwise rather stagnant economy. Perhaps the most unfortunate thing is that the government has not accepted our suggestion, for example, that we stop hiring 20,000 extra public employees per year over a period of three years. That alone would have saved the federal treasury about $1.7 billion, and over that period of time the savings on that one item alone would have been sufficient to allow the government to phase in our mortgage deductibility plan and our municipal taxation plan as described by my leader in September of this year.

I could hardly believe my ears yesterday when I heard the Minister of State for Urban Affairs (Mr. Ouellet) in this House categorically challenge the concept of mortgage deductibility and municipal tax deductibility. In fact, he said that it was something for the rich, on the one hand, and would not help the tenant, on the other hand. I would like that minister to come with me to downtown Vancouver, Winnipeg, Toronto, Montreal or Halifax and tell people with $30,000, $40,000 and $50,000 mortgages that they are the rich people, the people which the government says should not get a break in this country, the capitalists which they do not want to help.

The minister of urban affairs yesterday referred to the tenants, the group which this government pretends to defend. I would ask that minister if he were in his seat tonight, why does he think the average tenant stays in an apartment building? Does he believe that that is his first choice? The hard fact is that the majority of tenants would dearly love to move out of their apartments if they could afford to buy a home in which to live. That is the kind of program that a Clark government, after the next election, will put in place.

Some hon. Members: Hear, hear!

Mr. Stevens: Another area which the Minister of Finance (Mr. Chrétien) either glossed over or said very little about was the small businessman. In earlier questioning to the Prime Minister (Mr. Trudeau) we pointed out that ten years ago there was one bankruptcy for every ten businesses in Canada, mainly among small business people, today it is now seven bankruptcies in every ten as compared to the United States. This is the situation which the small businessman finds himself in, and yet in this budget there is no meaningful assistance for

these people. We will certainly be pressing the minister to tell us why he avoided helping these people in a meaningful way and making suggestions as to where he could have helped the small businessman.

Capital gains have been taxed in this country for several years. Even the minister agrees that the capital gains tax has not been a big contributor to revenues, but the government categorically refuses to index it for inflation. I would have expected the minister at least to index this tax to avoid future confiscation of private property as a result of the way taxation is now being inflicted upon people who make such investments.

I would now like to touch in a more general way on certain aspects of this budget, but before I do that I would draw to hon. members' attention the budget brief. The most amazing thing about this brief is that it is so brief that it has no figures. The budgetary figures for perhaps the first time in history have been left out of the budget brief. On reflection, it may be that the figures are so ugly—that $25 billion deficit which the government anticipates this year, including next year—that they want to say as little as possible about it. If you put that $25 billion deficit which will be incurred in the fiscal years 1979 and 1980 together, it means that this government is putting Canadians into debt to the extent of $1,000 for every man, woman and child within two years. Over these two years, they are contemplating an expenditure of approximately $100 billion, roughly $50 billion per year. Perhaps the saddest thing is not just that the expenditure is huge, but also when we look at where the government are spending the money we get the true facts of what is going wrong in Ottawa today.

● (2112)

Only this week the Department of Supply and Services issued its weekly bulletin showing what contracts have been let. I know hon. members have probably leafed through these contracts and their descriptions, but just in case the Prime Minister has forgotten some of the things his government is buying currently I will go over some of them. This is only one week's ordering and only one page, but it totals $11 million. There were 39,000 plastic credit cards for a total price of $20,000. What does a government that is already spending to the hilt need with 39,000 plastic credit cards? Exactly who do they intend to give these 39,000 credit cards to? It is the Canadian taxpayer who will have to pay for them. The next item is paper clips. They are spending $44,000 on a weekly order alone to buy 460,000 boxes each containing 100 paper clips.

I could go on and on, Mr. Speaker. They spent $203,000 for the purchase of 7,400 plastic floor mats. Do you know what they are for?

Mr. Trudeau: For floors.

Mr. Stevens: The Prime Minister says they are for floors. He is partly right.

Some hon. Members: Hear, hear!

[Mr. Stevens.]

Mr. Stevens: Maybe the Prime Minister has forgotten, but they are for floors that have only a shag rug. That is what they were bought for—for those people who presumably have enough prestige to have a shag rug. Those are only some of the items, Mr. Speaker.

We have heard talk of some of the other studies that this government has engaged in. For example, I know the minister will recall the $170,000 that was spent to study air breathing fish on the Amazon River.

An hon. Member: Hurrah for Romeo!

Mr. Stevens: Sir, I know I have more time tomorrow and perhaps I will give more examples of where this government is spending the Canadian people's tax paid money and tax payable money.

I see the Minister of State (Multiculturalism) (Mr. Cafik) has come awake and says he would like me to speak about the budget. Presumably he would not hear the budget.

I do not want to be too critical of this government nor of this minister, Mr. Speaker. That is why, if I may have hon. members' attention, I should like to quote a Liberal that I know at least some hon. members on the other side have some respect for. The person I am referring to said this government has run its mandate and the principal economic minister has much less leverage than he had. He also said there has been a progressive weakening in personnel of the principal economic ministries.

That Liberal—and I know from the Prime Minister's expression that he knows to whom I am referring—was none other than a former minister of finance, John Turner. As we know, that former minister of finance now sits comfortably with his industrial friends in Toronto. In his interregnum papers that he keeps bringing out—I know the Prime Minister must read them intently—he has gone much further. Sometimes he appears to be in sharp conflict with some of the statements made by the Prime Minister.

Mr. Trudeau: You have just dropped a paper clip.

Mr. Stevens: For example, he has stated that he believes the size of the federal deficit threatens tight money and rising interest rates should the economy recover on the investment front, with all the negatives for private investment which that prospect implies.

That statement is obviously in sharp conflict with what the Prime Minister has told the press and this House in the last couple of days. He told us that we did not have to worry about the size of the deficit, that it is the rate of increase that we should worry about.

Commenting on Petro-Can's apparent insatiable appetite for takeovers, be it Husky Oil which they lost, be it Pacific Petroleums Ltd. which they might win, heaven forbid, Mr. Turner said that these are not the actions of a government whose overriding concern is public sector restraint.

I probably would not have quoted Mr. Turner if the Minister of State had not intervened, Mr. Speaker. Now that I have

done so, I must say it is odd to hear what one Liberal says about another Liberal, particularly when we remember that when this particular Liberal was minister of finance, he was the biggest spender of all.

Tomorrow, Mr. Speaker, given the opportunity, I hope to go into greater detail about what this party, led by the Leader of the Official Opposition (Mr. Clark), would do if given the opportunity to form a government after the next election. At that time I intend to describe how we feel it is urgent that there be five-year plannings in this country, instead of having this ongoing ad hockery where there is a budget almost every five months. We feel that the government of the day should bring in a budget showing not only the immediate plan, but where they intend to take the economy for the next five years. I will be showing in a meaningful way where, during those five years, there can be significant reduction in federal government spending and where there can be meaningful tax cuts to stimulate the economy, all to the end of narrowing the $12 billion deficit we are living with in this country per annum. That is what we need.

The United States has five-year budgets. The United Kingdom has five-year budgetary plans, and the OECD is asking all member countries to follow that approach. I cannot understand why this government so adamantly refuses to do what is only sensible. In fact, I can only guess, knowing how bad the two-year figures look, that they are frightened to show the Canadian public how their five-year figures might appear.

● (2122)

If I may, Mr. Speaker, I would like now to move, seconded by the hon. member for Grenville-Carleton (Mr. Baker):

That the debate be now adjourned.

Mr. Speaker: Is it the pleasure of the House to adopt the said motion?

Some hon. Members: Agreed.

On motion of Mr. Stevens the debate was adjourned.

Hon. Allan J. MacEachen (Deputy Prime Minister and President of Privy Council): Mr. Speaker, I should like to move:

That this House do now adjourn.

Motion agreed to.

Mr. Speaker: Accordingly, this House stands adjourned until tomorrow at 11 a.m.

On motion of Mr. MacEachen the House adjourned at 9.24 p.m.

APPENDIX

TABLES ON GOVERNMENT ACCOUNTS PRESENTED BY MINISTER OF FINANCE DURING BUDGET SPEECH

Table 1
Government of Canada
Summary Statement of Transactions
Public Accounts Presentation

	1977-78 Actual	1978-79 Forecast[1]	1979-80 Forecast[1]
		($ millions)	
Budgetary transactions			
Revenues	32,846	35,200	38,150
Expenditures[2]	– 42,882	– 47,300	– 51,100
Surplus or deficit (–)	– 10,036	– 12,100	– 12,950
Non-budgetary transactions			
Loans, investments and advances[2]	– 1,217	– 1,000	– 1,500
Annuity, insurance and pension accounts	1,626	1,975	2,820
Other transactions	1,357	– 975	880
Net source or requirement (–)	1,766	—	2,200
Financial requirements (Excluding foreign exchange transactions)	– 8,270	– 12,100	– 10,750
Foreign exchange transactions	1,007	3,021[3]	
Total financial requirements	– 7,263	– 9,079[3]	

[1] Numbers in these columns should be interpreted as mid-points of ranges of estimates.
[2] Total outlays are composed of budgetary expenditures plus loans, investments and advances.
[3] These figures reflect actual foreign exchange transactions to the end of October. No forecast is made of foreign exchange transactions in the balance of the period. The source of funds provided by Foreign Exchange Transactions in the first seven months of 1978-79 is largely accounted for by net sales of foreign exchange by the Exchange Fund Account. The EFA's holdings of foreign exchange result from purchases in the exchange market and from borrowing in foreign currencies by the government. This foreign currency borrowing amounted to $3,586 million in Canadian dollars from April 1, 1978 to October 31, 1978.

Table 2
Government of Canada
Fiscal Position
Public Accounts Budgetary Revenues

	1977-78 Actual	1978-79 Forecast[1]	1979-80 Forecast[1]
		($ millions)	
Personal income tax	13,440	14,280	16,130
Corporation income tax	5,828	6,220	6,785
Non-resident tax	503	540	580
Customs duties	2,312	2,780	3,120
Sales tax	4,427	4,650	4,435
Other duties and taxes	2,450	2,260	2,180
Total tax revenues	28,960	30,730	33,230
Non-tax revenues	3,886	4,470	4,920
Total budgetary revenues	32,846	35,200	38,150

[1] Numbers in these columns should be interpreted as mid-points of ranges of estimates.

Table 3
Government of Canada
Summary, Extended National Accounts Presentation

	1977-78 Actual	1978-79 Forecast[1]	1979-80 Forecast[1]
		($ millions)	
National Accounts Transactions[2]			
A. Revenues[3]	35,940	39,195	42,670
B. Expenditures[4]	−45,271	−49,725	−53,400
Surplus or deficit (−)	−9,331	−10,530	−10,730
Loans and other transactions			
A. Loans, investments and advances	−1,413	−640	−1,230
B. Cash vs Accrual	1,965	−1,180	1,010
C. Other transactions	509	250	200
Net source or requirement (−)	1,061	−1,570	−20
Total financial requirements (Excl. foreign exchange transactions)	−8,270	−12,100	−10,750
Foreign exchange transactions	1,007	3,021[5]	
Total financial requirements	−7,263	−9,079[5]	

(1) Numbers in these columns should be interpreted as mid-points of ranges of estimates.
(2) Referred to as 'Current transactions' in earlier budget speeches and issues of the Public Accounts. The change is intended to avoid inconsistency with standard National Accounts terminology.
(3) 'Total revenue' plus 'Capital consumption allowances' as per Statistics Canada's *National Income and Expenditure Accounts*.
(4) 'Current expenditure' plus 'Gros capital formation' as per Statistics Canada's *National Income and Expenditure Accounts*.
(5) These figures reflect actual foreign exchange transactions to the end of October. No forecast is made of foreign exchange transactions in the remainder of the period.

Table 4
Government of Canada
Revenues and Expenditures
National Accounts Basis

	1977-78 Actual	1978-79 Forecast[1]	1979-80 Forecast[1]
		($ millions)	
Revenues			
Direct taxes, persons	17,245	18,360	20,620
Direct taxes, corporations	5,229	5,730	6,375
Direct taxes, non-residents	544	610	670
Indirect taxes	9,153	9,735	9,705
Other current transfers from persons	14	15	15
Investment income	3,163	4,080	4,535
Capital consumption allowances	592	665	750
Total revenues	35,940	39,195	42,670
Expenditures			
Current goods and services	11,317	12,400	12,750
Transfer payments to persons	13,515	14,750	15,525
Subsidies	2,501	2,450	2,450
Capital assistance	382	525	675
Current transfers to non-residents	700	800	825
Interest on the Public Debt	5,472	6,950	8,250
Transfers to provinces	9,741	10,125	11,100
Transfers to local governments	390	375	400
Gross capital formation	1,253	1,350	1,425
Total expenditures	45,271	49,725	53,400
Surplus or deficit (–)	–9,331	–10,530	–10,730

[1] Numbers in these columns should be interpreted as mid-points of ranges of estimates.

Table 5
Government of Canada
Revenues, Public Accounts and National Accounts Reconciliation

	1977-78 Actual	1978-79 Forecast[1]	1979-80 Forecast[1]
		($ millions)	
Budgetary revenues—			
Public Accounts	32,846	35,200	38,150
Deduct			
Post Office revenues and deficit	– 1,237	– 1,320	– 1,360
Deficit of government business enterprises[2]	– 200	– 135	– 140
Excess of accruals over collections			
Corporate income tax	– 495	– 430	– 350
Oil export charge	– 33	– 5	– 15
Add			
Government pension and social security receipts[3]	4,997	5,425	5,705
Capital consumption allowance	592	665	750
Miscellaneous adjustments[4]	– 530	– 205	– 70
Total revenues—			
National Accounts	35,940	39,195	42,670

(1) Numbers in these columns should be interpreted as mid-points of ranges of estimates.

(2) In the Public Accounts, deficits of government business enterprises are a charge to budgetary expenditures whereas in the National Accounts, these deficits are deducted from remitted profits of other government business enterprises.

(3) In the Public Accounts, these government pension and social security receipts and disbursements are treated as non-budgetary transactions whereas in the National Accounts, these transactions are included in government revenue and expenditure.

(4) These miscellaneous adjustments arise as a result of conceptual differences between the two forms of presentation. These items represent, for example, the proceeds from the sales of existing capital assets; budgetary revenue items offset against budgetary expenditures; imputed items; and, an adjustment for the treatment of revenue in the supplementary period.

Table 6
Government of Canada
Expenditures, Public Accounts and National Accounts Reconciliation

	1977-78 Actual	1978-79 Forecast[1]	1979-80 Forecast[1]
		($ millions)	
Budgetary expenditures—			
Public Accounts	42,882	47,300	51,100
Deduct			
Transfers to funds and agencies[2]	−3,295	−3,275	−3,950
Post Office expenditures	−1,237	−1,320	−1,360
Deficit of government business enterprises[3]	−200	−135	−140
Add			
Expenditures of funds and agencies[2]	1,595	1,870	1,650
Government pension and social security disbursements[4]	4,995	5,520	5,530
Capital consumption allowance	592	665	750
Miscellaneous adjustments[5]	−61	−900	−180
Total expenditures—			
National Accounts	45,271	49,725	53,400

(1) Numbers in these columns should be interpreted as mid-points of ranges of estimates.

(2) In the National Accounts, budgetary appropriations to various funds and agencies are replaced by the expenditure actually made by the funds and agencies.

(3) In the Public Accounts, deficits of government business enterprises are a charge to budgetary expenditures whereas in the National Accounts, these deficits are deducted from remitted profits of other government business enterprises.

(4) In the Public Accounts, these government pension and social security receipts and disbursements are treated as non-budgetary transactions whereas in the National Accounts, these transactions are included in government revenue and expenditure.

(5) As in the case of revenues, the miscellaneous adjustments arise as a result of conceptual differences between the two forms of presentation. These items represent, for example, reserves and write-offs; purchase of existing capital assets; budgetary revenue items offset against budgetary expenditure; expenditures of reserve accounts and revolving funds; imputed items; and an adjustment for the treatment of expenditures in the supplementary period.

Table 7
Government of Canada
Non-Budgetary, Public Accounts and Extended National Accounts Reconciliation

	1977-78 Actual	1978-79 Forecast[1]	1979-80 Forecast[1]
		($ millions)	
Non-budgetary transactions—			
Public Accounts	1,766	—	2,200
Deduct			
Loans and advances to funds and agencies	-196	360	270
Government pension and social security accounts	-1,638	-1,870	-2,830
Excess of accruals over collections			
Corporate income tax	495	430	350
Oil export charge	33	5	15
Miscellaneous adjustments[2]	601	-495	-25
Loans and other transactions—			
Extended National Accounts	1,061	-1,570	-20

(1) Numbers in these columns should be interpreted as mid-point of ranges of estimates.

(2) As in the case of revenues and expenditures, the miscellaneous adjustments arise as a result of conceptual differences between the two forms of presentation. These items represent, for example, the adjustments for the treatment of revenues and expenditures in the supplementary period; the change in the reserves and revolving funds: and the adjustment required to bring financial requirements of entities included in the national accounts government sector in line with the requirements of these entities which are met through the Consolidated Revenue Fund.

Notes to Fiscal Tables

Comparison of Current 1978-79 Forecast with April 10, 1978 Budget Forecast
(Tables 1 and 2)

The current forecast of 1978-79 Budgetary Revenue of $35,200 million is $800 million below the level forecast in the April 10, 1978 budget. Some $435 million of this change represents the estimated impact of measures introduced since the April budget. The 3 per cent cut in the manufacturers' sales tax rate is estimated to reduce 1978-79 revenues by $280 million, while other changes in the budget cause a $30 million reduction. The reduction in the gasoline excise tax which took effect on August 25, 1978, the impact on the oil export charge revenues of the planned deferral of the January 1, 1979 oil price increase and the May 1978 small business tax measures are estimated to have reduced 1978-79 revenues by $125 million. (The child benefits tax changes announced August 24, 1978 are estimated to have little or no net impact on revenues in 1978-79).

The balance of the change in forecast revenues, some $365 million, reflects changes in economic assumptions, and revisions as a result of analysis of revenue collections data for the 1977-78 fiscal year which became available after April together with analysis of the revisions to national accounts economic series released in June by Statistics Canada. The largest changes resulting from these factors were a downward revision of personal income tax revenues reflecting, most importantly, analysis of final 1977-78 data, and an upward revision of customs import duties reflecting an upward revision of the forecast value of imports. Non-tax revenues were revised upward reflecting somewhat higher interest rates on government cash balances and higher cash balances than had been assumed at the time of the original forecast.

The government's expenditure ceiling is set in terms of Total Outlays, which is the sum of Budgetary Expenditures and Loans, Investments and Advances. As announced by the Minister of Finance and the President of the Treasury Board on September 8, 1978, the level of Total Outlays for 1978-79 has been reduced to $48,300 from the April ceiling of $48,450 million. However, within this total, Budgetary Expenditures have been revised up $400 million from April, while Loans, Investments and Advances have been revised down $550 million. The figure for Total Outlays includes reserves for revisions of the estimated costs of statutory programs and for supplementary estimates. At the beginning of the fiscal year, the appropriate division of these reserves between Budgetary Expenditures and non-budgetary Loans, Investments and Advances, is somewhat uncertain. In addition, it is now apparent that loan requirements, notably net loans to CMHC, will be lower than originally expected. A number of factors, including higher public debt charges resulting from foreign borrowing to supplement exchange reserves and from recent interest rate increases, have caused forecast Budgetary Expenditures to increase although the increase has been offset in some measure by the cuts in certain specific 1978-79 program costs announced in August and September.

The decrease in Budgetary Revenues of $800 million together with the increase of $400 million in Budgetary Expenditures results in a forecast Budgetary

Deficit which is $1,200 million higher than the deficit forecast in April. The $550 million reduction in loan requirements, together with a $275 million reduced source from the annuity, insurance and pension accounts (reflecting higher unemployment insurance benefits) and a $325 million reduced requirement for other transactions has partially offset the increased Budgetary Deficit, resulting in a forecast of Financial Requirements (excluding foreign exchange) which is $600 million higher than that forecast in April.

1979-80 Fiscal Outlook—Public Accounts Basis
(Tables 1 and 2)

Financial Requirements (excluding foreign exchange transactions) in 1979-80 are forecast to be $10,750 million, $1,350 million below the 1978-79 level. Underlying this Financial Requirements forecast are forecasts of 8.4 per cent growth in Budgetary Revenues to a level of $38,150 million, 8.0 per cent growth in Budgetary Expenditures to $51,100 million and an increased net source of $2.2 billion from non-budgetary transactions. The Budgetary Revenue forecast assumes growth in nominal GNP of approximately 11 per cent.

The levels of, and annual percentage changes in, the major components of Budgetary Revenues are shown below.

	1977-78 Actual	1978-79 Forecast		1979-80 Forecast	
	$ millions	$ millions	% change	$ millions	% change
Personal income tax	13,440	14,280	6.3	16,130	13.0
Corporation income tax	5,828	6,220	6.7	6,785	9.1
Non-resident tax	503	540	7.4	580	7.4
Customs duties	2,312	2,780	20.2	3,120	12.2
Sales tax	4,427	4,650	5.0	4,435	−4.6
Other duties and taxes	2,450	2,260	−7.8	2,180	−3.5
Total tax revenues	28,960	30,730	6.1	33,230	8.1
Non-tax revenues	3,886	4,470	15.0	4,920	10.1
Total budgetary revenues	32,846	35,200	7.2	38,150	8.4

The 13.0 per cent rate of growth of personal income tax revenues is influenced by the fact that 1978-79 revenues are reduced by $760 million through transfers to provinces and to Quebec taxpayers associated with the temporary provincial retail sales tax cuts. The 1979-80 yield of the tax is reduced $270 million by the higher level of the employment expense deduction, and there is a net reduction of $655 million due to the changes in child benefit provisions announced in August. On the other hand, 1979-80 revenues are raised by the fact that the tax payable on the large amount of CSB interest cashed in November 1978 will affect tax collections mainly in the first months of the 1979-80 fiscal year.

Following a projected increase of 6.7 per cent in 1978-79, corporation income

first year, or first full year, impact of tax measures introduced in March 1977, October 1977 and April 1978 has lowered expected revenue growth in 1978-79, as has the large increase in the use of income debentures. The measures in this budget are estimated to cause a net reduction in 1979-80 corporation tax revenues of $75 million.

The actual decline in sales tax revenues, of course, reflects the 3 percentage point rate reduction which is estimated to lower revenue by $1,015 million in 1979-80 compared with $280 million in the last part of 1978-79.

Other duties and taxes are forecast to decrease by 3.5 per cent in 1979-80, following a decline of 7.8 per cent in 1978-79. Falling oil export charge revenues and the impact of the 3 percentage point reduction in the special excise tax on gasoline are the principal factors causing these declines.

Non-tax revenues are projected to increase 10.1 per cent in 1979-80 compared to the projected 15.0 per cent increase in 1978-79. The dominant revenue source in this category is return on investments which is projected to increase at a 6.2 per cent rate in 1979-80, compared to a projected 22.2 per cent rate in 1978-79. The large 1978-79 increase reflects higher interest rates and increased government cash balances.

Budgetary Expenditures and non-budgetary Loans, Investments and Advances sum to the $52,600 million ceiling announced on September 8 in the joint statement by the Minister of Finance and the President of the Treasury Board. The increase in this Total Outlays ceiling is 8.9 per cent. Budgetary Expenditures are forecast to increase by 8 per cent and Loans, Investments and Advances by 50 per cent. The large increase in loan requirements basically reflects the return to a more normal level of net requirements by CMHC following the abnormally large repayments by that corporation in 1978-79 resulting from the sale of mortgages by CMHC from its existing holdings.

The source of funds provided by the annuity, insurance and pension accounts is expected to increase by $845 million over the 1978-79 level. By far the largest factor in this increase is a projected swing to surplus in the unemployment insurance account, reflecting the savings in unemployment insurance benefits from the tightening of entrance requirements and reduction in benefit levels which will result from Bill C-14. These savings are partially offset by the 10 per cent reduction in employer/employee premium rates.

Other transactions are expected to provide a net source of $880 million in 1979-80, a swing of $1,855 million from the previous year. The most important single factor here is the decline in the level of Canada Savings Bond interest encashments.

Canada Savings Bond Interest Encashment

In 1978-79, a total of $2,300 million in regular interest coupons, compound and bonus interest on the maturing SR and S24 series of Canada Savings Bonds is

expected to be cashed. Approximately $2,050 million of this interest had been charged to budgetary expenditures in previous years, as public debt charges are calculated on an accrual basis. In 1979-80, bonus interest totalling an estimated $630 million will become payable on Canada Savings Bonds issued prior to November 1974 and still outstanding. Approximately $550 million of this amount will have been charged to Budgetary Expenditures prior to 1979-80.

When interest encashments exceed (fall short of) interest accruals in a given year, the government is faced with a cash requirement (source) which is recorded in the interest and debt accounts component of 'other non-budgetary transactions'. Thus, encashment of previously accrued regular, compound and bonus interest on the SR and S24 series is expected to give rise to a non-budgetary requirement of $2,050 million in 1978-79, and encashment of previously accrued bonus interest in 1979-80 is expected to give rise to a non-budgetary requirement of some $550 million in 1979-80. Previously accrued regular and compound interest on CSB series maturing in November 1979, and interim compound interest coupons on certain series, will also become payable in 1979-80. At the same time, in both 1978-79 and 1979-80 it is expected that interest accruals will exceed interest encashment by significant amounts on other CSB series, thus providing a source of funds to the government.

In total, the difference between interest accruing and interest cashed on Canada Savings Bonds provided a non-budgetary source of funds of $827 million in 1977-78, is estimated to give rise to a non-budgetary requirement of $1,395 million in 1978-79 and is projected to provide a source of some $300 million in 1979-80. (The latter projection depends on the fraction of the current CSB issue assumed to be sold in 'compound interest bonds' form. It is thus subject to considerable uncertainty.) The lack of an exact matching of interest accrual and encashment on the non-CSB portion of government debt (marketable bonds and treasury bills) can also give rise to a non-budgetary source or requirement of funds, although the effect is much smaller than for CSBs due to the lack of compound and bonus provisions on these other securities.

The year-to-year change in CSB interest accrual/encashment thus accounts for a $2.2 billion increase in Financial Requirements between 1977-78 and 1978-79, and for a $1.7 billion reduction between 1978-79 and 1979-80. Thus, apart from these CSB interest accrual/encashment effects, Financial Requirements will increase from 1977-78 to 1978-79 by $1.6 billion, and will increase from 1978-79 to 1979-80 by $350 million.

Direct Borrowing by Government Agencies

Direct market borrowings by agent Crown corporations which have been authorized to borrow under their respective statutes are not included in Government of Canada Financial Requirements. In 1977-78, the Export Development Corporation (EDC) borrowed $341 million directly, Eldorado Nuclear borrowed $40 million and Petro-Canada repaid $30 million. Over the

projection of requirements for 1978-79 and 1979-80, it is envisaged that such direct borrowing will continue. In addition, the 1978-79 requirements for loans to the Central Mortgage and Housing Corporation are reduced due to the sale of mortgages by CMHC in that year.

Government Expenditures

Since 1976-77, the federal government has set its spending ceiling in terms of Total Outlays, the sum of Budgetary Expenditures and non-budgetary Loans, Investments and Advances. The following table shows the level of Total Outlays, the growth rate of Total Outlays and Total Outlays expressed as a percentage of current dollar GNP for the corresponding fiscal year.

Federal Government Total Outlays
Public accounts basis

	1975-76 Actual	1976-77 Actual	1977-78 Actual	1978-79 Forecast	1979-80 Forecast
			($ millions)		
Budgetary Expenditures	33,978	39,011	42,882**	47,300	51,100
Loans, Investments and Advances	3,310	2,171	1,217	1,000	1,500
Total Outlays	37,288	41,182	44,099	48,300	52,600
Percentage Increase	18.5	10.4	7.1**	9.5	8.9
Percentage of GNP*	21.7	21.0	20.5**	20.3	19.9

* GNP for corresponding fiscal year.

** Savings of approximately $700 million in 1977-78 Budgetary Expenditures resulted from the partial replacement of cash transfers to provinces by the transfer of additional tax points under the Established Programs Financing arrangement. Adjustment for this change would increase the 1977-78 growth in Total Outlays to 8.8 per cent, and the Total Outlays/GNP ratio to 20.8 per cent.

Another common measure of federal government spending is the sum of current expenditures (in the form of expenditures on goods and services, transfers to other levels of government, interest on the public debt, transfers to provincial and local governments, etc.) and gross capital formation as shown in the National Income and Expenditure Accounts. Fiscal year data on this basis are shown below.

Federal Government Expenditures
National income and expenditure accounts basis

	1975-76 Actual	1976-77 Actual	1977-78 Actual	1978-79 Forecast	1979-80 Forecast
			($ millions)		
Total Expenditures on a national accounts basis	36,505	40,343	45,271	49,725	53,400
Percentage increase	18.5	10.5	12.2	9.8	7.4
Percentage of GNP*	21.2	20.6	21.1	20.9	20.2

* GNP for corresponding fiscal year.

It will be noted that the rates of increase of expenditures as measured in the national accounts are similar to the rates of increase of Total Outlays for all years except 1977-78 and to a lesser extent, 1979-80. The higher increase in national accounts expenditures in 1977-78 largely relates to two differences in the coverage of these alternative expenditure measures. National accounts expenditures include unemployment insurance benefits on a current basis. With the rise in the unemployment rate, these payments increased by 21 per cent from $3,457 million in 1976-77 to $4,168 million in 1977-78. Total Outlays include (in Budgetary Expenditures) the government contribution to the Unemployment Insurance Account (UI). This contribution is based on the experience of the account in the calendar year ending three months before the start of the fiscal year in question, and is affected by changes in the employer/employee contribution rates as well as by unemployment rates. The government contribution to the UI account fell 20 per cent from $1,728 million in 1976-77 to $1,379 million in 1977-78. The second difference in coverage which proved important over this period is the fact that national accounts expenditures do not include government outlays in the form of loans. A reduction in loans between 1976-77 and 1977-78 contributed to the lower growth rate of Total Outlays in 1977-78.

In 1979-80, these two differences in coverage work in the reverse direction leading to a slower growth rate for national accounts expenditures than Total Outlays. The reductions in UI benefits which will take effect in 1979 affect national accounts expenditures immediately but will not reduce the government contribution to the UI account, and thus Total Outlays, until 1980-81. In addition, the large increase in the loans component of Total Outlays does not affect national accounts expenditures.

HOUSE OF COMMONS

Friday, November 17, 1978

The House met at 11 a.m.

• (1107)

ROUTINE PROCEEDINGS

[*English*]

AIR CANADA

REASON NEWFOUNDLAND NOT MENTIONED IN PUBLICATION "EN ROUTE"—MOTION UNDER S.O. 43

Mr. John C. Crosbie (St. John's West): Mr. Speaker, I rise on a matter of urgent and pressing necessity under the provisions of Standing Order 43.

Air Canada, in its magazine "En Route", distributed in aircraft ostensibly to inform the travelling public, carries a guide to what is happening across the country, entitled "Canada Calendar 1978", outlining events across Canada which travellers may wish to attend. Since the province of Newfoundland is not included in this calendar, leaving unrepresented the most interesting and culturally stimulating part of Canada, I move, seconded by the hon. member for Saskatoon-Biggar (Mr. Hnatyshyn):

That the president of Air Canada, Claude Taylor, be summoned before the bar of the House to explain this strange, if not sinister, omission, including an explanation as to why Newfoundland has been separated from Canada without even a referendum, and that Mr. Taylor be sentenced to one week's landings by aircraft at Torbay airport, after midnight and in fog, without the guidance of air traffic control as proposed by the Minister of Transport in his drive for economy, particularly in essential services.

Mr. Speaker: Order, please. The hon. member for Selkirk (Mr. Whiteway).

* * *

VETERANS AFFAIRS

SALE OF REMEMBRANCE DAY POPPIES IN FEDERAL BUILDINGS—MOTION UNDER S.O. 43

Mr. Dean Whiteway (Selkirk): Mr. Speaker, I rise under the provisions of Standing Order 43. In light of the fact that Mrs. Betty Dall, a member of the Women's Auxiliary of the Royal Canadian Legion, Prince Edward Branch 81, was not allowed to sell poppies in a federal Canada Manpower building at 220 Henderson Highway, in Winnipeg, and was ordered to leave by the supervisor, I move, seconded by the hon. member for St. Boniface (Mr. Hare):

That the Minister of Veterans Affairs, who is aware of this incident, investigate with a view to establishing a policy which would permit the selling of Remembrance Day poppies in federal buildings across Canada, and that an appropriate apology be extended to Mrs. Dall and Prince Edward Branch 81 of the Royal Canadian Legion.

Hon. Barney Danson (Minister of National Defence): Mr. Speaker, I rise on a point of order.

An hon. Member: Twelve o'clock.

Mr. Speaker: Order, please. I will allow the minister one sentence to indicate the nature of the point of order, and then I will take it at twelve o'clock.

Mr. Danson: Mr. Speaker, the nature of the point of order is the use of Standing Order 43 regarding matters of allegedly urgent and pressing business. Some of these items are of deep concern to all of us in the country, but they can hardly be considered urgent in this sense. Representations could be made to ministers and departments, and I do not think the use of the time of the House in this way should be permitted.

Some hon. Members: Oh, oh!

Mr. Speaker: Order, please. In order to present this motion for debate, pursuant to Standing Order 43 unanimous consent must be given. Is there unanimous consent?

Some hon. Members: Agreed.

Some hon. Members: No.

* * *

THE BUDGET

CRITICISM THEREOF—MOTION UNDER S.O. 43

Mr. Bob Rae (Broadview): Mr. Speaker, I rise, under the provisions of Standing Order 43, on a matter of urgent and pressing necessity. In view of the fact that last night's budget brought down by the Minister of Finance (Mr. Chrétien) was his third in 13 months, I move, seconded by the hon. member for Humber-St. George's-St. Barbe (Mr. Faour):

That this House unanimously concludes that the minister has brought down a Toronto Argonaut budget: he has had his third down, fumbled the ball, and time has run out.

Mr. Speaker: Order, please.

Oral Questions

ORAL QUESTION PERIOD

[*English*]

THE CANADIAN ECONOMY

DEBT SERVICING CHARGES FOR 1980 AND 1981—LEVEL OF INTEREST RATES AND UNEMPLOYMENT

Mr. Sinclair Stevens (York-Simcoe): Mr. Speaker, my question is for the Minister of Finance. Based on the figures given by the minister last night in his budget, it now appears that federal debt servicing costs next year will be $8 billion, compared with $2 billion in 1970, which means that next year every worker in Canada will have to carry a debt servicing load of $800 as far as the federal government is concerned.

Would the Minister of Finance indicate what he anticipates the ongoing debt servicing charges for 1981 and 1982 to be? Can he let us see down the road a little further than he did last night?

Hon. Jean Chrétien (Minister of Finance): Mr. Speaker, because I had been preoccupied with that situation, I decided in my budget to reduce cash requirements for the next fiscal year from $12.1 billion to $10.7 billion. I am always surprised that hon. members opposite complain about the size of the deficit. Last night they complained that I had not cut taxes enough.

● (1112)

Mr. Stevens: The minister knows well enough—at least, if he has been talking to his own deputy minister—that if you take out the Canada Savings Bonds rather extraordinary circumstances, the cash requirements will actually go up next year, not down.

Let me put this question to the minister: would he indicate what he would anticipate to be the deficit in Canada in 1980 if there were full employment in the country, as analysts are currently anticipating—as has been stated this morning—that the deficit, with full employment, would still be $6 billion to $8 billion? Would the minister indicate if that is, in truth, so?

Mr. Chrétien: Mr. Speaker, I think the first point is that there will be a debate on the budget this afternoon, as we have agreed, so I am not about to discuss what the budget would have been if there was no unemployment, what is the level of full capacity in Canada, and so on. Those questions are difficult to answer and assumptions are difficult to make.

I can just say that I stimulated the economy last night as much as I could. At the same time, I took steps to reduce our cash requirements, and I think this was the soundest economic policy I could provide under the circumstances.

Mr. Stevens: My question is again directed to the Minister of Finance. The minister, in his answer to me, shows that it is the "ad hockery" in which he engages that is causing the problems in this country.

My final question to the minister deals with the impact on the private market sector of the extensive borrowings that he now anticipates, which will mean that in the coming years 28 per cent of the total available private funds will go into the federal coffers, as compared to an average of 10 per cent in the decade ending in 1976. Would the minister indicate whether this will not have a tendency to raise interest rates still higher, and consequently raise unemployment above the objectionably high level at which it is today?

[Mr. Speaker.]

Mr. Chrétien: I am glad that the hon. member referred to the marketplace. In fact, this morning, because the budget was a responsible budget, the value of the Canadian dollar increased in the marketplace.

Some hon. Members: Hear, hear!

Mr. Chrétien: May I say, in reply to the question put by the hon. member, that there are many savings available on the Canadian market at this time. The savings in the Canadian economy are at a high level and there is absolutely no problem—I forecast this—for the government to raise this money and for the private sector to use it to expand planning and increase investment by 16 per cent next year.

VALUE OF CANADIAN DOLLAR—GOVERNMENT POLICY

Mr. James Gillies (Don Valley): Mr. Speaker, my question is for the Minister of Finance. It is interesting to note that the dollar edged out of the 84-cent level by one-fifth of 1 per cent in response to the budget.

Some hon. Members: Oh, oh!

Mr. Gillies: Last night, the minister said in the budget speech that there is good reason to believe that the major adjustment in the exchange rate which was required to restore our competitive position has been completed. Does that statement mean that the Government of Canada has taken the position that it will support the Canadian dollar at around the 84-cent or 85-cent level?

Hon. Jean Chrétien (Minister of Finance): We have always said we do not intend to fix the rate of the Canadian dollar; the rate will be fixed by the market. We do think that the level of the dollar at this time is a good level for maintaining our competitive position. We hope that the fluctuation will not be downward, but if the pressures of the market bring the dollar down, we will have to live with it because we are not the ones who fix the dollar; it is the market which determines the value of the Canadian dollar.

Mr. Gillies: Again, I would like to have this point clearly clarified, Mr. Speaker. Is the Minister of Finance now saying in the House that, regardless of what pressures may be exerted, through speculation or any other forces, on the Canadian dollar, the Canadian government will not intervene, even though it is the position of the government that a downward change in the exchange rate would be damaging to the Canadian economy?

Mr. Chrétien: The position of the Canadian government on the dollar is that the Bank of Canada intervenes to make sure that the market operates in an orderly fashion.

PROJECTED INCREASE IN GROWTH RATE—EFFECT ON UNEMPLOYMENT

Mr. Bob Rae (Broadview): Mr. Speaker, I also have some questions for the Minister of Finance. In his April budget, the minister stated that he expected a "5 per cent growth in real output . . . (which) should bring about some modest decline in unemployment." In fact, the minister admitted in last night's budget that the 1978 growth rate will be less than 4 per cent; and, of course, unemployment has increased in Canada since last April.

• (1117)

An hon. Member: Come on.

Mr. Rae: In view of the 4 per cent to 4.5 per cent growth rate, can the minister indicate to the House whether the unemployment rate is expected to come down in 1979 and, if so, to what extent?

[*Translation*]

Hon. Jean Chrétien (Minister of Finance): Mr. Speaker, I stated in my budget that the growth in output should be close to 4 per cent for 1978 and that with such a growth rate the level of unemployment went down by one percentage point in October 1978, compared to 1977. I think that with a decrease in inflation in Canada, an increase in investment in the private sector and the job-creation programs put forward by the federal government, if all that works, there should be a decline in unemployment in the course of next year if, of course, the manpower participation rate does not edge up too quickly.

[*English*]

Mr. Rae: Mr. Speaker, it is of interest to note that the unemployment figure did not even appear in last night's budget speech. The minister bases real growth in Canada on the assumption that there will be a 3 per cent growth rate in the United States. In view of the fact that with this optimistic forecast, the minister seems to be alone among all forecasters in saying the rate in the United States will be this high, can he now indicate to the House why he is choosing, deliberately, a policy of high unemployment which makes Canada a leader in world unemployment figures?

[*Translation*]

Mr. Chrétien: Mr. Speaker, yesterday I brought down a budget with as many incentives as I could. We reduced personal income tax by increasing the indexing factor to 9 per cent, we reduced them through a raise in the employment expense deduction, we reduced unemployment insurance premiums for Canadian workers thereby boosting their purchasing power; furthermore, we reduced the sales tax which should lower the inflation rate by 0.5 per cent, which will help further to contribute to increase the purchasing power of the people of Canada. I am very surprised that with such incentives, a stimulating policy which was also proposed by the New Democratic Party—and I refer to the sales tax cut—the hon. member says today that those policies are bad. The members of the New Democratic Party advocated such policies themselves.

[*English*]

Mr. Rae: Mr. Speaker, we do not want to take credit for this budget: I can assure the minister of that fact.

I have a final supplementary question. In view of the fact that housing and construction markets remain particularly depressed, and that high interest rates, land prices and the profits of large developers make it impossible for many working Canadians to buy their own homes, can the minister explain why the only housing proposal in his budget was a tax haven for land speculators and housing developers?

An hon. Member: Tories!

Mr. Chrétien: Mr. Speaker, we have had, in the past—and they are still in place—very good housing policies. Over the last few years, we have managed to create more than 250,000 units per year.

Some hon. Members: Oh, oh!

Mr. Chrétien: It was exactly the level set by the Economic Council of Canada for the housing policies of Canada. The money we use in that field is targeted to help people at the low end of the income scale in Canadian society. At this moment, we think that Canadians, as has been said by many people, are probably the best housed people in the world.

[*Translation*]

INQUIRY WHETHER BUDGET FOR CANADA WORKS PROGRAM WILL BE INCREASED TO CURB UNEMPLOYMENT

Mr. Richard Janelle (Lotbinière): Mr. Speaker, I would like to direct a question to the Minister of Employment and Immigration.

In view of the budget presented last night by the Minister of Finance, which would seem to generate much more unemployment than jobs, is it expected, within his department that budgets will be increased for Canada Works projects, which are indeed job-creating?

[*English*]

Hon. Bud Cullen (Minister of Employment and Immigration): Mr. Speaker, if the hon. member is giving that interpretation to the budget, clearly he is wrong. I am happy my colleague did not yield to the temptation to put in the kind of stimulus suggested by the opposition, which would have been fiscally irresponsible and really would have caused Canada to lose jobs.

• (1122)

[*Translation*]

INQUIRY WHETHER BUDGET CUTS WILL ELIMINATE SELECTION COMMITTEES ON CANADA WORKS PROJECTS

Mr. Richard Janelle (Lotbinière): Mr. Speaker, my question is to the same minister, who has not answered my question concerning budget increases for Canada Works projects. I suppose he meant that there would be no increases. Is it therefore true that next year selection committees, which are composed of local residents, who are really responsible in the ridings, will be abolished; is it true that to save money these selection committees will be discontinued?

[*English*]

Hon. Bud Cullen (Minister of Employment and Immigration): Mr. Speaker, the hon. member is not in tune with the facts. The fact of the matter is that there is a significant increase in money made available over this winter for the Canada Works program.

BUDGET PROVISIONS RESPECTING ISSUANCE OF TERM PREFERRED SHARES—PETRO-CANADA, PACIFIC PETROLEUMS DEAL

Mr. Allan Lawrence (Northumberland-Durham): Mr. Speaker, my question is for the Minister of Energy, Mines and Resources. As a result of the budget last night, the government is closing a very real tax loophole relating to the issuance of term preferred shares. As the minister knows, of course, the issuance of term preferred shares is a very crucial and critical part of the Petro-Can, Pacific Pete deal.

Then a curious and rather contradictory limitation pops up in the budget papers, at page 38, and I quote this, sir, very briefly. In reference to closing the loophole, it states, "This will not apply to a security issued pursuant to a written agreement made prior to November 17, 1978". That has obviously been written in there so this will not queer the Pacific Pete deal.

My question to the Minister of Energy, Mines and Resources is this: was there any communication by, or on behalf of, Petro-Can with the finance minister or any of his officials in respect of this special, discriminatory, favoured treatment of Petro-Can?

Hon. Jean Chrétien (Minister of Finance): Mr. Speaker, I am informed that many of these instruments have been negotiated in the last little while by all sorts of corporations across Canada. We decided to change the law, to clarify the definition of income debentures, and retractable preferred shares and make the decision effective yesterday because many business decisions by different corporations, banks and financial institutions in Canada had been negotiated. It is a principle in law that, when you make a change, you make it non-retroactive; and this applied to all transactions that were negotiated between financial institutions and other corporations in Canada up to last night.

[Mr. Cullen.]

Mr. Lawrence: Of course, that is a non-answer, because the budget actually does plug the loophole for shares issued prior to today, but the limitation in there is that there is an exception which covers the Petro-Can deal, for an agreement made prior to today. That is a phony-boloney limitation.

My question to the Minister of Energy, Mines and Resources is: it now seems—this is with regard to the Petro-Can, Pacific Pete dubious deal—that there is going to be a battle for control of Pacific Pete, involving a Canadian group which is interested in trying to gain control, because both the minister of energy and the Minister of Finance—

Some hon. Members: Question.

Mr. Lawrence: All right. My question relates to the representations made by both those ministers, that the purpose of it is to repatriate control of this oil company. If there is a Canadian group that now wants to purchase it, my question to the minister is: will he give directions to Petro-Canada, a Crown corporation, a baby of this government—

Some hon. Members: Order.

Mr. Speaker: Order, please.

Mr. Lawrence: Will he give directions to Petro-Can to withdraw from the deal if there is a Canadian group interested in taking over?

Hon. Alastair Gillespie (Minister of Energy, Mines and Resources): Mr. Speaker, that is an extraordinary suggestion. The deal has been entered into in good faith between Petro-Canada and the shareholders of a controlling block of Pacific Petroleums, and I refer to Phillips Petroleum, a very large United States corporation. This is a transaction which will repatriate control of Pacific Petroleums, a significant Canadian entity, to Canada. That deal has been made, it was made in good faith and there is no intention whatsoever to go back on it.

• (1127)

COMMUNICATION BETWEEN DEPARTMENT AND PETRO-CANADA PRIOR TO PACIFIC PETROLEUMS DEAL

Mr. Joe Clark (Leader of the Opposition): Mr. Speaker, my supplementary question is to the Minister of Finance, who I think neglected to answer a very key question asked by the hon. member for Northumberland-Durham regarding the existence, or not, of any communication between anyone related with Petro-Canada and anyone related with the Department of Finance so that there might have been some advance knowledge on the part of anyone related to Petro-Canada that might have led them to become involved in the Pacific Petroleums deal before the budget was brought down.

Is the minister able to give the House of Commons categorical assurance that there was no communication of any kind between anyone associated with the Department of Finance and anyone associated with Petro-Can that might have given

Petro-Can a special advantage in anticipation of this budgetary proposal?

Hon. Jean Chrétien (Minister of Finance): Mr. Speaker, the Deputy Minister of Finance, Mr. Shoyama, is by law a member of the board of Petro-Canada. At the meetings he did not know, did not speak or give any indication at all to anybody about what was to be done in the budget. The final decisions about a change in the law for income debentures and retractable preferred shares were made Saturday morning when I closed all the elements of the budget.

Mr. Shoyama has assured me that he has given no indication whatever, to anybody, of my intentions. He even said at the press conference that it was my decision and he could not give an indication because he had to respect his role as the Deputy Minister of Finance. I have complete faith and confidence in this public servant—who has served many governments, not only this federal government—having acted properly throughout. If somebody is accusing him of wrongdoing, I would like them to give me the information and I will make inquiries. I have been assured by Mr. Shoyama that at no time did he give any indication, to anybody, of my intentions.

Mr. Clark: Mr. Speaker, just so that I understand this correctly, we do have a statement now, a confirmation by the minister that the Deputy Minister of Finance was present at the meeting of the board of directors of Petro-Canada which took this decision. That is an established fact which the minister has now admitted to the House of Commons.

Will the minister advise the House whether the Deputy Minister of Finance, seized of the knowledge of the intention of Petro-Canada as he was, gave any indication of that intention of Petro-Canada to the Minister of Finance, before the minister took this decision—which he modestly claims as his own—on Saturday morning?

Mr. Chrétien: Mr. Speaker, before Saturday morning, I was aware of the decision of Petro-Canada to buy Pacific Petroleums; but as I had not made any decision, I did not mention to Petro-Can or to anybody that the changes were to be made. Until Saturday morning, I was not sure whether I was to move or not move: there were arguments for and against the proposition. I kept the secret vis-à-vis Petro-Canada all along, and I never mentioned the intention of the government.

Of course, I wanted to move on it because I had received letters from the treasurer of Ontario, two letters from the minister of finance of Quebec and representations from other ministers of finance that this interpretation of the law on income debentures and retractable preferred shares was causing the federal and the provincial governments losses in revenue. I decided to put it in the budget on Saturday, and I made it public yesterday.

Mr. Clark: Mr. Speaker, certainly we will want to examine in some detail, at a later stage, what happened to the deputy minister who was placed in a very invidious position by the determination of this government to become directly involved in most of the economic activities of this country.

• (1132)

I ask the minister to clarify what I think he told the House. Is he saying that he gave a special exemption, referred to by my colleague, the hon. member for Northumberland-Durham; that he put that into the budget, knowing it would confer a special and specific advantage upon Petro-Canada in relation to the Pacific Pete acquisition?

[*Translation*]

Mr. Chrétien: Mr. Speaker, the new policy became effective as of last night and it applies to all transactions of all companies which have negotiated loans with financial institutions in order to finance their development. It applies to all companies, including Petro-Canada, and I did not want to discriminate either for or against Petro-Can.

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SOCIAL SERVICES

FINANCING THEREOF—INQUIRY WHETHER GOVERNMENT REJECTED AGREEMENT WITH PROVINCES

Mr. Heward Grafftey (Brome-Missisquoi): Mr. Speaker, my question is directed to the right hon. Prime Minister.

As the Minister of National Health and Welfare signed an agreement with the provinces last spring concerning the block funding of social services and as a bill was put before the House on the matter two weeks ago, I should like to know why the Minister of Finance, a few days ago, unilaterally rejected and cancelled that agreement with the provinces, and how the federal government is going to explain that flip-flop to the ministers of the provincial government.

Right Hon. P. E. Trudeau (Prime Minister): Mr. Speaker, the hon. member surely knows that last year the transfers of federal government to the provinces grew by 13 per cent to 14 per cent. Last February we agreed with the provinces to lower that growth rate.

The government, with regard to its own expenditures, considerably reduced the growth rate to about 9 per cent. It was therefore quite proper for the transfers to the provinces to be reduced as well. We discussed plausible reductions with the provinces, we told them we would not act unilaterally. The provinces refused to let us decrease expenditures stipulated by law or agreement. Consequently, we simply said, in the case of expenditures which were planned but not yet confirmed by law; very well, we shall withdraw that bill for the time being. But we can go back to it later on when the economic situation allows it.

Mr. Grafftey: Mr. Speaker, it is not only a matter of budget. The minister will conclude an agreement with the provinces

and that is a totally different approach to financing the problem of social services. Therefore, I would like the right hon. Prime Minister to tell us what is the situation now as regards social services? How are those changes made within the provinces? And does the federal government intend to call an early conference with the provinces to explain this turnabout? That is not a matter of budget but of changing completely the financing pattern of social services.

Mr. Trudeau: Mr. Speaker, unfortunately for the hon. member, his indignation is based on a mistake in the facts. He is talking about the signature of an agreement with the provinces, but there has not been any agreement signed with the provinces. There were plans for an agreement, but it was never confirmed by legislation or in an official agreement. We wanted to proceed in a certain way and we are still interested to do so. Next week, I think, the minister will meet with his provincial counterparts to discuss other possibilities.

However, the hon. member knows that on August 1 we announced that we had to reduce the rate of growth in our spending. That is indeed one sector where expenses will be cut down. We would have preferred to do it in other sectors as well, for instance through the Established Programs (Interim Arrangements) Act, but the provinces turned that solution down. They said that it was a signed agreement. So we said very well. You do not want us to touch this one, we will change the ones which have not been signed yet.

* * *

[*English*]

HEALTH AND WELFARE

REQUEST GOVERNMENT RECONSIDER CUT IN FAMILY PLANNING GRANTS PROGRAM

Mr. F. A. Philbrook (Halton): Mr. Speaker, my question is for the Minister of National Health and Welfare. Would the minister please reconsider the drastic reduction of almost 50 per cent in her department's family planning grants program, from $2.1 million in the current fiscal year to almost half, $1.1 million, effective April, 1979, as the savings are considered illusory and as prevention is certainly preferable to increased teenage pregnancies and therapeutic abortions?

Hon. Monique Bégin (Minister of National Health and Welfare): Mr. Speaker, I answered that question a few days ago. I said that, with great regret, all programs have to share a part of the budget reductions, and family planning programs have seen a reduction of $1 million for next year. Under actual provincial-federal agreements, provinces do receive funds to pay for half the cost of all family planning services to Canadians in need.

I have already answered that question, but I want to repeat that this is the situation. There is also some money left for commencing special projects here and there, but sooner or later large national agencies in this field will have to obtain from communities and other levels of government more financial help to decentralize their own work.

* * *

THE CANADIAN ECONOMY

REASON BUDGET DID NOT CONTAIN SPECIAL ECONOMIC PROGRAM FOR NEWFOUNDLAND

Mr. Fonse Faour (Humber-St. George's-St. Barbe): Mr. Speaker, may I put a question to the Minister of Finance? On October 30, I asked the minister to consider in his budget a special economic program for the province of Newfoundland. He replied that he always takes into account the different regions of Canada in drafting a budget, and that "special efforts"—to use his words—are always made to help provinces experiencing difficulties.

In view of the fact that last night's budget contained nothing in the way of special consideration for Newfoundland, I would like to ask the minister why he did not present a special economic package to help alleviate the serious economic conditions in that province.

Hon. Jean Chrétien (Minister of Finance): Mr. Speaker, in my budget yesterday, in all the different programs that I proposed I made special provision for the maritimes and the Gaspé because I felt those areas are of slow growth and should have more tax incentives in order to promote development of industries and economic activity. On top of this feature, we have increased substantially the Canada Works programs. Under those programs the Minister of Employment and Immigration has spent most of the money in the maritimes. Of the maritime provinces, on a per capita basis, it is always Newfoundland that gets the biggest share.

By the way, Mr. Speaker, despite the fact that the riding of the hon. member has been in opposition with the Tories and with the NDP, they have always qualified first for grants coming from the Minister of Employment and Immigration.

Mr. Faour: Mr. Speaker, I have no quarrel with the minister that Canada Works programs have been set up in the Atlantic region; but as the minister knows, these programs do not alleviate the fundamental problems in the region and the reasons why unemployment is so high.

I would ask the minister if he would seriously consider sitting down with the provincial government to develop a New Deal or Marshall Plan type of economic program to radically change the position of Newfoundland within the Canadian economy, so that lasting benefits might result.

Mr. Chrétien: Mr. Speaker, I met with the minister of finance of Newfoundland when he came to Ottawa and he explained the problems of the province to me. That led me to make sure that the tax incentives for development and construction would be doubled for that part of Canada, which is facing difficult problems.

In all the measures I put forward yesterday in terms of tax incentives, I doubled them in order to help economic development in the maritimes and with the prospect in sight for the development of the fisheries industry. The fact that we have doubled the incentives for development will certainly help in the creation of many more activities in that part of Canada.

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REGIONAL ECONOMIC EXPANSION

FUTURE OF PRINCE COAL MINE IN NOVA SCOTIA

Mr. Robert Muir (Cape Breton-The Sydneys): Mr. Speaker, my question is for the Minister of Regional Economic Expansion. In light of the fact that the work force at the Prince mine, operated by the Cape Breton Development Corporation, is continually being reduced, and fears are being expressed by the workers that the corporation is not proceeding with the development work as quickly as was promised, can the minister give a clear and concise report as to the future of this coal mine and its work force?

[*Translation*]

Hon. Marcel Lessard (Minister of Regional Economic Expansion): Mr. Speaker, I think I might reassure the hon. member as well as the workers of Prince mine in Cape Breton regarding the future of that operation. As he knows and as many hon. members in this House also know, we had some problems with roof fallings in the mine. We are now looking for a new process to go deeper and reach a new coal deposit which seems much more promising to us and will provide clearly more secure working conditions. We had some problems recently when workers did not report to work, last Tuesday I think, and the mine management decided to suspend them for one day according to its policy. But I am told that yesterday all was back to normal, all workers were back to work and drilling for new approaches and new development possibilities were going on normally. However, we hope to be able as early as next spring to accelerate current works in order to reach the new development area which will allow us to develop on a larger scale the deposit we have found there.

● (1142)

[*English*]

Mr. Muir: Mr. Speaker, I am sure I do not have to remind the minister that the situation is very volatile and the work force is discouraged because they do not know what is going to happen tomorrow.

In view of the fact that the statement was made by an official of Devco before a committee of this House, that when development was completed at the Prince mine, the work force would number in the vicinity of 500, can the minister reassure the workers that this commitment will be fulfilled? In addition to that, can he say how long these coal miners will be displaced from their normal place of employment? As the minister knows, these miners are forced to undergo undue hardship in having to travel to and from another mine so many miles each day, which takes up so much time that they do not have much time to sleep during the night.

Mr. Lessard: Mr. Speaker, I understand the difficulties the workers are experiencing due to a reduction in the level of operation of the Prince mine as a result of a roof falling, which was causing security risks for the workers. The workers were informed that they would not be laid off, that they would be reassigned to other operations partly within the Prince mine but, as well, would work in other mining operations within Devco. I understand they travel from their normal place of work to the other place. However, that was the best solution in the circumstances.

I can assure you, Mr. Speaker, and the hon. gentleman that we expect, if the development plan for Prince mine follows the projections we have set, the mine to return to normal operation within a reasonable time. I hope at that point the level of employment at Prince mine will reach the figure we projected, which was roughly 500 workers.

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FINANCE

EQUALIZATION PAYMENTS TO PROVINCES—EFFECT OF BUDGET

Miss Flora MacDonald (Kingston and the Islands): Mr. Speaker, my question is to the Minister of Finance. The other day he confirmed his intention to reduce the unconditional transfer payments to the provinces by some $220 million, but he declined to be specific as to how much the programs would be cut.

In the absence of any elaboration in last night's budget on these cutbacks, I would like to know, now, if the Minister of Finance will tell the House how much of that $220 million reduction will be equalization payments. Will it be $25 million, $50 million or $100 million? Will he give us that figure?

[*Translation*]

Hon. Jean Chrétien (Minister of Finance): Mr. Speaker, I answered that question earlier. Unfortunately I do not have figures with me. I gave explanations to all the ministers of Finance when I met them. We are not dealing with a reduction of equalization payments. On the contrary, the amounts paid by equalization are going to increase. If necessary, I will provide the hon. member with the list. In each province, they will rise from 9 per cent up to 15 per cent. We intend to change the formula to ensure that equalization payments do not increase too quickly because the Canadian government could not cope with that. That would have happened if we had not introduced these changes. Indeed, the province of Ontario would have qualified for equalization payments and everybody understands that. The treasurer of the province of Ontario did understand that it was absolutely normal under the circumstances to see that equalization payments rise normally and that we do not come to a point where the province with the

highest per capita income in Canada is eligible for equalization payments.

[*English*]

Miss MacDonald: Mr. Speaker, I appreciate that lengthy tirade by the Minister of Finance, but I was really looking for a simple answer to a simple question. I fail to understand how he can be so definite about the $220 million total reduction, if he cannot give us the figures that make it up.

Could the minister tell the House, in addition to the amount that will be made up in the reduction to equalization payments, just how much of that $220 million will be absorbed by the elimination of the social services financing act, the block funding provisions of which were, indeed, agreed to at a federal-provincial conference earlier this year, contrary to what the Prime Minister may say?

Mr. Chrétien: Mr. Speaker, when I had discussions with the provinces I told them that it was impossible, in a reduction program of government expenditures, to proceed with the social services act and to proceed with the program next year for the Department of Urban Affairs. I informed them of that. We discussed it. I have explained to the ministers what I had to do on the question of equalization payments. Mr. Speaker, I do not have the figures with me; I will have them at the next session.

* * *

AIR CANADA

REDUCTION OF SERVICE DUE TO NECESSITY FOR PILOT TRAINING

Mr. Dan McKenzie (Winnipeg South Centre): Mr. Speaker, in the absence of the Minister of Transport, I will direct my question to the acting minister. Air Canada has announced they will be cutting back on 15 routes due to the necessity for pilot training. This is going to cause serious inconvenience for the travelling public, as well as causing no end of problems for travel agents across Canada. Recently, on flights out of Winnipeg and Calgary, passengers have had to sit in aircraft from three to four hours waiting for Air Canada to find flight crews.

Could the acting minister explain why Air Canada has been so negligent in its pilot training program and why there is such a pilot shortage within Air Canada?

Mr. Claude-André Lachance (Parliamentary Secretary to Minister of Justice): Mr. Speaker, I will take this question as notice.

Mr. McKenzie: Mr. Speaker, Transair has given notice to a number of its pilots that they will be laid off due to the PWA-Transair merger. Would the parliamentary secretary inquire of Mr. Claude Taylor whether any of these Transair pilots could be hired, due to the pilot shortage within Air Canada?

[Mr. Chrétien.]

[*Translation*]

Mr. Lachance: Mr. Speaker, I will transmit the question to the minister as soon as he comes back.

* * *

[*English*]

VETERANS AFFAIRS

CEREMONIES TO MARK ANNIVERSARY OF D-DAY

Mr. Mike Landers (Saint John-Lancaster): Mr. Speaker, my question is for the Minister of Veterans Affairs. As next year marks the thirty-fifth anniversary of D-Day, can the minister tell the House if Canada will be participating in any special events to mark this occasion?

Hon. Daniel J. MacDonald (Minister of Veterans Affairs): Yes, Mr. Speaker. I previously announced the fact that plans are now being made for June, 1979. My hopes are to lead a delegation at this very important function. The ceremonies will be held at Beny-sur-Mer and other important cemeteries.

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PARLIAMENT OF CANADA

VETERAN PREFERENCE FOR SUCCESSOR TO GENTLEMAN USHER OF THE BLACK ROD

Mr. Ray Hnatyshyn (Saskatoon-Biggar): Mr. Speaker, I have a supplementary question for the Prime Minister. Over a week ago, my colleague, the hon. member for Norfolk-Haldimand, inquired whether it was the intention of the Prime Minister to continue the veterans preference with respect to the appointment of Black Rod in the other place. Has the Prime Minister had an opportunity to consider this matter in detail, and could he report to the House at this time?

Right Hon. P. E. Trudeau (Prime Minister): Mr. Speaker, I do recall the question and I said I would consider the suggestion. The point is, there is no appointment which is imminent; therefore, I do not feel I have to decide who is going to be Black Rod until the vacancy eventually occurs.

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PUBLIC WORKS

CHARGING OF GOVERNMENT DEPARTMENTS FOR ACCOMMODATION

Mr. R. E. McKinley (Huron-Middlesex): Mr. Speaker, my question is for the Minister of Public Works. Since the minister indicated last year, in his testimony to a committee of the other place, that he favoured putting his department on a revenue dependency basis as a common service agency, charging government departments for accommodation, and since the committee of the other place recommended such a change in its recent report on the Department of Public Works' accom-

modation program, has the minister done anything toward implementing this provision?

Hon. Judd Buchanan (Minister of Public Works and Minister of State for Science and Technology): Mr. Speaker, I am happy to have the support of the hon. member on this suggestion. A committee of Treasury Board is currently examining this proposal in an endeavour to see how it can be most feasibly and sensibly put in place.

Mr. McKinley: Mr. Speaker, will the minister be bringing in legislation during this session to revise the Public Works Act which, as the financial committee of the other place noted, is grossly out of date and out of line with the Department of Public Works' actual contemporary responsibility?

● (1152)

Mr. Buchanan: Mr. Speaker, at this time we do not intend to make any changes in the act. However, in view of the report of the Senate committee and other matters, we may well reconsider that question later in the session.

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FINANCE

DIVIDEND REFUNDS TO PRIVATE CORPORATIONS—EFFECT OF BUDGET

Mr. Ron Huntington (Capilano): Mr. Speaker, my question is supplementary to those put by the Leader of the Opposition and the hon. member for Northumberland-Durham to the Minister of Finance. It has to do with the cut-off date of November 16 on dividend refunds to private corporations. I do not think the Minister of Finance realizes the unfairness which exists throughout Canada with this ruling.

Some hon. Members: Order.

Mr. Huntington: Mr. Speaker, there are members in the business community—

Mr. Speaker: Order, please. The hon. member understands, I am sure, that we are about to embark on six days of debate on the budget. If there are questions to be put on the budget, I think they should be questions, and questions only.

Mr. Huntington: The question I want to ask the minister is this: does he think it fair that the cut-off date should apply to people who have been waiting for rulings from his department for over eight months on this very ambiguous point which arises within the present legislation? Companies have paid $150, asking for a ruling, and now they are wiped out by the stroke of a pen on November 16, leaving a class of businesses in a preferred position—

Mr. Speaker: Order.

[*Translation*]

Hon. Jean Chrétien (Minister of Finance): Mr. Speaker, this is precisely what I wanted to avoid. I said that all corporations which had entered into agreements with banks and which are now waiting for a ruling from Revenue Canada do not need to worry. If they are found eligible, the ruling will be respected. All parties who have already made commitments with financial institutions will know in the next few weeks the ruling of Revenue Canada, but as of today the department will not accept any commitment.

[*English*]

Mr. Huntington: Mr. Speaker, there are companies which had this class of share ready to put into effect for many months prior to November 16 and which were awaiting a ruling from the minister's department. Will the minister give serious consideration to allowing firms which have been waiting for a ruling to implement this qualification?

Mr. Chrétien: Mr. Speaker, perhaps I did not make myself clear. I said that anyone who has a legal obligation or has a signed, binding contract with a financial institution, even if a ruling has not been received so far, will be able to receive a ruling and qualify.

Mr. Huntington: You did not hear the question.

Mr. Chrétien: I think I heard the question, and I have given a good answer.

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EXTERNAL AFFAIRS

DANYLO SHUMUK, POLITICAL PRISONER IN U.S.S.R.

Mr. Thomas Siddon (Burnaby-Richmond-Delta): Mr. Speaker, my question is addressed to the Acting Secretary of State for External Affairs: it concerns the case of Danylo Shumuk who, as the minister knows, is a political prisoner in the Soviet Union, suffering from the effects of deprivation and malnutrition.

We recently learned that Mr. Shumuk has probably contracted terminal cancer of the stomach, and we recall that Mr. Shumuk has been imprisoned in Poland and the U.S.S.R. for at least 34 of his 64 years for alleged political crimes, acts which would not likely be regarded as offensive in a free, democratic—

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

Mr. Siddon: Mr. Speaker, this matter has been raised many times in this House in recent months, and recognizing that a plea was finally entered—

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

Mr. Siddon: Mr. Speaker, this is my preamble to the question—

Some hon. Members: Oh, oh!

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

Oral Questions

NATIONAL REVENUE

INCOME TAX—CASES RESPECTING JOHN C. DOYLE

Mr. John C. Crosbie (St. John's West): My question is to the Minister of National Health and Welfare, Mr. Speaker, in her capacity as Acting Minister of National Revenue. I am trying to help the government gain revenue and reduce its debt.

Can the minister tell us the results of the settlement of the seven income tax cases against one John C. Doyle and a company known as Javelin Foundries? There are minutes of settlement filed in the Federal Court on November 6 for $6 million in cash and interest being claimed in those cases going back to 1966, and in the two cases in 1950 and 1954 where $5 million is owed. Has the government now collected these moneys? What are the terms of the settlement which has been filed?

Mr. Claude-André Lachance (Parliamentary Secretary to Minister of Justice): Mr. Speaker, the question of the collection of Mr. Doyle's account has been dealt with extensively in the past days and weeks—

[*Translation*]

—and I am pleased to tell the hon. member that an agreement has been concluded with Mr. Doyle for repayment of funds he owed to the Department of National Revenue and there remains only the matter of funds owed by the company itself.

[*English*]

Mr. Crosbie: Since the government has been working on this matter for 25 years, I would like to ask the parliamentary secretary this question. I have a taxpayer who is being pursued for $250, and he says, "I have no money, own no oil; why not treat me like John C. Doyle?"

Would the parliamentary secretary tell the House whether the government is going to collect all of the $11 million owing, or whether the government has agreed to collect less than the $11 million owing since 1950-1956?

[*Translation*]

Mr. Lachance: Mr. Speaker, this government has always believed that whatever the wealth of taxpayers, be it one company or another, they should refund the money owed to the government. Thus the government has instituted proceedings for the refund of the money owing in that case and it intends to see it through.

* * *

[*English*]

THE CANADIAN ECONOMY

BUDGET STATEMENT ON NATIONAL GAS RESERVES

Mr. T. C. Douglas (Nanaimo-Cowichan-The Islands): Mr. Speaker, my question is directed to the Minister of Finance, arising out of the statement he made in the budget speech in which he said indications are that natural gas reserves are more than enough to meet our foreseeable domestic needs.

In view of the fact that his colleague, the Minister of Energy, Mines and Resources, has said that there should be no export of gas to the United States until we have supplied gas to Quebec and the maritime provinces, and used gas to replace oil in central Canada, are we to take the hon. gentleman's statement as meaning that he is rejecting the position taken by the Minister of Energy, Mines and Resources, and supporting the position taken by the Minister of Industry, Trade and Commerce and the oil industry, that our surplus gas be shipped to the United States?

Hon. Jean Chrétien (Minister of Finance): If the hon. member would look carefully at my statement, he would find I said indications are there, but we are waiting for the National Energy Board to estimate the quantity of the reserves.

Indications are that the reserves are greater than was estimated, but we are waiting for the proof to be established. I said that the energy could be used in two ways, either to replace oil in the eastern market or for export. But this decision will not be made until we have received a report from the National Energy Board and decided the extent and nature of the need in the east. I think we should serve Canadians first, but having that gas in the economy will help displace imported oil which is causing a lot of problems for our balance of payments position.

Mr. Douglas (Nanaimo-Cowichan-The Islands): Will the minister make a distinction between our immediate needs and our foreseeable needs? I ask the minister whether, in the category of "foreseeable needs", he places the need for gas in Quebec and the maritimes, and gas to replace oil consumption in central Canada as being primary, as coming first, before any gas will be exported to the United States?

Mr. Chrétien: It is too early to reach any decision about this matter. We are waiting to hear from the National Energy Board. As a member from Quebec, I wish we could use more gas in Quebec, but it is not an easy proposition because there is the cost of building a pipeline and the economic viability of such an operation. Of course, we shall use our resources for Canadians first, but if there is a surplus we shall try to sell it.

ENERGY

BUDGET PROVISIONS RESPECTING PRICE

Mr. Maurice A. Dionne (Northumberland-Miramichi): Mr. Speaker, I would direct my supplementary question to the Minister of Energy, Mines and Resources.

In view of the special provisions in the budget last night for Atlantic Canada, can the minister confirm reports in yesterday's press that all provincial representatives, especially those from Atlantic Canada, at the federal-provincial energy conference this week were opposed to his efforts to moderate the rise

in prices of petroleum products scheduled for the beginning of next year and, if so, does the minister intend to follow this incredible and irresponsible advice?

● (1202)

Hon. Alastair Gillespie (Minister of Energy, Mines and Resources): Mr. Speaker, I can assure the hon. member that we are actively pursuing an understanding to try to make a very important agreement work. That agreement provided for increases in oil prices at intervals, measured steps, but with one very important condition: that was that the price would not be raised in Canada if it were to exceed the United States price. That is in the agreement: it was put there to protect Canadians.

I have been seeking the support of consuming provinces and others in this venture, and I regret that they seem to be less interested in protecting Canadian workers than is the federal government.

Mr. Speaker: Presenting reports from standing or special committees.

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POINTS OF ORDER

PETRO-CANADA PURCHASE OF PACIFIC PETROLEUMS SHARES—CONTINGENT LIABILITY OF GOVERNMENT

Hon. Robert K. Andras (President of the Treasury Board): Mr. Speaker, I rise on a point of order. The day before yesterday the hon. member for Calgary Centre (Mr. Andre) addressed a question to me which I wanted to examine. I said I would respond the next day, which was yesterday. I did not give that answer yesterday because the hon. member was not in the House. He is not in the House today, but I am prepared to give the answer. I would like to get it on the record, if hon. members would permit me.

Mr. Speaker: That, of course, could only be done with the consent of the House. It may be that it would be of benefit to have the answer put on the record so that the hon. member could have an opportunity to look it over before perhaps putting supplementary questions. I have no way of knowing. In any case, it could not be done without unanimous consent. Does the minister have unanimous consent to put his answer on the record now?

Some hon. Members: Agreed.

Mr. Baker (Grenville-Carleton): Mr. Speaker, it was the question of supplementaries which was concerning me, and Your Honour dealt with that. I think the minister should be allowed to answer.

Mr. Andras: Mr. Speaker, the question was with regard to the capital budget of Petro-Canada. First I would like to note that the capital budget to which the hon. member referred was the first supplementary capital budget of Petro-Canada for the year 1978, and it was indeed intended to allow Petro-Canada to make an offer for Husky Oil Limited, which was a transaction under consideration at that time. In fact, it did call for common share issues of $205 million and preferred shares of $64.5 million for a total of $269.5 million. The hon. member inadvertently and incorrectly remarked that it called for preferred shares alone of $270 million. He said that was the figure apart and aside from the common shares amounting to $205 million.

Second, while the hon. member was correct in noting that subscription by the Crown for common or preferred shares is a statutory charge on the Consolidated Revenue Fund and, as such, should appear in government estimates of spending programs, he should also note that it had indeed been properly recorded through main estimates for 1977-78 and 1978-79. Two hundred million dollars toward subscription of common and preferred shares is shown in each of the main estimates for 1977-78 and 1978-79.

The requirements for share subscription amounting to $269.5 million in the first supplementary capital budget approved in June, 1978, are in fact within the spending plans duly recorded in the main estimates. It is done by combining draw-downs during the last quarter of the 1977-78 fiscal year with draw-downs during the first three quarters of the 1978-79 fiscal year.

The last thing about which I think the hon. member should be aware is that the recent major acquisition approved for Petro-Canada will not entail any increase in the government's planned subscription of shares as displayed in the main estimates.

MR. T. C. DOUGLAS—AGREEMENT WITH ALBERTA ON PRICE OF OIL

Mr. T. C. Douglas (Nanaimo-Cowichan-The Islands): Mr. Speaker, I rise on a point of order. The Minister of Energy, Mines and Resources (Mr. Gillespie) made reference to an agreement with the province of Alberta regarding the price of oil. Since so much depends on the wording of that agreement and the interpretation placed upon that wording, I wonder if the minister would be prepared, if he has not already done so, to table that agreement so that we may be in possession of the facts and so that the matter may be cleared up. The point of difference is whether a provision in that agreement, to the effect that if the one dollar every six months increase in price goes beyond the American price, means that the government is not obliged to agree to an increase in price. Everything depends on the wording. We cannot decide until we see the agreement itself. I wonder if the minister, with the consent of the House, would be prepared to table that agreement?

Hon. Alastair Gillespie (Minister of Energy, Mines and Resources): Mr. Speaker, I am not sure whether the agreement has been tabled in the House previously. It certainly is a public document, and I would be very pleased to table it later this afternoon, if it has not already been tabled.

PETRO-CANADA PURCHASE OF PACIFIC PETROLEUMS SHARES—CONTINGENT LIABILITY OF GOVERNMENT

Mr. Sinclair Stevens (York-Simcoe): Mr. Speaker, I have a question to put to the President of the Treasury Board (Mr. Andras) arising out of the statement he made. He referred to what I think he called the first supplementary capital budget for Petro-Canada for 1978. We know that there was the original December capital budget. We know there was the one which was approved by order in council in June of this year. Would the minister tell us whether there has been a second one since the June one? I refer to the June one as the one which authorized, in total, $819 million either in borrowings or in equity issues for Petro-Canada.

Hon. Robert K. Andras (President of the Treasury Board): Mr. Speaker, as the hon. member knows, that transaction for which that order in council was authorized in June did not take place. If it has not already been done—and I am not quite sure—there will be a revocation of that order in council and an adjustment of the capital budget, but there will be a further adjustment to reflect the more recent decision with regard to the acquisition of Pacific Petroleums, and I think those details will be available before too long.

Mr. Stevens: Would the President of the Treasury Board tell us what the new order in council will show? Will there be an amount greater than the $800 million which will be revoked, or will the amount be a lesser one? Can he tell us that at this time? Obviously it will be a matter of public record shortly. What specifically has been okayed by the cabinet with respect to Petro-Canada's total takeover of Pacific Petroleums?

Mr. Andras: Mr. Speaker, I am not able to give the hon. member the figures off the top of my head. As I indicated, he can examine *Hansard* tomorrow. The answer I gave to the hon. member for Calgary Centre was relatively complex. It was about the budgetary process related to the June shares, but I did say at the end that there is no increase in the acquisition of capital shares of Petro-Canada related to the recent transaction, so the order in council is related to the borrowing process in which Petro-Canada will indulge.

Mr. Stevens: How much?

Mr. Andras: I will get the actual figures for the hon. member. I think they will be revealed in the order in council in any event, before too long.

MR. DANSON—S.O. 43 MOTION RESPECTING SALE OF REMEMBRANCE DAY POPPIES IN FEDERAL BUILDING

Hon. Barney Danson (Minister of National Defence): Mr. Speaker, I would like to pursue the point of order I raised during routine proceedings. My point relates to the use of Standing Order 43. I am not a barrack-room lawyer, I am not even a lawyer. I do not usually nit-pick about these things, but I think this is becoming more important, particularly since we have television in the House and proceedings under this standing order have made this House a stage rather than a debating arena.

With impeccable parliamentary logic, Standing Order 43 follows Standing Orders 41 and 42. Standing Order 42(1) deals with 48 hours' notice. Standing Order 42(2) deals with other matters. Standing Order 42(3) deals with proceedings when Mr. Speaker is unable to act. I have never seen Your Honour unable to act. However, Standing Order 43 is provided to deal with matters of urgent and pressing necessity, and reads as follows:

> A motion may, in case of urgent and pressing necessity previously explained by the mover, be made by unanimous consent of the House without notice having been given under Standing Order 42.

The standing order specifically says "urgent and pressing". It does not say "important" or "frivolous", as many motions are. Even to the uninitiated I think this would appear to be a misuse of the rules and the spirit of the House. As a veteran, and as a member of the Royal Canadian Legion, I could not be more concerned about poppy sales and about whether they are handled appropriately. But the hon. member for Selkirk (Mr. Whiteway) raises this as a matter of pressing national urgency and wants to deal with it in the House, when there are many others ways of making such a representation.

● (1212)

Mr. Speaker: Order.

Some hon. Members: Sit down.

Mr. Speaker: Order, please. I do not want to interrupt the minister; I know he has a point to make in respect of this particular application. He had an opportunity to raise it, and he did indicate its nature, and now he has been able to add to that. However, I would like to ask his indulgence in this matter because, as he knows, only a few days ago we had an extensive and exhaustive argument on the provisions of Standing Order 43 which has now left me with the duty to review all the obligations of this standing order, including the question to which he has now addressed himself, namely, the question of urgency and how that may or may not be determined by the Chair.

There is also the matter of points of order to be raised in respect of Standing Order 43—whether or not they can be raised, and, if so, how they should be dealt with by the Chair, whether they can be taken into account during the period before questions or whether they can be deferred until this time, just after the question period.

Therefore, all these questions to which the minister has addressed himself are very much on my mind as a result of that discussion. I only ask for his indulgence to leave it with me now because I would be reluctant at this stage to reopen the whole discussion, which was very extensive. I am called upon now to review all the provisions of this rule, which we are doing at present. I expect to be able to make a statement to the House about it on Tuesday or Wednesday of next week. The minister's point is well noted and it will be part of the

considerations. I wonder if I could have his indulgence to leave it at that.

Mr. Danson: Mr. Speaker, I was not in the House because I was with the defence minister of Norway when this matter was first raised. Perhaps I could add to it by saying that there were examples of it each day of this week, but obviously those are foremost in your mind, sir.

Mr. Dean Whiteway (Selkirk): Mr. Speaker, I feel it is necessary for me to say a word about that point of order because the minister implied that my motion was frivolous. I simply want to suggest to him that it had some urgency on two points. First, the lady involved, Mrs. Dall, who went—

Some hon. Members: Order!

Mr. Whiteway: —to the Canada Manpower Centre in her uniform was embarrassed and hurt. The Prince Edward branch of the Legion felt slighted and are rightfully angered, and the community as a whole is upset. Second, I spent some 30 minutes with the Minister of Veterans Affairs (Mr. MacDonald) discussing this very problem, and it was with his agreement that I decided the way it should be raised by me was under Standing Order 43 in the House. So I would invite the minister, instead of raising spurious points of order, to get behind the efforts and concerns of the Minister of Veterans Affairs to help right the wrong.

Some hon. Members: Hear, hear!

ROUTINE PROCEEDINGS

[*Translation*]

QUESTIONS ON THE ORDER PAPER

(Questions answered orally are indicated by an asterisk.)

Mr. Yvon Pinard (Parliamentary Secretary to President of Privy Council): Mr. Speaker, the following questions will be answered today: Nos. 248, 259, 263 and 275.

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

[*Text*]

IAND—LAWYERS IN PROVENCHER

Question No. 248—**Mr. Epp:**

From June 1, 1974 to date, what lawyers in the Constituency of Provencher were given work by the Department of Indian Affairs and Northern Development and what amount was each paid per year?

Mr. Claude-André Lachance (Parliamentary Secretary to Minister of Justice): In so far as the legal agents of the Minister of Justice are concerned: None.

INDUSTRY, TRADE AND COMMERCE—LAWYERS IN PROVENCHER

Question No. 259—**Mr. Epp:**

From June 1, 1974 to date, what lawyers in the Constituency of Provencher were given work by the Department of Industry, Trade and Commerce and what amount was each paid per year?

Mr. Claude-André Lachance (Parliamentary Secretary to Minister of Justice): In so far as the legal agents of the Minister of Justice are concerned: None.

SMALL BUSINESS—LAWYERS IN PROVENCHER

Question No. 263—**Mr. Epp:**

From June 1, 1974 to date, what lawyers in the Constituency of Provencher were given work by the Ministry of State (Small Business) and what amount was each paid per year?

Mr. Claude-André Lachance (Parliamentary Secretary to Minister of Justice): In so far as the legal agents of the Minister of Justice are concerned: None.

COMMUNICATIONS—LAWYERS IN PROVENCHER

Question No. 275—**Mr. Epp:**

From June 1, 1974 to date, what lawyers in the Constituency of Provencher were given work by the Department of Communications and what amount was each paid per year?

Mr. Claude-André Lachance (Parliamentary Secretary to Minister of Justice): In so far as the legal agents of the Minister of Justice are concerned: None.

[*Translation*]

Mr. Speaker: The questions enumerated by the parliamentary secretary have been answered. Shall the remaining questions stand?

Some hon. Members: Agreed.

GOVERNMENT ORDERS

[*English*]

THE BUDGET

FINANCIAL STATEMENT OF THE MINISTER OF FINANCE

The House resumed, from Thursday, November 16, consideration of the motion of the Minister of Finance (Mr. Chrétien) that this House approves in general the budgetary policy of the government.

Mr. Sinclair Stevens (York-Simcoe): Mr. Speaker, yesterday, following the budget speech, I made a few introductory remarks concerning the budget that is now before us, but perhaps in my remarks today I should start out by saying how concerned we are, not only for the general economy in Canada

but for those who will literally be walking the streets of Canada looking for jobs in the coming winter months, because if you assess this budget you would have to say that it is certainly not a stimulative budget. If anything, on balance it is slightly negative so far as the economy is concerned.

It is disturbing to think of the unemployed whom we are going to see in the coming winter months. We must also point our finger at the reason why the unemployment situation will get worse. Essentially, this government, through its bungling and mishandling of our economy, has put us in a deficit position that is the worst deficit position of any industrialized nation with which we have to compete in international trade.

I know that currently the government likes to rationalize our deficit position. It likes to say that if you relate it to the GNP, it is not that bad. I suggest to you that ministers are carrying that type of rationalization to the point that it is clear they do not yet understand the serious situation of the economy and, in particular, the serious consequences of their federal fiscal policy. I say this because it is not a matter of having deficits and of having the resulting high interest rates structure. Unfortunately, it means that with those deficits we will have ever rising and constant inflation in this country—there is no avoiding it.

What is most disturbing, I think, is to hear that tone which is now being set by the emperor himself, the Prime Minister (Mr. Trudeau), that somehow or other it is not the size of the deficit we must worry about but rather the rate of increase. Let us meet him on his own ground in this argument. I hope he has taken a look at how the rate of increase of our deficit compares with the rate in such countries as the United States, Great Britain and West Germany. Clearly, it is now demonstrated that the borrowing requirement of Ottawa today is between 4 per cent and 5 per cent of our GNP, which means that, in turn, we have a greater borrowing requirement than that in the U.K., certainly greater than that in the U.S. and in the Republic of West Germany. Those are the facts. We in Canada have put ourselves in a position, under the misguidance of this government, where the total impact of our borrowing in relation to our GNP is now higher than in those three countries to which I have referred, and I could give a long list of other countries of which we are well ahead.

What is the resulting impact? What is the impact, for example, of Canada now having a financial requirement which, relative to the United States, is triple the impact there? Let me put that in another way. The United States have been able to get their current deficit at the federal level down to approximately $38 billion. We in Canada, as we have found out last night, have been introduced to a deficit of merely $13 billion! If you take into account the relative GNP in our two countries, you will find that the Americans now have a deficit that is only a third of the deficit we have to live with in this country. What is the impact of that? The impact hits the poor of this country hardest because, with high interest rates and high inflation, it is the poor person who finds it most difficult to adjust.

Sometimes when I look at the record of this government I can only say that this government must in truth love the poor, or why would it have created so many in Canada?

An hon. Member: Shame!

• (1222)

Mr. Stevens: For example, if one refers to the Statistics Canada figures, which only came out a short time ago, it is very startling to find on a family income basis that families in Canada in 1977 actually lost income in real terms compared to 1976. In fact based on those figures, the number of Canadians who slipped below the poverty line was 300,000. They are now treated and considered to be poor. That is the increase—300,000 Canadians in one year.

For those who are curious as to what Statistics Canada is saying, I should like to put the figures on the record. In 1976 it shows that families in Canada, including unattached individuals considered as a family unit, had salaries of $16,095. In 1977 their income was $16,602. That was barely a $500 increase on a $16,000 base. If one works that out, in constant terms it is an increase of a little under 3 per cent. Once inflation is taken out, in truth the average Canadian family actually has fallen behind in 1977 compared to 1976. The figures we are now looking at, and the deficit we are living with, destines hundreds of thousands of Canadians to join the poor in this country. This is something which no government or no member of the House should continue to tolerate.

One of the most disturbing aspects of the government's attitude on deficit is that it will not really show us what the future holds. Not only in our budgetary response last night, but in several others we asked and virtually pleaded with the government to give us some idea how it views revenues, expenditures and deficits down the road. What will be the figures for 1982, 1983, and 1984? Other countries are making five-year projections. The current budget in the United States sets out a five-year program, as does the budget in the United Kingdom. The Organization for Economic Co-operation and Development asked its member countries for projections, but our government constantly refuses to do so.

Mr. Railton: That does not necessarily indicate that they are doing any better.

Mr. Stevens: I hear what my hon. friend is saying. Presumably he is referring to the United Kingdom and the United States. I would ask him to take a look at their record, and if he is an honest man he will move quickly off the benches supporting the Trudeau Liberal government. The fact is that the United States, the United Kingdom and West Germany currently are doing very, very much better.

Mr. Railton: Mr. Speaker, I rise on a point of order. Is the hon. member for York-Simcoe (Mr. Stevens) questioning my honesty?

An hon. Member: That is what he is doing.

Mr. Stevens: Mr. Speaker, the hon. member is still my friend. I must assure him that he is just a little too touchy. I was only setting out one guideline.

Mr. Railton: Thank you very much. Very good.

Mr. Stevens: I should like to show hon. members the impact of Canada continuing to live with the deficits it has. Presuming government expenditures continue at the roughly 9 per cent per year increase, and presuming that revenues follow roughly the line anticipated by the Minister of Finance (Mr. Chrétien), which was 4 per cent to possibly 4.5 per cent, here are the deficits we will walk into: As we know, last night it was disclosed that the deficit on a budgetary basis for fiscal 1979 was not the $10.9 billion deficit which we were told only last April 10, but it was $12.1 billion. According to the figure revealed last night, it was up $1.2 billion compared to the April 10 figure.

Also last night we were informed of the budget deficit which possibly is low, again because the figures of the minister are not credible. Time and again we find that his figures are proven wrong negatively all the way down the line. But last night he admitted, as he looks into fiscal 1980, that he sees a budgetary deficit of $12.95 billion, or almost $13 billion. Let us look a little further. If we project that figure, we find that by 1983 the deficit the government will be living with is a minimum of $16 billion, and that the aggregate deficit between 1979 and 1983 inclusive will be nearly $70 billion.

Mr. Martin: This is ridiculous.

Mr. Stevens: Mr. Speaker, those are the facts. I agree with the Parliamentary Secretary to the Minister of Finance (Mr. Martin) when he said that it is ridiculous. I agree it is ridiculous the government would allow our economy to drift to that point. If one reads what was revealed by the Minister of Finance last night, and adds the fact that the Prime Minister said in the House and in a press conference that he anticipates the deficit may be even higher, the truth of the matter is if that is spread over a five-year prospectus, that we will be dealing with $70 billion worth of deficits.

Mr. Martin: Mr. Speaker, there was a clear misinterpretation made of my interjection. I said that it was ridiculous for the hon. member for York-Simcoe (Mr. Stevens) to claim that the figure which he is pulling out of the air as forecast proposals are factual.

Mr. Deputy Speaker: Order, please. If the Chair were to allow interventions from hon. members who say things from their seats, we would be on points of order all day. The hon. member can make a correction when he speaks in due time.

Mr. Stevens: Thank you, Mr. Speaker, As usual, you are more than fair. I suggest, in answer to the parliamentary secretary if he has figures which show otherwise, let him produce them.

Mr. Clark: That is right.

Mr. Stevens: That is what we are asking the government to do. It should stop showing little ad hoc solutions which it comes up with concerning the state of the nation. Let us see its long term prospectus as to where it sees our deficits, expenditures, and revenues down the road.

I have some other matters which must be dealt with. Not only are we living with the deficit I have referred to, but the government has now embarked on that happy little illusion of somehow rewording or cooking the books. That is what is going on. The government has hit upon a few cute accounting tricks. On the one hand it is able to show expenditures coming down which it claims makes the record look better on expenditure increases. But it does not make clear as the expenditures fall that revenue is diverted at the other end. The net result is that there is a widening deficit, yet the government claims there has been an expenditure reduction, or at least a curtailment in increases.

• (1232)

This is perhaps one of the most serious things the government has started to do. In short, it is doctoring the books in order to make the facts look a little more palatable, without realizing that it will doctor us into a worse economic position than we are in at the present time.

Let me give you an example of this. If you review the figures we have before us you will find that the provincial sales tax revenues loss was not shown as an expenditure in the current year. It was actually shown as a diversion of revenue. What the government should do is take that item, which is up in the hundreds of millions of dollars, and add it to its expenditures. This government very cleverly came up with the notion of saying this is not really an expenditure but is simply a diversion of revenue.

Let us take a look at the family allowance approach. As you know, we on this side are not objecting to the idea of giving a $200 extra grant per child to Canadian families, but we must be aware of the consequence of the family allowance realignment on the books, as we saw last night. In a nutshell, what the government has done is say it will take roughly $8 off the amount of family allowance going to Canadians, which reduces the $28 amount that would be payable next year to $20—that is, de-indexing it. That makes a savings as far as government expenditures are concerned of $690 million. That comes off the expense side. When we look down to the revenue side we find the government has taken $810 million in revenue and diverted it off to give the $200 income tax credit to Canadian families on a per child basis. The net effect of this is to make expenditures look lower, when in fact the deficit is certainly as great as ever, if not a little greater as a result of this government's approach. All I am saying is, let us really look through the figures.

The other thing I would like to comment on, as far as this doctoring of the books is concerned, is what the government is doing with our Crown corporations, and this is something we on this side of the House find disturbing. It is one thing to have a Crown corporation and have the government of the day

showing in a proper way whatever the loss is if the Crown corporation is losing money. It is quite another thing for the government to disguise that loss or, in the case of the borrowing activities of a Crown corporation, not to reflect that in the books at all. That is what is happening here.

If we take a hard look at the financial requirements revealed last night by the minister, we will find it is not just $12.1 billion which he says we will need in the current year, or $10,750 million in the next year. What will be required are those amounts plus the total amounts to feed the almost insatiable appetites of Crown corporations such as the Export Development Corporation and Petro-Can.

Perhaps here is the great distinction between where a Clark government would be taking this country today compared to where the Trudeau government is taking it, that is, in respect of this matter of Crown corporations.

Let us take Petro-Can, for example. The government has an investment in Petro-Can. It is hard to get the exact figures, as we know from listening to the President of the Treasury Board (Mr. Andras) today. We do know it has at least a $550 million investment in equity in that Crown corporation. Our position is that there are better purposes for the use of that money than leaving it in Petro-Can. We would like to free up that capital and, if nothing else, reduce the amount we have to borrow. What we are suggesting is that if you liquidate by privatizing Petro-Can, that will give the treasury about $550 million, providing we could at least get the money back, and that is a serious question. The way this government has so mishandled its investment in Petro-Can perhaps it would be difficult to get $550 million back. We must bear in mind that the corporation last year only earned $9 million on that $550 million in government investment.

We in this party say the government should free up that money. In fact we are saying that if the corporation is only earning $9 million on a $550 million investment it is absolutely foolhardy to be borrowing $550 million at a minimum of 9.5 per cent, which is the offset of the earnings on that investment. In short, the government no longer can afford the luxury of owning things such as Petro-Can. It is too far in hock to afford that type of thing. Even its cousin in the United Kingdom, the labour government, got out of British Petroleum to the extent of 21 per cent. The International Monetary Fund said to that government in its dark days of 1976, "Start liquidating. If you are in trouble debtwise, start to liquidate some of these luxuries you have, such as the investment in British Petroleums." By coincidence, when it liquidated that 21 per cent it picked up $4.1 billion.

I referred to that as coincidence because this is the bottom line with Petro-Can. Not only does the government insist on preserving Petro-Can and borrowing money to do it, and the Minister of Energy, Mines and Resources (Mr. Gillespie) only today confirmed that the government has absolutely no intention of backing down, it now intends to take us $1.4 billion further into debt so the empire builders in Petro-Can can in turn acquire Pacific Petroleums.

[Mr. Stevens.]

Let it be clearly understood that the acquisition of Pacific Petroleums will not contribute to the production of one extra barrel of oil in this country, and it will not mean the employment of one more person.

Let me point out what this will actually mean. The servicing of the debt the government has to incur in foreign funds to pay for the takeover of Pacific Petroleums will cost the exchange fund $50 million a year over and above the dividends which, up until now, have flowed from Pacific Petroleums to Phillips and other American shareholders in that company. The specific figures are in the records. If the minister has not already noted them, they are as simple as this. Pacific Petroleums has been paying roughly $20 million a year in total dividends. Once this deal goes through, the total drain to the American side will be about $70 million, which means the extra flow of Canadian funds to service that debt will be $50 million.

The interesting thing as revealed in the question period today is that, in order to structure this deal, Petro-Can needed to take advantage of what has often been called a loophole in the existing income tax position in Canada. Let me describe that loophole. Under the provisions of the Income Tax Act, prior to today it was possible for one company to give what was called income debentures or preferred types of securities to another company with relatively low interest, because for income tax purposes this was treated as an after-tax payment. In short, one could borrow money at 7 per cent because the recipient did not have to pay any tax on that 7 per cent. If you had to pay tax you would probably have to pay 11 per cent or 12 per cent.

In taking over Pacific Petroleums the government is taking over a company which had after-tax earnings of about $85 million and, as I say, the vast bulk of that money stayed in the country. It was re-invested and the company's pay-out in dividends was about $20 million. Because Petro-Can had to finance the deal, they structured an income debenture in foreign funds which will be serviced by Pacific Petroleums by paying the dividends to the subsidiary of Petro-Can, which in turn is the amount of money which is needed to service the income debenture. This way nobody pays any taxes. It is a beautiful thing for the people in the United States who put up the money to allow our Crown corporation to buy Pacific Petroleums.

• (1242)

The net cost on a yearly basis will be about $50 million a year. The interesting thing is that the deputy minister of finance sits on the board of Petro-Can and that the blocking of the income debenture is effective today, November 17. Clearly that date was chosen to ensure that any written agreements prior to that date could not be challenged.

The most tragic thing is when we listen to our friends to the left champion their brain child, Petro-Can, saying in effect, "Why don't you take over virtually everything in the resource industry?" I cannot understand how a party which likes to pretend that they have the average Canadian at heart can miss the point so badly. Just think, Mr. Speaker, what that $1.4

billion would do for Canadians if it were channelled in another way, instead of giving a most fortuitous price to American shareholders and other foreign shareholders in Pacific Petroleums.

Some hon. Members: Hear, hear!

Mr. Stevens: Just by coincidence the budget filed and approved for CMHC was $1,356 million, almost the same amount which will go into Pacific Petroleums' takeover. CMHC, however, has different intentions for their budget. Under section 43 of the public housing legislation incorporating them, they intend to build 5,750 dwelling units, under section 40 they intend to build 1,910 public housing units. They intend to assist with rental supplementals in the amount of 11,200 units, and under another section they are empowered to assist in the building of 1,300 other rental units. Under what is sometimes referred to as non-profit enterprise, CMHC will be able to accommodate 3,700 dwelling units. In total out of their allocation, which is very close to the allocation for Pacific Petroleums, they will be able to build 23,860 dwelling units. They are not only able to provide that kind of assistance, but they will be able to help municipalities with their water and sewage programs, and in regional planning in urban areas.

The point I want to make is that if the $1.4 billion, which presumably has been approved by the cabinet, had been routed to CMHC or some other agency to help Canadian home owners, it would have allowed for the building of 23,860 additional dwelling units, with nearly $100 million left over to help with sewage and water treatment assistance and planning assistance to our municipalities. That is the perspective in which we must put this. There are all kinds of things that the government of the day might want to do, but there is the question of priorities. Our word to this government and to their allies on our left is simply that if they want to borrow $1.4 billion in the name of Canada, it should be routed to other things than the takeover of an oil company which has been profitable, which is certainly bringing oil into production in this country and is giving employment to Canadians. This takeover will not add one job or one extra barrel of oil or one cubic foot of gas to oil production in Canada.

There are other examples I could give. Earlier I referred to the Export Development Corporation, another concern which is borrowing money extensively. These borrowings, however, are not reflected in the accounts that are now before us. The capital budget for the Export Development Corporation in the current year is $2.4 billion. This corporation has been using its money to finance pulp and paper mills in Poland which will eventually compete with Canada, financing like types of development in Cuba, and even financing steel mills in the United States. I am sure hon. members can imagine what that amount of money would do to help fishermen refurbish their fleets on the Pacific and Atlantic seacoasts, to assist in the infrastructures which could be put in place to help improve grain handling facilities in the west or to help in urban areas—for example the rapid transit system which is needed in Vancouver, and the commuter situation in Toronto.

I could go on describing the mismanagement and mishandling of this government, but I think I should put on the record once again the things that we as a party would like to see done. The focal point of a Clark government will be to restore confidence in the Canadian economy for all Canadians.

Some hon. Members: Hear, hear!

Mr. Stevens: To do that we must first accept the fact that after ten years of mismanagement it will take at least five years to get the economy turned around to where it is at a more buoyant level. That is why we believe that it is necessary, not only to show a little further into the dark valley, but to show what is on the other side. Hopefully, it will be a side that is a little brighter with more sunlight. In short, we, through a budgetary response on the night of our first budget, will describe how we plan to have control on the expenditure side and how we will suitably stimulate the economy to upbring revenue. First we will narrow this deficit, and secondly we will give meaningful tax cuts to Canadians who need them.

• (1252)

When I say that, one of the things a colleague will be touching on in his remarks will be the hard fact, in spite of what the Minister of Finance tried to say last night, that the average Canadian is today over-taxed by 20 per cent compared to his counterpart in the United States. That cannot be allowed to continue. The Carter commission made it clear it was a growing problem when it reported that long ago. That is one of the reasons why we say this government has been negligent in not bringing in a mortgage interest deductibility scheme and a municipal tax deductibility scheme for Canadian homeowners. Certainly that is an approach this party will follow.

With the savings we are able to indicate of a meaningful nature as far as government spending is concerned, by saving or at least not hiring an additional 20,000 civil servants per year as is proposed by the President of the Treasury Board, we can pick up a saving of about $1.7 billion per year. By cutting out some of those contracts the government loves to throw around, particularly to political friends, we could save a quarter of a billion dollars—

Mr. Andras: Absolutely not.

Mr. Stevens: The President of the Treasury Board says absolutely not. If he is sitting in opposition when we form the government, I hope he will stand up and say, "You did it, and I did not think you could do it."

An hon. Member: He will not be here.

Mr. Andras: —including manpower agreements and everything else? You are still playing that game.

Mr. Stevens: Obviously the President of the Treasury Board does not like to hear the truth too directly.

Mr. Andras: I rarely do from that side.

Mr. Stevens: Mr. Speaker, I could go on outlining where we can see obvious savings that this government could make. There is at least $50 million that could be chopped off the advertising budgets it has been signing on a regular basis. We feel not only is there room to give mortgage deductibility and the municipal tax deductibility approach that I have indicated, but there is room for further tax cuts.

We can come up with a budget, given the opportunity, that would have the net effect of lessening the deficit in this country over a period of years, bringing it down to a much more manageable level and putting Canadians in a more attractive tax situation.

Before I end up my comments, Mr. Speaker, I should like to refer to the Minister of Finance very quickly. If there is another budget before the election, it is most likely that he will not be minister of finance at that time.

Mr. Dionne (Northumberland-Miramichi): How do you know?

Miss MacDonald: He wants the assurance.

Mr. Stevens: I know the hon. member is as far back in the Liberal ranks as you can find—

Mr. Dionne (Northumberland-Miramichi): Better back here than up front over there.

Mr. Stevens: From the curtains I heard a Liberal ask how I know. Obviously he is hoping I am right.

Mr. Dionne (Northumberland-Miramichi): Even you could afford to be wrong once.

Mr. Stevens: Before this minister goes from our midst, let us look at his record. He has many firsts to his discredit. Up until last night he was the first minister of finance to crack the $10 billion deficit level in Canada. As of last night he excelled that record. He is the first minister of finance to crack the $1 billion per month deficit level in this country.

Mr. Woolliams: Oh, dear!

Mr. Stevens: He is the minister who has let the dollar go down to 84 cents, the lowest level since the dirty thirties. In his budget speech last night he had the nerve to take credit for that. It is the classic example of the more this government gets into trouble, the more it turns around and tell us it smells like perfume.

Let us look at something else in which this minister has excelled. Under his guidance the banks' prime interest rates stand at an historical high in Canada. As far as federal borrowings are concerned, they are costing the treasury almost 20 cents of every revenue dollar they take in. Put another way, the next time you pay your income tax, take off 20 per cent—that is exactly what you have had to pay to carry the debt that this government has incurred on your behalf. As we know, the average worker in Canada now has to work two days simply to pay government taxes.

[Mr. Andras.]

There are other things this minister has to his discredit. He has given us more budgets and economic statements in a shorter period than any other minister back to confederation.

Mr. Railton: Hear, hear!

Mr. Stevens: I see my friend has come alive again. Obviously the hon. member for Welland (Mr. Railton) loves ad hockery ad nauseam.

This minister also has to his credit the fact that he has evolved a new economic approach of shifting expenditures to revenue losses, which allows him to leave the illusion of falling federal spending levels while our deficit soars.

Finally, Mr. Speaker, never before has any minister switched Canada Savings Bond interest rates once, let alone twice, during their period of initial sale as this minister has done. Now he finds he may not be able to close the issue unless he can get a special act of parliament passed to give him authority to do so.

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

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

At one o'clock the House took recess.

AFTER RECESS

The House resumed at 2 p.m.

Mr. Stevens: Mr. Speaker, a colleague to my left is wanting to speak shortly, there are other colleagues on this side of the House who would like to speak, and perhaps even the odd government member will dare stand up and support this budget—I do not know.

An hon. member: They are not that odd.

Mr. Stevens: —But in that connection, if government members are thinking of their political future, I think the wisest thing for them to do is to duck, just sit in their seats and not say too much. If the public gets a chance to deal with them in the voting booths, I do not think there is very much doubt about what will happen to many of these fellows who have been babbling so actively while I have been speaking, considering what happened in our recent by-elections.

If I may summarize, the greatest disappointment in the budget last night was the fact that the figures are so terrible. The fact is they are worse than the minister has been representing. We are now into a $12 billion, almost $13 billion deficit range as far as next year is concerned. Not only are the figures terrible, but there is no concrete indication on the part of the government as to how they see these deficits narrowing. It is all just hope. It is just "trust us. Somehow or other we will lead the country out of the chaos that we have led you into."

Mr. Martin: Doom and gloom.

Mr. Stevens: The Parliamentary Secretary to the Minister of Finance says "doom and gloom." He should know, because they have certainly led us into the doom and gloom that he likes to speak of.

Some hon. Members: Hear, hear!

Mr. Paproski: Is that the hon. member for Scarborough West?

An hon. Member: Yes.

Mr. Paproski: Goodbye, Scarborough West.

Mr. Stevens: The Canadian public now know that this government has got them into trouble. You do not have to tell the average voter and citizen in this country that he is not doing as well as he should be. What he is now looking for is some hope. He is looking for some type of alternative that will hopefully ensure that there are better years to come.

An hon. Member: Not Tory years.

Mr. Stevens: A Clark government will give him that new hope.

Some hon. Members: Hear, hear!

Some hon. Members: Oh, oh!

An hon. Member: That is doom and gloom.

Mr. Abbott: You cannot be that discouraged.

Mr. Stevens: When I look over at some of these fellows—and I better not mention their names—I find it interesting to note the difference between what they tell you privately and what, with a stiff upper lip, they show publicly. They know they are on borrowed time over there. They know they have a few months left and that when those months have run out they will be sitting in the opposition if they are lucky enough to be re-elected, and that we will be the government. When we form the government under my leader—

Mr. Railton: Let us get back to the budget.

Mr. Stevens: My hon. friend from Welland says he wants to get back to the budget.

Mr. Railton: I have heard enough.

Mr. Stevens: I say to my hon. friend, I would like to get back to the type of budget we will be introducing when we form the government.

Some hon. Members: Hear, hear!

Mr. Stevens: The focal point of the budget will be the restoration of confidence in the Canada that can be.

Some hon. Members: Hear, hear!

Mr. Stevens: Details of where we will cap the expenditure extravagances that this government has led us into will be brought in. Those cappings are going to ensure that there will be more money to share with the Canadian taxpayer as well as to lower the deficit to which I have referred.

An hon. Member: Let us hear your budget.

Mr. Stevens: The new budget which the hon. member for Welland (Mr. Railton) is referring to is one that he, being a doctor, will enjoy much more than the budget that was introduced last night. I do not know whether he is one of those doctors who have incorporated their own personal corporation on the side and who were cut off at the pass last night, but certainly his colleagues in the professional field I believe will not be too happy with the government that he is wont to support after last night's budget. As I say, the focal point of our budget will be to lessen the deficit, to give tax breaks such as I have described to the Canadian public, but above all, and I think the comments made by the President of the Treasury Board indicate the need for this, we feel there has got to be expenditure control brought back to parliament.

Some hon. Members: Hear, hear!

Mr. Stevens: I say the comments made by the President of the Treasury Board indicate this. When I was talking about cutting a quarter of a billion dollars in the contracts that they have been putting out, cutting say $50 million from some of the lavish advertising contracts, I was a little startled to hear the President of the Treasury Board say, "No way." What better evidence do we need that there should be a change of government? Essentially when the President of the Treasury Board says that there is no further way to cut expenditures, you know it is time to replace the president of the Treasury Board.

Some hon. Members: Hear, hear!

Mr. Stevens: This government has become defensive of its previous mistakes, it is a problem it is living with. Literally ministers are surrounded with advisors who perhaps advised them to get into the problems that have now developed. Naturally those advisors are telling them not to change from the original advice given, because they might look bad if they had to admit they made a mistake. That in truth is part of the problem. There would be breaths of fresh air come into the bureaucracy if a Clark government was able to take over. There would be new attitudes. There would be new basic concepts of saying, "Don't tell me why we can't do something, tell me how to do it."

● (1412)

I think it is important, as I said when we were debating Bill C-7, that we consider the possibility of establishing an expenditures committee responsible directly to parliament which would function much as the public accounts committee does, the difference being that the expenditures committee would look first-hand at every expenditure which was proposed, just

as the public accounts committee deals with them after the event when the money has been spent. In short, in great contrast to the budget last night—perhaps William Shakespeare put the best name on it when he called his play "Much Ado About Nothing,"—we would bring in a budget, given the opportunity, which would restore for Canadians the vision they see for Canada, restore their hopes in our future, which can be a truly great future and, above all, again ensure that the enterprise system can get on with creating wealth in this country, instead of a government which concentrates on trying to redistribute wealth at the expense of creating wealth itself.

In short, it is the difference between a worn out group of people who call themselves a government, and a fresh, alternative group who are only too willing to do a few positive things to get our country and our confidence restored. With that, I should like to move, seconded by the hon. member for Eglinton (Mr. Parker):

That all the words after "That" be struck out and the following substituted therefor:

this House rejects a budget which increases the deficit without providing a genuine economic stimulus such as mortgage interest and municipal tax deductibility and which continues a policy of stagnation instead of beginning the structural reforms needed for the 1980s.

Some hon. Members: Hear, hear!

Mr. Deputy Speaker: Order, please. The reason I want to look at this proposed motion is because—

Mr. Abbott: It is so outrageous!

Mr. Deputy Speaker: —because to my mind there might be a relation between the object of this amendment and a decision previously made this session on this question of mortgage interest. I do not have before me the other confidence motion put forward by the opposition toward the conclusion of the debate on the Speech from the Throne so I am not in a position to judge. I hope the House will give me a few minutes before putting the amendment. In the meantime I ask the hon. member for Waterloo-Cambridge (Mr. Saltsman) to begin his remarks.

Mr. Baker (Grenville-Carleton): I think you should know, Mr. Speaker, that before it was submitted the motion was cleared with the Table.

Mr. Deputy Speaker: Yes, but it is always for the Chair to decide.

Mr. Max Saltsman (Waterloo-Cambridge): Mr. Speaker, I hope you will find the motion in order, but I must say that if the remarks of the hon. member for York-Simcoe (Mr. Stevens) are any indication, nothing he has been saying recently is in order. I have some unkind things to say of those who are applauding across the way, But I shall leave that for the moment.

I do want to say one thing about some of the comments made by the hon. member for York-Simcoe on the subject of the dividend question. I found it difficult to believe what I thought I was hearing from the hon. member when he was talking about the rip-offs that came from the loophole being closed in the budget regarding the use of reserve funds and dividends. It was perfectly all right for private industry to do that, but Petro-Canada should not avail itself of that opportunity! An hon. member to my right says he was not saying that at all. I have been listening for years to the hon. member for York-Simcoe but not once have I heard him rise and bring to the attention of the House the fact that this loophole existed for the private sector and that it should be closed. But now that it seems that when Petro-Can is eligible to use this loophole, it becomes a crime!

Mergers go on in this country every day, mergers which really do not provide any new jobs but merely allow for a change of ownership, a change of shares. Again, I have not heard the hon. member raise a protest and say this should not take place, nor have I heard members of his party rise and say mergers are a terrible thing because all you are doing is changing shares, changing ownership, without providing new employment opportunities.

What really seems to be bothering members to my right is that Petro-Can will turn out to be profitable and that the Canadian people will make something on their investment. It is intolerable that anything in the public sector should be profitable! If it is profitable it should be turned back to the private sector, but the public sector should be starved of all these things. We pick up the losers. We are not supposed to go into business and do something profitable on behalf of the Canadian people.

One way of clearing the House of Tories is to tell them what they don't want to hear. They just want to hear themselves talking. They do not realize the incredible double standard they are putting forth as an argument in this House, that whatever the private enterprise system does, regardless of whether it rips off the tax system, regardless of whether it does not create any jobs or not, that is fine, but don't let the government get into the field at all. It is really an argument not based on logic but on a prejudice against public involvement.

I listened to the minister's speech last night and the only thing that came through was a message that we had a minister and a government which were not prepared to provide leadership in this country, had no vision and concern for the future, and did not really want to try to control what was going on in the economy.

● (1422)

It reminded me of a nephew of mine when he was very young. He called me in to watch him in the bathroom as he was performing. He was very proud, and he said, "Uncle, I can do it with one hand". I said that that was pretty good. He said, "Look, no hands," and he took both hands off. Hon. members will know what the consequences were. That is the kind of budget the minister brought in last night. It just splattered all over the place, without hitting the bowl once.

Mr. Abbott: You have such an elegant way of characterizing it.

Mr. Saltsman: If we were not on television I would apply a name to it, but the CBC might object.

None of the measures in the budget are really very specific. There is no plan. There is no strategy. As a matter of fact the minister went out of his way in the budget speech to eschew any kind of strategy. He said, "I am frankly sceptical about a search for a single grand industrial strategy in the competitive market system". What competitive market system? There is some competition in our market, but increasingly the evidence is that it is no longer a free competitive market system.

The minister is thinking about a century which has passed, and trying to solve problems in a modern society with outmoded ideas and an unwillingness to act and behave as a government and a minister should. The message of the budget is that this government does not think it can do anything. It is waiting for the American economy to recover. It is the old story of government after government in Canada. They wait for the Americans to bail us out of our situation. The difficulty is that the Americans are in trouble, as deeply as we are, and perhaps even deeper, and were it not for the fact that many of the things my friends to my right and my friends opposite call socialist measures—things such as unemployment insurance, old age pensions and family allowances—we would be in a worse recession than the one we are in now.

Our economy is suffering greatly. Unemployment is high, and that accounts for a measure of suffering, but at least there is some cushion. There is still some purchasing power left in order that society can move along. The government is waiting for the Americans rather than setting out an independent policy of its own, which is something it could do.

I know it is a common view in both the Liberal and Conservative parties that we really cannot do much on our own and that we must wait and see what other countries are going to do. To some extent that is true, but, having said that, there is a great deal we can do on our own. We should analyse our strengths—and we have many in this country—and act independently of other societies.

Instead of concentrating on exporting to the extent we do—as if we have to export in order to live, and again there is always some truth to the assertion that a certain amount of exporting is necessary—we should be concentrating on import replacement. The province of Ontario has made a tentative move in that direction. Manufacturers in Ontario are being exhorted to look around and see what kinds of things are coming into this country. Most of the things which are coming in are things we could be making ourselves. The purpose of an industrial strategy is to work with the market and with the manufacturers of Canada. We should be saying to them that there are things they can be making in this country rather than importing, and that manufacturing would provide employment, which in turn would provide opportunities to the people of Canada.

We are in a period of high unemployment and, unless government policies change, that will continue for a number of years. However, if we look a little beyond that, five to ten years, there will not be unemployment but a labour shortage. Therefore it seems to me that the government's fear of stimulating the economy is groundless and that in fact we should be stimulating the economy now. We should be building the capital works which are required now.

In statements put forward by my leader on many occasions he has pointed out the things which should be done at this time and the number of jobs those projects would create. For instance, we need a $400 million federal-provincial-municipal capital works program. That has been urgently demanded unanimously by all ten premiers and by most municipalities. That would create 60,000 new jobs. Instead of that we get reports like the one published in this morning's *Globe and Mail* which says:

Federal move felt endangering renewal plans of municipalities

> "Ottawa is trying to curtail their spending at the expense of the municipalities . . . It is trying to make us pay for these programs by raising our property taxes—"

The government is cutting back on its spending, and the consequence of that will simply be that more people will be thrown out of work. The cost of unemployment insurance, welfare, and other social support programs will increase. We should be viewing the present period of high unemployment as a moment of opportunity. Not only should we try to put people back to work, with all that means in terms of the benefits of working and the moral benefits of working rather than being unemployed, but we should put people back to work on projects which will be needed for the future. The need for municipal projects is obvious. The need for urban renewal is obvious.

Another suggestion we have made is that $500 million be spent on railroad upgrading and rebuilding. That has been recommended by the Hall commission. While creating 70,000 new jobs, that would maintain railroad branch lines, and grain elevators would be repaired and modernized. Surely that would be worth while, particularly when we know that the future calls for more and better rail transit services. When is the government going to contemplate this—when we have labour shortages later on, or now when there are so many who are unemployed? All we need is a little direction from the government and a little courageous fiscal management to put people back to work.

Another project we have advocated is a $300 million urban transit program which would provide needed transportation services in urban communities in Canada and create an estimated 40,000 new jobs. A $500 million special housing program is needed to reverse CMHC overspending of its 1977 capital budget by almost that amount. That would provide needed funds for non-profit, co-operative and public housing, and for neighbourhood improvement and residential rehabilitation programs. We think that would create 70,000 new jobs in the high unemployment construction industry. The cost of these capital works projects comes to about $1.7 billion. They

would get the private sector involved in important areas of the economy and decrease the level of unemployment. The government should be concerned about moving into these areas, particularly now when the private sector seems so weak and so unwilling to invest.

My friends to the right say that the problem is lack of confidence. The government brings in a regressive budget and says that it is meant to instil confidence in the business community. The official opposition turns that around and says confidence consists of having the hon. member for York-Simcoe in a blue serge suit as minister of finance rather than opposition critic. I think the word "confidence" is grossly misused by both parties. Confidence comes from looking at a government, or an official opposition, which has the courage to advocate programs rather than standing pat all the time, playing it safe and doing nothing beyond the immediate and short-term. There is a reason for this malaise, and again a clear message comes from the budget.

The government is totally preoccupied with the problem of inflation. However, that problem has, for the most part, passed. The government itself acknowledges that the worst of the inflationary spiral is over, that from thereon in—while there will still be inflation and while we still have to be concerned about it—there will not be the rise in inflation we have had for the last number of years.

● (1432)

I am very proud to say that if you look at organized labour in Canada you will find that it has been behaving in a very responsible and concerned way. Its members have, in fact, been taking wage settlements below the increases in the cost of living to demonstrate that. The trade union movement is doing its part in terms of controlling inflation, and I think it deserves a word of commendation.

Some hon. Members: Hear, hear!

Mr. Saltsman: I see there are many members who agree with that statement. So there is no longer, if there ever was, any pressure from wage demands on inflation.

I was rather surprised to see the following statement in the minister's opening sentences in the budget speech, to give some verisimilitude to a somewhat misleading document:

> In recent weeks I have travelled to many parts of Canada. I have talked to many Canadians—my provincial colleagues, businessmen, labour leaders, economists and laymen. Everywhere I have been told that my budget must be responsible.

While the minister does not say so in so many words, he certainly implies that he has the support of labour for this kind of budget, or that labour would consider this budget responsible. I think he must know that on both grounds he is wrong. Labour would not support this kind of budget; labour would not support a budget that does nothing to cure the high unemployment rates in this country, does nothing to increase growth in Canada, and does not concern itself about the future. Labour would certainly not endorse this budget, nor in fact would labour consider that the minister's budget was in any degree responsible. So the minister should not try to make it appear as if he had the support of labour, because he certainly does not have it. Obviously labour is not pushing in any way that would contribute to inflation.

If we look at the other factors that were blamed for inflation, we find that energy prices have settled down. We do not have the quantum leap, the quadrupling of energy prices which you had a few years ago.

Agricultural prices, after being set back sharply for many years, have recovered some of their position, and there does not seem to be a great push on food prices projected into the future—the minister acknowledges that in his budget speech. The worst of inflation, which has been created by the increased cost of imports arising from the devaluation of the Canadian dollar, is over. I do not think the Canadian dollar will be going down much further than it is now, and, if it does, it is just a fluke, and it will not stay there.

A much greater problem that faces the government—if it is problem at all—is not that the Canadian dollar will go lower but that it will start to rise pretty soon because it is undervalued now, and when it starts to rise it will ease the inflationary pressures in Canada.

What I am putting forward in enunciating these four items is that these are the four main components which go into any assessment of whether things will be more or less inflationary in the future. I think the evidence is stark, it is quite clear, that the past basis for the surge in inflation is over. The government really does not have to pin its whole policy on fighting a situation which is settling down. The war is not over in any absolute sense, there are always problems with inflation, but it is settling itself down.

To say that you cannot stimulate the economy, or you cannot move to provide employment, because you are afraid of inflationary pressure, is not only the wrong analysis of the situation but a dishonest statement about what is happening in our society, and a way of avoiding the necessity of taking responsibility for getting people back to work and getting this country growing again. It is shocking to see this sort of juvenile economics used in arguments put forward by the government.

Again the message is quite clear in the budget, that while the government has tried to show that labour, provincial premiers and businessmen have all asked the minister to present the kind of budget he presented last night, what is quite clear is that the only ones who wanted him to present such a budget are some of the business people who have been advising the government, and to whom the minister has been talking. It was quite clear, from the comments and the reaction after the budget speech last night, that the minister has struck a responsive note and is now competing with the Conservative party for the affection of business in Canada. They have been wrong before. These are the people who have been advising governments over and over again and getting this country into nothing but trouble.

Certainly there are many prominent businessmen whose advice is very useful, but to listen to only one side of the argument—because it was only to business that the government was listening—not to labour because labour's priorities are different, not to the provincial premiers, because their priorities are different and they differ among themselves, and to say this is a consensus budget is wrong. I think that the advice the minister is getting is bad advice and will not get the country going.

Let me talk about some of the incentives that are in this budget. The government proposes that the investment tax credit be extended for an indefinite period of time and that it be raised beyond its present 5 per cent level. There are two points about that. First, is it really necessary at this time? The government itself says in its budget address that the indications are that plant utilization is increasing.

A recent report is that a low of 80 per cent to 82 per cent plant utilization has now increased to about 87 per cent. What that means is that when plant capacity starts to approach 87 per cent of utilization, they will expand anyway without incentives. They will not expand at 82 per cent, and all the incentives the government offered in the last two budgets to get them to expand at that level have fallen. All this has accomplished is to fill the coffers of the various corporations which took advantage of those tax plans to depreciate allowances. It has not got the economy going.

Now they may say, because we improved these tax arrangements for business, the economy is starting to move again." I think it will start to move again, but the truth is it will move again because plant utilization has increased, not because of what the government has done with tax incentives, and the consequence is that money will be given away for virtually nothing.

I want to go back to what I said about the rather questionable simile which I used at the commencement of my remarks about my little nephew in the bathroom. If you are going to give incentives all over the place—and we in this party believe there are times when you should be giving far more in the way of incentives to certain kinds of business—you have to do that within the context of an industrial strategy. If you are going to give incentives, you have to do it within the context of knowing that certain industries, if they receive benefits out of public funds, will use those benefits to create jobs, to innovate, to do research, to do something specific for the benefit of the country, rather than to simply make a welfare payment to them through the tax system. That is what an industrial strategy is about, to pinpoint those areas of greatest usefulness for the future development of Canada. Without that, just to give these incentives across the board is like going all over the bathroom. You do not know what it is going to hit and what good it will do.

We have gone through this before with incentives and all the evidence we have, as a result of giving across the board incentives and increases, has been that it has not accomplished the purpose for which the incentives were intended. Quite the contrary, there is now some evidence to suggest that as a result of government generosity, as a result of industry being given benefits and the absence of investment opportunities, much of those benefits have resulted in cash surpluses for industry which start to move back and forth across the Canada-U.S. border in search of higher interest rates. Many of the problems we are facing, because of the outflow of capital from Canada, arise from the excess generosity of the government giving them more money than they can use. Therefore we find ourselves in this unbelievable position, as a consequence of government action and misplaced generosity which was designed to help industry and create jobs in Canada. We must take action against this misplaced generosity. We must raise interest rates to keep capital in Canada. In the course of raising interest rates, the opportunities for industry to expand and jobs to be created are cut down. The government has created a circular piece of mischief.

● (1442)

I had hoped that somewhere in the budget the minister would have given form to words he has expressed on many, many occasions. He is a very straightforward minister. We have heard him indicate in the House and on public platforms that the level of savings in Canada is too high. He has not said the following but I will extrapolate for him: the tax system has been so generous to people with higher incomes, or industries which could not use their cash flow, that problems of surplus savings have been created. These surplus savings are used to seek nothing but higher and higher interest rates in Canada or the United States. Then a yo-yo-ing back and forth and a jockeying for interest rate preferences occur between one country and the other. If ever there was a government policy which was a clear failure, it is this one. Yet it is included in the present budget.

Does the Minister of Finance and his advisers want this kind of situation? I do not think so. Their industrial strategy and planning are no good. They say the government should stay out of the economy; we should curtail our spending and let the private sector move in. It is a commitment to ideology which causes the problem. That is at the heart of the failure of the budget. The government cannot see this problem. Public policy will fail without planning, intervention, strategy, a setting of priorities or evaluation. The government feels that it must be scattergunned all over the place, without knowing the consequences, benefits, costs or losses.

Strangely enough, while I think the performance of the economy will leave a lot to be desired in the next five or six months, or until the next budget, a kind of statistical optical illusion may take place as a result of some of the measures in the budget. From what we have seen in this budget, I am not too hopeful that any other budget will make any difference or result in much of an improvement. The cut in manufacturers' sales tax from 12 per cent to 9 per cent will do some good. This is something we advocated. We are sorry the government did not pick up more of our package. It only picked up part. To the extent that the government has picked up part of it, one must acknowledge that it will be of some value. As pointed out by the minister in his budget speech, its chief political value

probably will be a drop of one half of 1 per cent in the consumer price index.

In reviewing some of the factors which have led to inflationary pressures in the past, one comes to the conclusion that the consumer price index will start to decline, particularly if the Canadian dollar starts to move up. I do not think the government wants it to move up rapidly, but it will start to move up and there will be a very convenient decline in the consumer price index somewhere just prior to election time.

Another measure which will provide a statistical illusion of well-being is the changes in unemployment insurance. Those changes will knock a lot of people out of the visible labour market and into the invisible one for which no statistics are kept. Even with the government uncommitted to the creation of jobs and admitting that it will create 100,000 fewer jobs this year than in the past year, unemployment figures may drop. Again it is a statistical illusion conveniently appearing some time before the next election. By the government's own admission, the employment effect will be less than last year. Unemployment figures will drop, not because of increased employment, but because a lot of people have been thrown out of the labour force as a result of the changes made in the Unemployment Insurance Act.

Despite the government's effort, the exchange rate will start to rise. Again this will give the illusion of things improving. Today the government argues very vociferously that every time the exchange rate drops it is very good for the economy. But I am sure the government will find a congruous argument as soon as the exchange rate starts to rise, an argument demonstrating how that is even better for the economy. In my estimation, many of the measures in the budget are not very effective and are grossly inadequate to solve the problems we face. Yet these measures will show up as statistically charming in time for an election.

The general public, the taxpayers, the voters and the citizens of Canada are concerned about government spending. They feel that care should be exercised in government spending. These concerns are legitimate ones. Much of what the government has done to persuade those concerned people has been nothing more than an exercise in public relations. Even though my friends on my right have expressed concern about public expenses, they are engaging in a public relations exercise as well. As a matter of fact one of my friends in the Conservative party expressed concern about what the government was doing in relation to Petro-Canada. His concern was that by enlarging the role of Petro-Canada the government is making it impossible for his party, when it forms the government, to sell Petro-Canada, because the stock market will be disrupted too much. Thus, I would say to my friends who have been berating Petro-Canada up and down that they should be careful and heedful of that. Perhaps they will end up being the custodians. Who knows, perhaps the hon. member for York-Simcoe will be made commissar in chief of Petro-Canada? Then he will have to eat some of his words, as the present Prime Minister (Mr. Trudeau) had to eat some of his words about the Liberal party on another occasion, and as all of us have to do from time to time.

Mr. Fleming: What about some of your comments this afternoon?

Mr. Saltsman: I added my last comment because I was very much afraid that someone might bring up something I said 12 years ago. I was afraid someone would have it tucked up his sleeve, ready to trot out before the House.

Recently the government announced that it was going to cut back on public services. The Prime Minister came out with a great big axe in his hand. I presume he did not tell anyone about it. He came out looking like Henry VIII, chopping off ladies' heads, and saying, "Off with their heads, off with their heads". In the meantime, the heads are not rolling rapidly, nor should they roll rapidly. By the time you get through that exercise you really have not changed very much.

● (1452)

There is room and there is need for scrutiny in the public sector. All of us have some private and pet horror stories about what goes on in the public sector, or all of us should have, and some of us have stories about what goes on in the private sector. These things can only be handled on a day to day and consistent basis with a determination to make the public sector work. This is part of the problem.

If you wonder why bureaucracy is the way it is, and why there is less concern about the public sector than there should be, it is because governments, federal governments at any rate, up until the present time have had a kind of death wish. Sometimes one feels it really does not want the public sector to work. Like my friend, the hon. member for York-Simcoe, instead of putting their very considerable talents to work trying to figure out how to make Petro-Can of more service to the Canadian people, hon. members are busily trying to destroy Petro-Can. Like that hon. member, hon. members in that part of the House do not want Petro-Can to work because that would put a lie to the belief which is currently popular among members of the Conservative party. I say "currently" because things were not always that way. Many good endeavours have come from the Conservative party in its better days.

One of the great challenges of the future is not so much related to whether there should be more or less public involvement. I do not think it is possible any more in the kind of world we live in, and with the kind of future we foresee, for the government to get out of involvement in the economy. No government can divorce itself from that involvement. Quite to the contrary, there is an increasing need for the government to be involved in managing the economy. What is critical is not the extent to which the government is involved in the economy, but the extent to which people in public life ensure that the public sector always performs efficiently and humanely.

Because of our concern about the need for public investment and government leadership in the public sector, I move,

seconded by the hon. member for Winnipeg North Centre (Mr. Knowles)—

Mr. Deputy Speaker: Order, please. While the hon. member still has three minutes available to him, perhaps this would be an opportune time for me to intervene, just before he proposes a sub-amendment to the House, to render my decision concerning the amendment proposed by the hon. member for York-Simcoe (Mr. Stevens).

When the hon. member proposed his amendment, pursuant to Standing Order 51 I indicated it was my impression that the amendment contained a matter in respect of which the House had already made a pronouncement. For that reason I hesitated to put the question to the House, and I base that impression on citation 200 in Beauchesne. It clearly states as follows:

An old rule of parliament reads: "That a question being once made and carried in the affirmative or negative, cannot be questioned again but must stand as the judgment of the House." Unless such a rule were in existence, the time of the House might be used in the discussion of motions of the same nature and contradictory decisions would be sometimes arrived at in the course of the same session.

That citation clearly indicates that a like motion cannot be put to the House, or the House should not be asked to make a pronouncement on the same type of motion within the same session. As a result I hesitated to accept the amendment, and I signified that hesitation to the hon. member for York-Simcoe.

I see the hon. member for Grenville-Carleton (Mr. Baker) is ready to stand and take part in the discussion. Let me first say that, to my mind, the best and simplest way of correcting the motion proposed by the hon. member for York-Simcoe would be to exclude the words "such as mortgage interest and municipal tax deductibility", which is that part of the motion I feel is faulty under the rules and practices of this House. This would leave the motion reading as follows:

—this House rejects a budget which increases the deficit without providing a genuine economic stimulus and which continues a policy of stagnation instead of beginning the structural reforms needed for the 1980s.

Having said that, and before making a final decision, I would invite the representations or comments of hon. members of the official opposition or others.

Mr. Baker (Grenville-Carleton): Mr. Speaker, as I mentioned to you earlier, this matter was referred to an officer at the Table to determine whether it was procedurally correct in so far as the rules of the House are concerned. It was indicated to me that it was procedurally correct.

I would have to say that I would not argue with that text of citation 200 in Beauchesne, but I would argue that it ought not to apply in this case. I do so for two reasons.

I want to go back, if I may, and read the motion which causes you the problem. It is a motion moved by the hon. member for St. John's West (Mr. Crosbie) during the throne speech debate on October 18, 1978. That motion stated:

—but this House regrets to inform Your Excellency that the policies of your ministers have severely damaged the Canadian economy, and that your ministers have not proposed those measures of taxation relief, including home mortgage interest and property tax deductibility, which would promote economic growth and recovery and ensure a more equitable tax system for all Canadians.

The issue in that particular matter was the damage to the Canadian economy, taxation relief, including among other things, implicit in those words, home mortgage interest and property tax deductibility, for the purpose of promoting economic growth and recovery and to ensure an equitable tax system. Within that issue and implicit in the words "including home mortgage interest", "taxation relief" and other things, is set forth a number of things of which this is only one.

The guts of this motion, if I may put it to you that way, does not deal with the Canadian economy as such, but with the question of the deficit policy of the government and its failure to provide a genuine economic stimulus. It goes on to state that, as a result of that policy, stagnation is continuing in the Canadian economy. That is the guts of this motion which calls upon the government to provide the structural requirements we need as we go forward to the 1980s. It is quite a different motion. I grant you that the words "including home mortgage interest and municipal tax deductibility" are similar and appear therein, but they appear as merely one of the items, among others, that are included, and are not germane to the motion. Therefore it is open for us to argue that they could be removed from the motion without destroying it, as you Mr. Speaker, have pointed out, and that is the strongest support for my argument that this is ancillary to the motion rather than being the central or focal point.

● (1502)

I have given you the arguments as best I can, sir, with respect to the substance of this motion as compared to the substance of the motion put on October 18, 1978. The thing which offends the Chair, and which is the most eloquent argument one can possibly have for the point I am trying to make, could be included within the general scope of the motion, but it is not necessarily exclusive nor germane to it. Therefore, I think that on those grounds it should be allowed to stand, because that is what probably moved the officer at the table to take the position he did.

There is ample precedent for my position because in an amendment with respect to the budget there is a considerable amount of scope, as there is on motions with respect to the allotted days given to the opposition. Therefore, I do not believe that citation 200, which has as its substance a provision against a question being put more than once, applies to this particular amendment. You, sir, supplied the most eloquent argument for granting this amendment, as it is appropriate to the terms of the rules of the House of Commons.

Mr. Lambert (Edmonton West): Mr. Speaker, I would like to add to the remarks of my colleague, the hon. member for Grenville-Carleton (Mr. Baker). He referred to the fact that there is a good deal more latitude in consideration given by the Chair to the wording of any amendments in, for example, the throne speech debate or the budget debate, than when a bill is at second reading, committee stage or even third reading.

While there may be a similarity in this motion of five or six words to the motion made on October 18, I would suggest that the thrust of the amendment on October 18 was that the

government policies had damaged the Canadian economy. There is no such reference in the motion made today by my colleague, the hon. member for York-Simcoe (Mr. Stevens). In the motion on October 18 the hon. member for St John's West (Mr. Crosbie) had not proposed certain tax measures which would promote economic growth or the assurance of a more equitable tax system, both of which are proposed in this motion.

There is mention in the amendment proposed by the hon. member for York-Simcoe about damage to the Canadian economy, but he is proposing certain measures to stimulate the economy. The two measures cited in the hon. member's amendment are used in a different context, and it is mere coincidence that there are five words similar to the amendment of October 18. As my colleague the hon. member for Grenville-Carleton has said today, the two amendments are entirely different and for that reason the amendment proposed by the hon. member for York-Simcoe should be accepted.

Mr. Nowlan: Mr. Speaker, I have a few remarks that I would like to add to what has already been said here, partly because it is Friday afternoon. It is nice to see the hon. member for Northumberland-Miramichi (Mr. Dionne) smiling at this late time in the week. My argument refers to the citation which you read, sir, and which my friend, the hon. member for Grenville-Carleton (Mr. Baker) suggested that you follow, that if you cut a piece of the whole and still have the whole, then nothing has been decided upon in a previous question. All hon. members I think understand citation 200. This House would become even more confused if the Chair were to repeat and debate questions that have already been put and decided upon.

The amendments to the Speech from the Throne on October 18, as it appears at page 238 of *Hansard,* and the question which was decided by the House then, of a much more broader nature, not the precise, specific provision of home mortgage interest deductibility and/or taxation as outlined in the amendment proposed by the hon. member for York-Simcoe. The citation says that you cannot put a question more than once, and if we had that precise question in either amendment, then perhaps the matter would never have come before you, sir. Because I do not think that either the House leader or the table officers would have proposed the specific deductibility feature which is only a piece of a more substantive motion that is much more general.

Of course, as my hon. friend from Edmonton West just mentioned, there is a broader interpretation given to amendments to the Speech from the Throne or to the budget than to a specific issue which has been decided upon in the House. For those two reasons, and without getting into all the forms and precedents of Beauchesne or Standing Orders, I use your own words, sir, to put my point across, namely that if you cut a piece out of the amendment and you still have a substantive amendment, then you have not had this House decide the issue, which was used only as an example in both substantive motions and not per se the substantive motion.

[Mr. Lambert (Edmonton West).]

Mr. Baldwin: Mr. Speaker, I know that it is customary wherever possible on Fridays to launch into sparkling and scintillating debate on procedure, and that you, sir, are waiting to hear other members. The hon. member for Northumberland-Miramichi (Mr. Dionne) was laughing a moment ago. I think it is a great tribute to the enduring characteristics of hon. members on the other side that they can still laugh after last night.

That is my only contribution to the budget debate, and I will now deal with the procedural issue. The Chair is probably seeking advice from hon. members because the general principle is that the Chair must always seek diligently for ways to find motions in order. That rule is particularly applicable when looking at the many traditional amendments moved in debates on the Speech from the Throne or debates on the budget.

After some soul searching I decided to vote for the amendment moved in the Speech from the Throne debate and which has been referred to by the hon. member for Grenville-Carleton. At that time I looked at the wording and saw that it dealt with home mortgage interest and property tax deductibility. Those are specific words that have an interpretation which falls squarely within your knowledge, sir, and mine.

● (1512)

I am not going to traverse the ground already covered by my colleagues on this. They have dealt adequately with it and I imagine Your Honour is prepared to find a way which would give effect to their arguments.

I would simply put this additional argument. In the motion in question appear the words "a genuine economic stimulus such as mortgage interest" which go far beyond the question of home mortgage interest. This could include mortgage interest on an industrial property or on a number of things. I submit there is a very considerable difference between "home mortgage interest" and "mortgage interest".

I do not know what I am going to do on this amendment. I still have to make up my mind.

Some hon. Members: Oh, oh!

Mr. Baldwin: Mr. Speaker, I hear some raucous amusement from hon. members opposite. I am simply delighted that my friends opposite can laugh today.

Mr. Roberts: A point of order, Mr. Speaker. The hon. member usually has an open mind. This is the first time I have heard he has an empty mind on a subject.

Mr. Baldwin: Well, Mr. Speaker, unlike my hon. friend I do have a mind. To go back to where I was before I was so rudely interrupted, there is a substantial distinction between home mortgage interest and mortgage interest. We all know what a home is and mortgage interest on a home is very distinct. Home mortgage interest, as I see it, could include mortgage interest on any type of property. It may well be, as the debate develops, that colleagues on this side of the House may refine that distinction, but I see the motion at this time coming down

to a very common sense use of those words. I think I am in a lot different position in coming to a decision on this than I would have been at the time of the first motion.

I should like to go on to the second aspect. On October 18, on page 238 of *Hansard*, there appear the words dealing with the deductibility— "property tax deductibility". Here we have municipal tax deductibility. That is a very plain distinction. Property tax deductibility may have connotations far beyond that of municipal tax deductibility. I suggest to Your Honour, without trying to force the Chair to reach for meanings, that given the general principle that you must seek diligently, and within the limits of discretion, of course, to find ways and means to make the motion one which can be put to the House so that there can be a debate, surely Your Honour can take into account the plain distinctions that can be made in respect of the words used on October 18 and the words used today.

Those are the general arguments advanced by my colleagues. I submit there is an irresistible case made for allowing this amendment to be put.

[*Translation*]

Mr. Pinard: Mr. Speaker, on this particular point, the objective of our parliamentary procedure is to prevent the House of Commons from making conflicting decisions during the same session. If we compare the amendment suggested by the Progressive Conservative party to the main motion during the throne speech debate, and their amendment motion to the budget moved today, we realize that in both cases a major part of the motion is similar. Of course, I do not want to join in the acrobatics attempted by the hon. member for Peace River (Mr. Baldwin). A mortgage always applies to a building, but he is attempting to distinguish between a mortage on private property and a mortgage on something else. This is irrelevant because mortgages are always on buildings in any case.

I believe it was the hon. member for Edmonton West (Mr. Lambert) who said: "Mr. Speaker, it is not because four or five words in the two motions are somewhat similar that you can conclude that these are motions of the same nature as described in citation 200 of Beauchesne on page 171". I believe that there lies the whole problem. You must answer the following question: Is it indeed a motion of the same nature as that which was moved during the throne speech debate? I recognize that it is not an easy question to answer.

In my opinion, what we must do is determine whether the motions are similar in part or whether the similar part in the two motions are in both cases major elements of the motions, which would mean that in principle, if the House were to agree to this motion today, its decision would be in conflict with that which it made during the throne speech debate. This is the question that you must answer, Mr. Speaker. The issue is not to determine whether both motions are identical from all aspects, but to see whether the similar parts are of such importance that, as a result, the House of Commons would risk in principle making two contradictory decisions within one month or five weeks of each other, or at least during the same session.

This is what Beauchesne wants to avoid by enunciating the principle that a question once made and carried in the affirmative or negative cannot be questioned again but must stand as the judgment of the House. That is a sacred rule and I think there is a very simple solution. If you have any doubt, it is because you fear that the House might indeed make a contradictory decision. Then it would be so simple if this part of the motion is not important to the Progressive Conservative party to put forward another motion through another speaker which would not include this question of mortgage interests and property tax deductibility, which was disposed of by the House very clearly during the throne speech debate.

[*English*]

Mr. Knowles (Winnipeg North Centre): Mr. Speaker, as must be obvious, I have been reluctant to take part in this procedural debate for the reason that we voted against the amendment the hon. member for St. John's West (Mr. Crosbie) moved on October 18 and which was voted on on October 30. It might seem, therefore, that we have a conflict of interest here. Since we did not like the amendment that was moved on that occasion, it would follow we are not exactly happy with the motion before us now; but I want to make it clear that we will not shy away from expressing our views on it or from voting on it if Your Honour puts it to the House.

Your Honour interrupted my hon. friend, the hon. member for Waterloo-Cambridge (Mr. Saltsman), as he was about to move our subamendment. Without upstaging him, I can say that our subamendment was drafted as though the amendment of the hon. member for York-Simcoe (Mr. Stevens) was in order and it touches on that in that sense. In the intervening time, however, I have done some redrafting so that, if the original amendment has to be changed, our subamendment will be changed.

I want also to say that in view of these considerations I am not going to press Your Honour with all the vigour one can command in procedural debate; I do not think the world hangs on this issue. But in view of the positions that have been taken by members of the Progressive Conservative party, I feel someone in the opposition should support the position that the Chair has taken.

My friends to my right seem to be making a good deal out of the fact that the part in today's amendment that Your Honour does not like, is like the part in the amendment of October 18, and that since they are just incidental or ancillary bits in both cases, you should not be worried about them. It seems to me to work the other way. When this House on October 30 defeated the amendment moved on October 18, it did not defeat just part of it but all of it. Indeed, if there were three or four parts to that amendment and if it is possible today for the official opposition to revive one of those parts and get another vote on it, then as we move on through the session it can revive the other parts. Indeed, if we can revive this one today, we can revive it again. Therefore, a coach and

four has been driven through the rule Your Honour has cited about it not being proper to seek again in the same session a decision on a motion or question on which a decision has already been taken.

● (1522)

My hon. friend the parliamentary secretary to the government House leader seems to approach this matter with concern lest the House reverse its position. I would say in terms of its rules the House is breaking the rules even if it takes the same decision over and over again. In my view, we should not be doing that. It seems to me the question that you raised, Mr. Speaker, is a legitimate one. I do not doubt the desire of my friends in the Progressive Conservative party to raise this issue of mortgage interest and municipal tax deductibility just as often as they can during the course of this session, but surely the rules should be observed. Although, as I say, I do not make it the case of the century, and we are not concerned, we are ready to move our subamendment either way. I hope you will stand by the view Your Honour expressed when you first raised this issue.

While I am on my feet, I must say that I have always enjoyed the contributions of my friend from Peace River (Mr. Baldwin). We have had a good time together through the years we have been here. But I did get a smile or two out of his attempt today—talk about Your Honour reaching for some way to find this matter in order, but my friend from Peace River was reaching—to try to find a difference between home mortgage interest and mortgage interest. If he is arguing today that deductibility from mortgage interest is broader than home mortgage interest, does he mean that his motion calls for all the big companies in the country that have big buildings or properties or what have you to get deductibility for those mortgages?

Mr. Stevens: They already have.

An hon. Member: You did that.

An hon. Member: You have already given them that.

Mr. Knowles (Winnipeg North Centre): And my friend is asking for more than that. I thought my friends were concerned about the homeowners, these "poor" people who own homes. But now my friend from Peace River is not quite sure. In fact, he may not be able to vote for this. He said he had not made up his mind yet, because it refers to mortgage interest; not just home mortgage interest, but mortgage interest in the widest possible sense.

An hon. Member: You voted on this.

Mr. Knowles (Winnipeg North Centre): We voted against the amendment that was made on October 18, and my friend knows it.

Then my friend from Peace River really stretches the point when he tries to see a difference between the phrase "property tax deductibility" and "municipal tax deductibility". Well, it is a different word. I do not know what happens to it in French; we do not have the French translation of this day's motion yet. But really that stretches it.

I suggest, Mr. Speaker, that when the House voted on October 30 on the motion moved on October 18, it voted against a request for home mortgage interest and property tax deductibility. But when the Progressive Conservatives are asking us to vote today on a request for mortgage interest and municipal tax deductibility, they are asking us to vote on something on which the House has already made a decision. As I have said, we are ready to submit our amendment, to fit whatever motion comes from the Chair. But I suggest to Your Honour that your original statement was correct.

Mr. Baldwin: That is a rigid socialist mentality.

Mr. Dionne (Northumberland-Miramichi): Mr. Speaker, I will be brief. However, I do want to point out in deference to my knowledgeable colleague, the hon. member for Winnipeg North Centre (Mr. Knowles), that there is in fact a great deal of difference between municipal tax deductibility and property tax deductibility. I do not know precisely how all the other provinces are organized, but I know that in New Brunswick the province itself levies property tax against homeowners and there are thousands of homeowners in New Brunswick who do not live within municipalities. I would like to know what the Tories are aiming at, whether it is municipal tax deductibility or property tax deductibility. Or are they, as they usually do, trying to fudge the issue so that they can take two different positions, or four if necessary?

The same, of course, applies to home mortgage interest and mortgage interest deductibility; the hon. member for Peace River (Mr. Baldwin) has tried to make a difference there. He is right in the first instance but I am not so sure that he is right in the second, unless he is going to make all kinds of mortgage payments and so on deductible. It seems to me that in bragging about the brain he has he has been too clever by half. I believe he has hoisted his party upon the horns of a huge dilemma that they are now going to have trouble crawling down from unless, Mr. Speaker, you rule the motion out of order and take them down from the horns of their own dilemma.

Mr. Deputy Speaker: I wish to thank hon. members for their advice and contribution to this debate. Some hon. members use such different arguments that I find it hard to come back to my own decision. The last remark made by the hon. member for Northumberland-Miramichi (Mr. Dionne), along with remarks made by the hon. member for Annapolis Valley (Mr. Nowlan) and the hon. member for Edmonton West (Mr. Lambert), in trying to help convince me as to an analogy or a difference between two propositions is not clear to my mind. They do not take away the doubt I have.

I have forgotten which hon. member it was who said if five or six words could be taken out of the motion that would be enough to prove that they do not represent the main proposition and are secondary to the motion. This I can go along with. And I agree that the question proposed in the motion and in

the debate was broader than the one we have in front of us at this time. I agree it was twofold. As mentioned by one hon. member, on the one hand it suggested that the economy had been severely damaged; on the other, it blamed the government for not proposing some measures for tax relief. In the end, that motion, although it was twofold, singled out only one solution—among others I agree—to achieve its objective.

I do not disagree with the point raised by the hon. member for Winnipeg North Centre (Mr. Knowles) that it was the old motion voted upon. I wonder what the situation would be if the motion had been adopted. What if another motion or a motion to abolish property tax deductibility or a return of interest on mortgages was made? To my mind it is the duty of the Chair to protect the House and to make sure that the workings and the decisions of the House are orderly. I would like to suggest to the hon. member for Grenville-Carleton (Mr. Baker) that the mere fact of speaking to the incumbent of the Chair or to a clerk at the table is not enough to obtain an absolute guarantee that a motion or a position can be acceptable. The Table is there to advise members. When I am not in the chair I do not have full power of decision. I do not have all the elements. It is when I occupy the position of Mr. Speaker that I exercise that authority.

● (1532)

[*Translation*]

To my mind, the Parliamentary Secretary to the President of the Privy Council brought out the specific point that is contrary to citation 200 of Beauchesne which states that a question having been made and carried once, it cannot be questioned again in the course of the same session.

The fact remains that I harbour a very clear and specific doubt in my mind in allowing the House to vote again. In putting before the House the proposed amendment of the official opposition, I thereby put to it part of a question which was debated and voted upon at the opening of this session.

[*English*]

It still seems to me that by putting forward for debate the proposition of the hon. member for York-Simcoe (Mr. Stevens), I would be putting one of the questions that was voted upon in the debate on the Speech from the Throne and upon which the House has already pronounced itself. There could be other means available to hon. members, but I will not fall into the trap of accepting the invitation of the hon. member to discuss the specifics of the motion before the House in that proposed amendment or try to indicate the exact words that could be embodied in the new proposition in relation to mortgage interest and municipal tax deductibility and try to argue the case with the hon. member as to whether or not there is a difference between those words and those contained in the motion of the hon. member for St. John's West (Mr. Crosbie).

I am looking through the notes I took while hon. members were so eloquently trying to convince me one way or the other and I am not sure I have covered everything, but the same doubt that struck me at the beginning is still on my mind. I did make a suggestion earlier. Is the hon. member for York-Simcoe rising on that alternative solution to the dilemma?

Mr. Stevens: Mr. Speaker, I can well understand your doubt, as you express it. But I feel we must not delay a budgetary debate. In consultation with the seconder of the original motion, I suggest a revised wording of the motion. The wording I should like to suggest is:

That this House rejects a budget which increases the deficit without providing a genuine economic stimulus such as would follow from meaningful personal income tax reductions, and condemns the continued acquisition of private corporations by the government and the government's general policies as evidenced in the budget which continue stagnation instead of beginning the structural reforms needed for the 1980s.

Mr. Deputy Speaker: There is one thing I want to say. The rules do not allow an hon. member to amend his own motion. That rule can be found in citation 204 of Beauchesne. No member may amend his own motion, but with the leave of the House he may withdraw it and substitute another. The motion proposed by the hon. member was not put to the House. I have tried to look into the precedents taking account of the fact that I did not put the motion. If it had been put, I could not modify it without the consent of the mover, the seconder and the House. The Chair did decline to put the motion on the basis that the amendment might have been out of order.

To make it easier, taking into account the fact that some advice was sought as to its acceptability and that the main substance of the motion is definitely acceptable, I wonder whether there might not be consent, so as to simplify the problem and find a quick solution, to allow the hon. members, without further discussion, to move his amendment.

Is there consent that the hon. member be allowed to substitute an amended proposition?

Some hon. Members: Agreed.

Mr. Deputy Speaker: Then I will put the modified motion to the House.

The hon. member for Waterloo-Cambridge (Mr. Saltsman) will now resume his speech.

Mr. Saltsman: After such a long period of time, Mr. Speaker, it is going to be a little difficult for me to remember what I was about to move. If I might be permitted, I would say to Your Honour that this is one time when procedure and logic go together. We had the same reservations about the amendment which the hon. member for York-Simcoe offered as you did, and my hon. friend with great prescience framed a motion originally to strike out all those words as though he knew they were offensive both to procedure and equality in tax administration.

Therefore, I should like to move, seconded by the hon. member for Winnipeg North Centre (Mr. Knowles):

That the amendment be amended by deleting all the words after the words "such as", and by substituting therefor the following words:

"the implementation of a program of public investment in housing, upgrading of railways, urban transit and provincial-municipal capital works, and this

House condemns the government for carrying out a policy of deliberately high unemployment and for failing to reduce personal income taxes on middle and lower-income earners."

I find that despite the changes in the new motion moved by the hon. member for York-Simcoe, it is just as unacceptable as the old.

● (1542)

Mr. Deputy Speaker: I am very hesitant about this and I would be prepared to hear arguments from hon. members. My first impression is that the subamendment proposed tends to modify the first proposition completely. Unless it is worded in such a way as to add words to the proposition, I wonder how far we can go toward accepting subamendments which go beyond the scope of the proposition which is before us.

Mr. Saltsman: Mr. Speaker, if this motion is in order, it is somewhat accidentally in order. I therefore ask the indulgence of the Chair, in view of recent events surrounding this motion. It seems to me that what we are doing in our subamendment is clarifying and being very much more specific, but nevertheless along the same lines as the amendment itself. The amendment of the hon. member for York-Simcoe talks about meaningful changes. We are being very specific in terms of the use of the vague word "meaningful"; we are specifying reduced personal income taxes for middle and low income earners.

Mr. Stevens: Mr. Speaker, I rise in support of the rather quick decision you have indicated. I think in drafting the proposed amendment to my motion the hon. member for Winnipeg North Centre (Mr. Knowles) was a little too sweeping. The fact that this is the case was demonstrated when the mover of the subamendment commented that almost regardless of the final wording of our amendment his amendment would fit all right. In effect, what he was saying was that provided the New Democartic Party could tack on anything it liked after "such as", the New Democratic Party apparently felt it had a free rein to amend our motion as it saw fit.

As I understand the rules, Your Honour is perfectly correct that basically we cannot amend away the whole thrust of the motion. That is what the New Democratic Party is proposing, and I think members of the NDP must at least restrict their amendment in such a way as to agree with some of the points in our motion before they propose to amend it virtually out of existence, as is the case now. In short, if they do not like our motion, they will have an opportunity to vote against it in due course; but in the meantime they may not amend it to such an extent that they automatically defeat our motion with their amendment.

Mr. Knowles (Winnipeg North Centre): Mr. Speaker, it is both obvious and true that we have been doing quite a bit of drafting this afternoon. First we had to draft a subamendment to the amendment which was first moved by the hon. member for York-Simcoe (Mr. Stevens). Then, we had to redraft that to fit the suggested change proposed by the Chair. Then, with about 30 seconds' notice, another amendment was submitted by the hon. member for York-Simcoe, and we had to try to fit into that.

I do not ask for any concession because of that, but that is part of the picture. However, I point out in answer to what the hon. member for York-Simcoe just said that his is a motion which is critical of the budget. In fact, it rejects the budget because it increases the deficit without providing a genuine economic stimulus. We accept that, but we qualify the reasons for our rejecting the budget and make other suggestions as to how to do something about it.

It is perfectly true that a subamendment has to be relevant to the amendment. The amendment deals with the budget and its faults and proposes something in its place. I suggest that in our subamendment we are accepting the rejection of the budget. We are qualifying or altering the reasons for that rejection, but it seems to me that it is in the same ball park. It is in the regulations that a subamendment must be relevant to the amendment, and I hope we do not have to have another hour's debate on procedure.

Mr. Baker (Grenville-Carleton): Mr. Speaker, the subamendment may be in the same league, but I have to agree with the hon. member for York-Simcoe (Mr. Stevens) that it is certainly not in the same ball park nor part of the same ball game. I have always emulated and admired the example set by the hon. member for Winnipeg North Centre (Mr. Knowles) in supporting the Chair on every possible occasion. I think he saw fit to support the Chair when my amendment was under consideration. The amendment moved by my colleague, the hon. member for York-Simcoe, is under consideration now, and I must say that I hope the hon. member for Winnipeg North Centre will find it equally admirable of me if I support the Chair in the reservations Your Honour expressed regarding this subamendment.

I think the hon. member for York-Simcoe is quite correct in saying that one cannot amend away the whole thrust of an amendment. For whatever reason, I think that is what is being attempted here, and I am sure that given a few moments and given the drafting skill of the hon. member for Winnipeg North Centre, which is revered in every parliament in the Commonwealth, he will be able to come up with an amendment which will satisfy the Chair, the government—which will have the right to vote—and also satisfy us as to its procedural acceptability. If the hon. member for Winnipeg North Centre needs a little time, we are, of course, prepared to give it to him.

Mr. Baldwin: It would be easier if the government would review its budget.

[*Translation*]

Mr. Pinard: Mr. Speaker, surely no one has any objection to your taking all the time required to give a ruling on whether or not the subamendment is receivable. What strikes one, however, is how difficult it is for the opposition parties to criticize legitimately the budget brought down by the government. Which leads one to wonder what they would do if they were on this side of the House. Mr. Speaker, I suggest we resume the

debate. We have, on this side of the House, several hon. members who are willing and ready, to say the least, to praise last night's fine budget. We shall await your ruling at your leisure on the subamendment of the New Democratic Party.

[*English*]

Mr. Deputy Speaker: I hesitate to accept the suggestion of the parliamentary secretary because it might bring about the same problem and at the same time work against one of the parties in the House who has a priority at this time, under the practices of this House, to present a subamendment.

If I were to come to the Chair on Monday and make a negative ruling on this subamendment, at whatever time, that might preclude a representative of the New Democratic Party from exercising his right to move another subamendment. I wonder if the House would be prepared at this time to accept my suggestion that I reserve the right of a representative of the New Democratic Party to move another submendment. I base my suggestion on the fact that I am quite concerned about the wording of this subamendment. Perhaps its objective might not go against the rules of the House if it were worded in another way or attached to the amendment in another way. So without ruling out the content of the motion, I find fault with the way it is attached to the amendment. At the same time, I am ready to protect the right of the hon. member's party to have one of his colleagues move another amendment on Monday.

● (1552)

Mr. Baker (Grenville-Carleton): Mr. Speaker, I am prepared to agree to allow the NDP to put an amendment in an appropriate way, as you suggested, or in some other way that we could work out. However that is done, we are certainly prepared to agree to that.

[*Translation*]

Mr. Pinard: Of course, Mr. Speaker, we are willing to help the opposition in its efforts to adjust to the rules of the House.

[*English*]

Mr. Knowles (Winnipeg North Centre): Yes, Mr. Speaker, we are prepared to accept that. I was trying to draft something fast, but it would make more sense for us to present a new motion on Monday. But I take it that if the House agrees now to what is proposed, the Chair will not accept a subamendment from anyone else until another New Democratic Party member gets the floor.

Mr. Deputy Speaker: Is that agreed and so ordered?

Some hon. Members: Agreed.

[*Translation*]

Mr. Deputy Speaker: For the information of hon. members, the House agrees to reserve the right of another member of the New Democratic Party to introduce an amendment to the amendment moved by the official opposition and the Chair will then decide whether that amendment is in order. At this time I consider that even if the amendment to the amendment moved by the hon. member for Waterloo-Cambridge (Mr. Saltsman) might not be contrary to our standing orders and our practices, the manner in which it is proposed and related to the proposal of the official opposition seems to me entirely out of order and thus goes beyond the substance of the main motion and at the same time, I think, gives rise to a new proposal which replaces part of the one already made by the official opposition.

[*English*]

Mr. Baker (Grenville-Carleton): Mr. Speaker, there has been some consultation among the parties with respect to the debate. It had to do with the divisions that will be taken. In fact, announcements were made by the government House leader on the time of the vote when he answered questions on the business of the House yesterday. I would just like it to be understood that in terms of the consent we are giving to accommodate reasonably the dilemma in which we find ourselves, we can take it that today is the first day of the budget debate. I want to make sure there is no doubt in my friend's mind about that.

Mr. Knowles (Winnipeg North Centre): That is quite clear.

Mr. Baker (Grenville-Carleton): And it is understood that the second day will be Monday, and that there will be a vote on that amendment on Monday evening, assuming an appropriate amendment is put by my friend or his colleague; and that the debate will carry on, not as I had agreed, but as the government House leader has indicated and in accordance with the plans of the government for the balance of the week.

Mr. Pinard: I rely on the statement made by the Deputy Prime Minister yesterday. I think it is obvious that we have to act accordingly.

Mr. Knowles (Winnipeg North Centre): But there might be an interruption. Should that not be made clear? The hon. member for Grenville-Carleton is speaking as though the debate would go on every day next week. I think there was a reservation regarding the possibility of one day's interruption.

Mr. Pinard: When I said I would rely on the statement made by the government House leader, it included that possibility, of course.

Mr. Deputy Speaker: To make sure that this is clear, let me ask whether that possibility could not arise on Monday.

Mr. Pinard: No, Mr. Speaker, that was not specified. I still have to rely on the statement made by the Deputy Prime Minister. If anything is to change before Monday, of course the House leaders of the other parties will be informed in advance.

Mr. Deputy Speaker: On the second day of the budget debate, the Chair will ensure that a member of the NDP seeking the floor will be recognized for the purpose of presenting a subamendment.

[*Translation*]

Mr. Gérard Laprise (Abitibi): Mr. Speaker, we found ourselves in some confusion probably because there was confusion as well in the speech on the budget itself last night. Such problems of "adjusting" to move amendments or subamendments as we were just faced with a while ago makes us smile because generally we never had much problems to devise appropriate amendments and I could hardly comment on that amendment or subamendment because so many have been tabled. Still I can at least speak on the intent of the amendment and subamendment since the latter was preceeded by a speech.

Now, Mr. Speaker, the amendment proposed by the representative of the Progessive Conservative party, the official opposition, calls for a lower deficit and economic incentives. Well, Mr. Speaker, we can only approve strongly such an amendment. However, the hon. member for York-Simcoe (Mr. Stevens) did not tell us what the Conservative party would do if it were in power to lower the considerable deficit we have known for years. And knowing the monetary policy of the Conservative party, which is more or less the same as that of the Liberal party, I think they will have much difficulty devising ways of cutting down those deficits while at the same time improving the Canadian economy since they follow the same monetary policy.

Mr. Speaker, earlier I heard the hon. member for York-Simcoe criticize this administration. He was right on nearly everything, but as I was listening to him I wondered what would have happened if since 1968 for example, he had been on the other side of the House? Undoubtedly, Mr. Speaker, we would have had roughly the same difficulties. The Progressive Conservative party is undoubtedly full of good intentions but the administration it gave us when it was in office in the late fifties and early sixties shows that in terms of administration they are not much more capable than the Liberal administration has been since 1963. During the Progessive Conservative administration we had a period of terrible unemployment, the dollar went down, we had a period of intense inflation, and that is in part practically what caused the Progressive Conservative party to be defeated in 1962-63. So today, Mr. Speaker, they want to replace the Liberal party but with the same means to administer this country. Mr. Speaker, the same causes have the same effects. So as far as I am concerned I do not have any more confidence in the policies of the Progessive Conservative party than I have in the Liberal party currently in office.

I listened also to the arguments of the hon. member of the New Democratic Party, the hon. member for Waterloo-Cambridge (Mr. Saltsman), and he was practically at the opposite of what the representative of the Conservative party proposed. For the representative of the New Democratic Party, public projects should be increased substantially to fight unemployment. Fighting unemployment, Mr. Speaker, would be a good idea but increasing public projects in the sense that was suggested means increasing the current government deficit.

• (1602)

Mr. Speaker, that deficit is considerable and has become a frightening plague for the taxpayers of this country. Since 1975—and that is only three years ago—the public debt in Canada has doubled. If you take the budget deficit of 1977-78 and 1978-79 and the forecast for 1979-80 you get a total deficit of $31.12 billion. Mr. Speaker, administering like that when you have a Minister of Finance (Mr. Chrétien) coming out with estimates like that, you do not have to be a genius to administer with debts like that. Anyone, Mr. Speaker, could do it, but administering a country soundly and running a country like the people want it to be run is another thing. I believe that what we have now on the government side is an incapacity to do so. The Minister of Finance might be well intentioned but last night he was unable to introduce a budget to revive the Canadian economy which is in great difficulty, he was unable to introduce a budget to reduce the rate of unemployment in Canada, he was unable to introduce a budget to reduce substantially the cost of living we now have in Canada. Of course, Mr. Speaker, the margin of the Minister of Finance is very narrow, I would say almost nonexisting, because of huge expenses which are far higher than revenues. And the government can hardly get more from income tax than it already does, because Canadian taxpayers are overtaxed as it is. They cannot afford to pay more. And today our workers, those who have a job, are overburdened. They must pay for about 50 per cent of the Canadian people and they account for an ever decreasing percentage of the labour market. They must pay for just about all those who do not work for one reason or another. They have to support all those people and the entire government machinery.

Some workers are beginning to wonder whether it is more advantageous to be outside the labour market rather than being at work. More and more people are worrying about that. The gap between the poor and the rich grows wider and wider, and it is increasingly difficult for the middle class to live under such an administration. So, Mr. Speaker, a lot of criticism can be levelled at the government that has been in power for the past ten years, at least with regard to the present administration and it has been done in all sorts of ways and I do not intend this afternoon to come back on this kind of criticism. I would rather spend a few minutes trying to make the House of Commons and the Canadian people understand that we must get off the beaten path, that we must forgo this system which is leading Canada to bankruptcy.

We have come to the point, Mr. Speaker, where the interest on the national debt this year is as large as the Canadian government's budget in 1962, a date which is not so remote after all. One is entitled to wonder in what kind of a situation we find ourselves and when we are talking about billions of dollars we are not dealing with peanuts. These are billions of

dollars which we are giving away every year. We have now gone over the $6.5 billion mark in interests on the national debt and these $6.5 billion are not recycled within the government. When we tax workers to pay for old age security pensions, family allowances and the cost of public works, development projects of all kinds, all that money eventually finds its way back to the government somehow. But when we tax the same workers to pay the interest on the monumental debt of our country to those who have a claim to that debt, all that money is not redistributed, it has to be borrowed again at current annual interest rates which have now reached 10 per cent.

Mr. Speaker, Canadians have the right and are beginning to wonder where all this will lead us. What will the situation be next year? What will it be in two years? This cannot last forever, there will be a breakdown somewhere, sometime. We have had the 1939 crash and we undoubtedly find ourselves on the eve of another one because there are limits to the level of indebtedness of a country and its people. In the thirties, when the crisis took place, which was called then an economic crisis, nobody had any money. There was a surplus a goods everywhere which people did not know what to do with, the stores were stacked up with all kinds of commodities. There were unemployed people everywhere eager to work but there was no employment for them and those worked were not getting paid.

Then, Mr. Speaker, people were suffering in the midst of abundance. When war was declared, suddenly we could find the money that was lacking a few months before. However, tractors, had to be built to make war, machines had to be built, ammunitions were needed and there was work for everybody. The necessary money was found. And as men were workig in factories producing war equipment and ammunitions, salaries were paid and wage earners were buying consumer goods which in term gave work to other people so that during the war everybody was working, any disabled man could find a job; in fact, everybody was working. Such was wartime economy. But no sooner had the hostilities come to an end, that we found ourselves in the same predicament. We were having economic and financial problems and the government, in an attempt to save the economy and preserve jobs, sank ever deeper into debt.

Mr. Speaker, surely it is easy to find an alternative to such an administration, and other means must be looked for, other than those we know and other than those proposed by current economists.

We are laughed at on occasion. When I heard the minister making his speech, I remember the sixties when the same minister was making jokes at the Caouette dollar, the Social Credit dollar. He found that funny. But today we have Chrétien's 85 cents, and this is not much funnier. Social Credit monetary proposals were then called "funny money." Today we have sad money and it hurts even though the minister repeatedly suggested last summer, that the Canadian dollar devaluation was something that could enhance the economy, would promote exports. Mr. Speaker, rather than trying to export our production, developing an international market, let us try rather to develop a domestic market, a home market by giving back our Canadian dollar its purchasing power, the real value it has lost because of this administration.

That is what he should try: The Minister of Finance stated that the 90, 89, 88 cents and even 85 cents, and it went down to 84 cents, that dollar made for cheaper exports. We could export more. But last night the minister of Finance told us the opposite in his budget. This is what I find on page 5, and I quote:

> The consumer price index rose more sharply than has been expected.

He erred across the board, this is nothing new.

> In September, it was 8.6 per cent higher then a year earlier. This renewed outburst of inflation—

Please note this:

> This renewed outburst of inflation was not the result of any acceleration in our own incomes or our own domestic costs. It was the result of higher food prices and the decline in the dollar.

Last night the minister agreed that the renewed outburst of inflation was due to the decline in the dollar. This flies in the face of the statements he made during all of last summer, when we questioned him, in the course of the last session and the beginning of the current one, on the Canadian dollar devaluation. If the Canadian dollar devaluation could help our exports and improve the Canadian economic climate, why not lower it to 83 cents, 75 cents and even 50 cents if this is effective?

The proof is that the minister did not believe it at all since, along with the governor of the Bank of Canada, they made every effort to borrow on the American market and elsewhere in an attempt to save the dollar. Each time it was exactly the opposite that should have been done. All they did in fact was to devise a means of exporting interests and dividends, of exporting and increasing the flow of our money out of the country, when it should have been kept here.

Now, Mr. Speaker, the government has only three means of obtaining the funds needed to meet its obligations, and for the government, the main obligation is to provide an efficient administration to the entire population, not only to parts of it but to the entire population. That is why it must offer advantages not only to big owners of what I would call chicken coops, but also to owners of single family dwellings, not only to big owners but to small owners as well. That was omitted in the budget speech we heard last night. There is nothing there for the small homeowner or the tenant who wants to buy a home, they were completely disregarded. Now, Mr. Speaker, this is one of the government's obligations.

Small and medium-sized businesses were also largely overlooked. Nothing new was done in addition to what we already have, and the government is only starting to show concern for small and medium-sized businesses. Yet we know how much

this type of business generates jobs. Therefore, much more should be done in that direction, but there was nothing in the budget speech which was far more noteworthy by its omissions than by its content. Also, Mr. Speaker, the government has the obligation to ensure a decent standard of living to the people of Canada. At present, 20 per cent to 25 per cent of the population is living below the poverty line, especially the senior citizens of Canada. There are disabled, sick and socially handicapped people who are without jobs and there are others who do have a job but who work for the minimum wages allowed by the provincial governments. Mr. Speaker, almost 25 per cent of our population live below the poverty line. As a matter of fact, somebody mentioned today that the poverty line for a family of four was $11,000 a year. Mr. Speaker, many families live on a much smaller income. It is the government's responsibility to take care of them.

Mr. Speaker, in order to obtain the necessary funds to meet its obligations, the government can levy taxes—and we know it does not hesitate to do so. It has the authority to tax citizens and corporations alike, to take the money out of their pockets. Last night, while I was listening to the minister's budget speech in the House, I noted the tax cut offered to the Canadian people. I noted the 9 per cent tax credit or indexation of the personal income tax and true, I felt relieved for the Canadian workers, but the government has nothing to lose by granting this indexation.

● (1612)

In the tables which were tabled before us last night in the budget speech and which have been included in *Hansard* we can see in Table 2—Forecast for 1979-80—under personal income tax that despite a supplementary indexation of 9 per cent the government is going to collect an additional $1.85 billion. The minister can always brag about his allowing for a fiscal reduction; in fact because of the wage increase that almost all workers get during the year, the government will get an ever increasing tax amount but it will not be seen as such by the people.

Mr. Speaker, when the minister proposes to reduce the sales tax from 12 per cent down to 9 per cent, he plays the same trick once again, since prices and costs increase, the government is able to get more money through the taxes on manufactured items. The government does not lose anything in this 3 per cent reduction, even though we hope the consumer will draw some kind of advantage out of it in the end. Mr. Speaker, the government can get money through taxes and we know how it uses it.

Here is another way: the government could borrow from the people, from institutions and corporations and pay back the money it has borrowed. But the government almost never pays these sums back, it pays only the interest. When Canada Savings Bonds fall due, the government makes every effort to convince the buyers to keep them for another term. The government offers higher interest rates in the hope that bond owners will renew them. But if the owners want their money, the government must borrow to pay them. Then it is like digging a hole to fill another one, but at the end we are still left with a hole.

That, Mr. Speaker, is the second system the government is using to get funds for its administration.

The third system the government may use to get funds and which they do not want to resort to is simply to create money and spend the funds thus created for public projects. That is the very third power of the government which could change completely the administration of the country and restore a sound administration which Canadians call for and are entitled to expect.

Mr. Speaker, the government refuses to exercise that third option because its masters, those who control it behind the curtains, that occult power which nobody knows, nobody sees, forbid the government to exercise that third option.

In 1977, my colleague from Richmond (Mr. Beaudoin) asked the Minister of Finance a question which I shall repeat here for your information, Mr. Speaker, and that of hon. members. I quote:

> —this misunderstanding between the federal government and the province of Quebec depends mostly on the fact that we have economic problems; since money is manmade, why does the Minister of Finance not urge the Bank of Canada to open a new credit for the federal government, in co-operation with the provinces, to promote or finance new public projects in municipalities and school boards in order to deal with unemployment and create new jobs?

Well, Mr. Speaker, here is the answer of the Minister of Finance, the Minister of Finance of the present Liberal government, and I quote:

> The Canadian monetary policy is well known and it has been formulated by the governor of the Bank of Canada and I do not intend to ask him to change his policy.

Then, Mr. Speaker, who is governing the country? Is it the Minister of Finance elected by Canadians or the governor of the Bank of Canada who is only known by 1 per cent of Canadians because nobody votes for him? And yet he is the man who administers our financial policy in Canada. He is in the driver's seat but answerable to nobody. Mr. Speaker, such conditions cannot go on. The present minister or the next one, this government or the next one will have to assume their responsibilities. They have to assume the responsibilities entrusted by the people and instruct the Bank of Canada to do what they have to do. At the present time, it is the tail that makes the dog wag and not the other way around; everything is mixed up. We have to put back some order and put things as they should be. The Minister of Finance did not say that in his budget speech yesterday and the spokesmen for the Progressive Conservative party and the New Democratic Party avoided making such proposals. They have good intentions, but they did not suggest any measure to do something. We should remove those who are not qualified to manage our economy

and give that responsibility to the people's representatives elected by the people. They are the ones who should assume that responsibility.

● (1622)

[*English*]

Hon. A. C. Abbott (Minister of State (Small Business)): As the first supporter of the government speaking on the budget, Mr. Speaker, I want to congratulate the Minister of Finance (Mr. Chrétien) for what he has produced in what are agreed to be very difficult circumstances. The minister has come up with a prudent, responsible and equitable budget which goes a long way to both stimulating the economy and also showing the national and international community that the government is wholly responsible in its position today and in the circumstances that limit it. I think that the responsible comment in the press tends to confirm this fact.

The official critic for the opposition, the hon. member for York-Simcoe (Mr. Stevens), spoke, I think somewhat irresponsibly, on a number of issues and failed to a large extent to come to grips with some of the real benefits and concerns in the budget. He gave a very lengthy, gloomy résumé of what he saw to be the problems in the economy. He referred to matters like paper clips, floor mats, and his concerns about Petro-Canada, all inaccurate and ominous statements about the national state of the economy; but he is filled with hope that there will be a Tory government in 1979.

I believe it was Samuel Johnson who said that if a person marries for a second time, it is the triumph of hope over experience. Every now and then I think that the public mind tends to forget the years under Tory governments. Mercifully we have not had too many of them, but those we have had are a very sharp reminder to any who have experienced the mismanagement, irresponsibility and reactionary character which they have imposed. Whether it was R. B. Bennett or the right hon. member for Prince Albert (Mr. Diefenbaker), they were dismal and hapless performances.

When the hon. member for York-Simcoe speaks of his high hopes for the Clark government, as he refers to it, I suggest that these hopes are perhaps excessive or optimistic. As hon. members may be aware, 1979 has been designated by the United Nations to be the International Year of the Child, but I do not think that members opposite should hope that it will be the year of a Clark government. I do not think that the International Year of the Child should be taken as an automatic assumption that we will have a Clark government.

Listening to the hon. member for York-Simcoe last night and today would suggest to any new arrival to this parliament or to the country who was listening to his speech that Canada has had a deplorable ten years economically and is on the verge of financial collapse. All the facts, however, are contrary to that statement, and these facts have been stated both by the Prime Minister (Mr. Trudeau) and the Minister of Finance, who last night, for instance, stated that in this past year 362,000 more Canadians were employed and that our exports reached an all-time high.

● (1632)

A recent report of the Minister of Industry, Trade and Commerce (Mr. Horner) on the annual survey of the capital intentions of the large industries in Canada shows that there is going to be a very distinct strengthening in capital intentions. In other words, all the measures and indices that are currently revealing themselves show that, far from the economy being in the depressed and deplorable state that the hon. member would try to convince the Canadian people it is in, in reality it is showing real signs of improvement. The record of the past ten years has been considerably brighter than he would suggest.

One need only refer to the statistics supplied by the OECD to confirm this. They show, for instance, that the rate of growth in the labour force in Canada between 1968 and 1977 was the highest of all member countries. The cost of living index for 1978 showed the United States had the smallest increase, Canada was second, then came West Germany, Sweden, Switzerland, Belgium, Denmark—countries that the hon. member tried to suggest last night and today had done much better than Canada. Food prices are shown as being the least costly in Canada in 1978, with the United States coming second. The rate of growth in real domestic product between 1968 and 1977 showed Canada first. There is much talk about the need for greater stimulus through their regrettable tax proposal in the area of housing starts, yet Canada is listed second amongst the countries from 1972 to 1977. Belgium came first and the United States third.

It is one thing for hon. members opposite to engage in the cut and thrust of parliamentary debate, one thing for them to try to fool themselves. But I suggest that at a time when a lot of Canadians are looking for leadership from parliament, and are expecting some degree of responsibility, for the official financial critic of the official opposition to try to cast such a spurious pall of pessimism across the Canadian scene, suggesting that our economy is in a shambles, does no credit to him, to his party or to his country.

I should like to touch on some aspects of the budget itself for a few minutes, Mr. Speaker, and on some things other budgets in the recent past have provided in the area of small business. The hon. member who last spoke suggested that nothing was done for small business in this budget. I would point out that the provisions relating to development and the increase in the employment allowance are two notable features which mean a great deal to small business people. These come on the heels of recent changes which have given support to small business.

In the provision for the reduction of the manufacturing tax from 12 per cent to 9 per cent, it should be remembered that 8,000 of the 9,000 members of the Canadian Manufacturers' Association are involved in small business. The vast number of manufacturers in Canada fall into this category. The reduction of this tax will not only stimulate big industry but will have a marked impact on the prosperity of industry as a whole in Canada in which small business is dominant.

The pattern in tax policies that now exists in Canada for small business has cut a wide swath. I reminded hon. members before of the very real accomplishments of the government. We have a tax system for small business which is more favourable than that of any other country in the world.

I do not say this, as the hon. member for York Simcoe would, simply because I want to say it or hear it said, and hope somebody is going to believe it. I say it because other commentators, such as Mr. John Bulloch, president of the Canadian Federation of Independent Business, say it. The report that was issued by the Minister of Finance last night gives a careful study of the comparative tax systems of the United States. The hon. member for York-Simcoe tried to assert theirs was so much more beneficial than Canada's but he had not read the report.

The report states it is evident that the Canadian system is considerably more generous than the United States system. Canada extends the low rate of a significantly larger amount of small business income and does not impose any special penalties on the sheltering of business income in the corporate entity, it points out. The report also says that the combined corporation and personal tax burden on corporation income is much lower in Canada than in the United States due to the presence of the dividend tax credit. It says that the credit causes the combined corporation and personal taxes on small business income to be even lower than the personal tax on, say, wages and salaries.

When you consider the special tax rate for small business which results in some 20 per cent or 21 per cent less tax being paid than is paid by larger companies, and add to that the recent tax change whereby family businesses have been provided with roll-over provisions so that intergenerational transfers can take place without the application of the capital gains tax, when you consider the elimination of the sales tax payable by small businesses representing 20 per cent of all the manufacturers in Canada, with almost 50 per cent of them being eligible for a much reduced filing of returns system, when you remind yourself that as of last spring we have had a far more liberal provision for write-offs of losses against other income, then I think I can say with confidence, without going into a number of other measures which have been passed by the government to help small business in the way of tax reform, that it amply substantiates my point that this government has set its sights on small business and has helped them to an extent that no other country in the world can demonstrate in the area of taxation.

I think as the member of parliament for Mississauga, an area in the industrial heartland of Ontario, I should point out that the greatest job-creation vehicle, the greatest engine for economic growth, is the manufacturing sector. I was very pleased that the Minister of Finance addressed this area and provided relief in the form of a reduction in the manufacturers' sales tax so that this important sector will receive the stimulus it needs to generate the sort of jobs we need in Canada.

I should like to say something about the accusations concerning the Petro-Canada transaction. I think it is unfortunate that the hon. member for York-Simcoe attempted to cast doubts on the merits of this proposal. Of course, he was an active member of the energy committee. Many of us who sat on that committee remember his dogged opposition and his attempt to filibuster passage of the bill. From the inception of the idea of Petro-Can it was said that, apart from the United States, no other western industrial country lacked a government oil company. British Petroleum belonged to the British government, the French government owned a company, the German government had a company. All these government-owned companies act as a balance—a player at the table in their country's national strategies to counteract the overwhelming influence of the great international oil companies that are dominant elsewhere. Canada is particularly vulnerable as a major oil producer where all the major oil companies doing business have been foreign dominated, foreign owned and foreign managed. When I say the United States is an exception, it must be remembered that three or four of the largest oil concerns in the world are based in the United States, which has a very real interest or control over their policies. Canada lacked this.

● (1642)

Today, by virtue of this transaction, Petro-Can if fulfilling the mandate it was given, which is to equip itself to be a player at the table and thus provide a kind of balance against the policies of the major oil companies. The suggestions made by the hon. member for York-Simcoe that a vast new debt is being placed on the shoulders of the Canadian taxpayer, when the reverse is true, is a misleading comment. Whether it was deliberate or not, I am not prepared to say. It is well known that Petro-Canada is financing the acquisition through banking sources of its own negotiations. The payment of these loans will be paid out of cash flow from the combined assets of the two companies, amounting to some $232 million annually. The banks that have assisted in financing this acquisition have done so with hard-headed realism because these loans are not being guaranteed by the federal government, which is the advice I have.

Therefore, I suggest his representations that somehow the Canadian taxpayer is having money extracted from him that should otherwise be put into homes or into other forms of activity in Canada is entirely misleading. I suggest it should be revealed as such and the hon. member should rise in his place and point out to the Canadian people, through parliament, the inaccuracy of his statement.

The hon. member's anxiety to show up the malevolence of Crown corporations as he sees it was revealed in his condemnation of the Export Development Corporation. Here is a corporation that has never had a loss. It consistently earns a profit, it has created thousands of jobs in Canada for foreign projects and has insured projects by Canadians. It has seen hundreds of millions of dollars invested at no cost to the Canadian taxpayer, and it has given great opportunities to Canadian manufacturers. Yet the hon. member and others over there say the policy of the Export Development Corporation is to export Canadian jobs, somehow trying to suggest that

there are projects abroad that, if Canada does not agree to do them, will not get done.

By using these red herrings, and by making them a large part of his condemnation of the very responsible budget that was delivered last night, the hon. member has shown the bankruptcy of his own ideas and that he is incapable of meaningful criticism. The hon. member is filled with hopes for a Clark government. Some of us, however, were struck by the inability of himself and his colleagues to draft even their motion in opposition, with the result that we had to take valuable time to straighten up what should surely have been a simple task, and not recite again what parliament had seen fit to dispose of previously.

I would like to turn to the question of mortgage interest deductions. This is a subject that we are going to hear a great deal more about. I think there is a real misunderstanding among a lot of people as to what should constitute an equitable tax system. I was reading a comment the other day in an American paper on tax policy. The question of tax in the American system was discussed. It spoke of the "three martini lunch". I know that the hon. member for York-Simcoe is a man of abstemious habits and I certainly would not accuse him of having a three-martini lunch, although the content of his speech would seem to indicate some blurring of ideas.

The three-martini lunch, the expense account lunch, was one element in the ability of people with large incomes to treat themselves to rich meals on a daily basis and write them off against income tax in a way that citizens of poorer status cannot do. This is greatly resented by many people who hear about expense accounts. I do not suggest there are many business people in Canada who take advantage of this type of tax deduction.

The American system also provides for donations to museums or art galleries by people in very high income tax brackets. They are able to take the entire donation and write it off against their taxes. While indeed the art gallery may be the beneficiary, frequently people in the 75 per cent tax bracket are able to create for themselves a very substantial tax relief in a way that is not available to ordinary citizens. The esteem of such individuals is raised in the eyes of the community and the art gallery benefits. Nonetheless, it is a deduction from income tax revenue which must be raised in other ways from somebody else. Therefore, the burden falls on those who do not have the means to contribute to such charities.

Then there is the deduction the Americans have for municipal tax free bonds. Again, the municipalities are the beneficiaries. They get money which is invested by wealthy people in high income brackets who then get tax-free income from these tax-free municipal bonds. Nonetheless, the fact that those taxes are not received by the federal government from these wealthy citizens means that the over-all tax has to be higher. I suggest once again there is something basically inequitable about that deduction.

The United States allows for what hon. members opposite have been advocating for the last few weeks, that is, the deduction of mortgage interest and municipal taxes. Who is entitled to enjoy this benefit? People obviously who have initial capital to invest in real property in homes, and people who are paying municipal taxes. What of the ederly people who have already paid their mortgages off and have spent their lives doing so? Out of their modest income they must pay the full tax without such a reduction for mortgage interest. What of the poorer people who, by necessity, remain tenants? There must be a growing number of them due to the high cost of buying a home. They must watch while those who enjoy home ownership and a larger income deduct the interest on their mortgage payments from their income. So again, what are the consequences? Some people get a benefit and others do not, and the over-all rates of taxation must be higher so that the system as a whole may raise the tax revenues needed.

The Tory idea sounds good and it sounds as though it will create a lot of new housing. The fact is, if you trace these kinds of deductions you see they are essentially inequitable. If we have this kind of inequity in a tax system where poorer people on modest incomes see people across the street enjoying rich expense account living, making handsome donations to art galleries and writing them off against their taxes, buying tax free bonds or deducting all their mortgage interest or municipal taxes, somehow there will be a massive number of people in this country who will say: "Our basic tax system is unfair, I have no respect for it, and consequently I have no respect for the government that imposes it."

• (1652)

I suggest it is not enough for an opposition, loyal or otherwise, to come forward with measures which would create growing inequity in our taxation system. The Minister of Finance last night produced a budget which maintained a consistent attitude toward this whole question of equity. Some commentators in their wisdom criticized it as a business budget without noting the number of measures which took away certain of the advantages business has been getting, such as the loophole provision for debentures and preferred stock being classified as equity instruments whereas they are really debt instruments. This is one area where business will have to pay more for its borrowing.

The budget as a whole leaned toward the creation of tax relief. Consumers will benefit from the reduction in the tax on manufactured goods. Also, we have built into the system the indexation of taxes so that where there is an increase in the cost of living citizens will enjoy some protection. There is also the raising of the exemption so that families pay less tax when costs are higher.

I simply wish to reiterate that while the economy is not as strong as we would wish it to be, and while there are great ills afoot in this country and in the world, I consider that the Minister of Finance has approached his very difficult task—and let no one doubt that he has on his shoulders as heavy a burden of responsibility as any minister of finance in the history of this country—with optimism, with intelligence, with courage, with prudence and with wisdom.

We in this country often feel that it is open season on all politicians and that they can be criticized at will. That is fair game. But I do think it is irresponsible for an opposition, which for some reason or other is now dreaming ever more positively that it will form a government, to cast such doubt upon the economy as to lower the self-esteem of the Canadian people and their standing in the eyes of the world. I believe that in the months ahead the revitalizing of the economy, the renewed growth of our industry taking advantage of the lower rate of the Canadian dollar, the increasing productivity of the workers, the increased trade opportunities and the stimulation afforded by this budget, will enable us to show that the government and the Minister of Finance have rendered Canada very effective service in the budget which has been brought down.

I do not know whether it is possible to call it five o'clock, Mr. Speaker, but if it is I would so recommend.

The Acting Speaker (Mr. Ethier): Is it agreed we call it five o'clock?

Mr. Ellis: I think the minister has used his time. With all due respect, perhaps I might call it five o'clock.

The Acting Speaker (Mr. Ethier): Hon. members have heard the suggestion that we call it five o'clock. Is that agreed?

Mr. Abbott: I was prepared to call it five o'clock but I do have one or two more comments to make and if it is not five o'clock I had better carry on.

The Acting Speaker (Mr. Ethier): The minister still has two minutes in which to conclude his remarks. Does he have consent to conclude his remarks?

Mr. Abbott: I presume that if I do have two minutes left I do not need the indulgence of the House to use them. I am sorry the Leader of the Opposition (Mr. Clark) has only just arrived. I had hoped he would have listened, a chastened figure, to what I had to say, but he is a busy man and will have to read my remarks. I would have liked him to be here, though. I heard him on television explaining his position on mortgage deductions and it did not seem to me he was quite clear about it. I do not know how much time he has spent reviewing the experience in the United States, but no doubt at a later stage he will want to consider whether his proposal is as responsible as he thinks it is at the present time.

Last night, when we talked about the inequity of certain people not being homeowners and thus not being in a position to take advantage of a mortgage allowance, the hon. member for York-Simcoe gave us the impression that somehow, just because some people are tenants and want to become homeowners, the problem is corrected.

The Acting Speaker (Mr. Ethier): Order. I have to interrupt the hon. gentleman. His allotted time has expired.

Mr. Ellis: As I indicated a while ago, Mr. Speaker, I will now call it five o'clock. I know the Leader of the Opposition has a very strong stomach but I doubt he could stand reading the drivel we have been hearing for the last while.

Mr. Knowles (Winnipeg North Centre): It is five o'clock anyway.

The Acting Speaker (Mr. Ethier): It being five o'clock, the House stands adjourned until Monday at 2 p.m. pursuant to Standing Order.

At 4.59 p.m., the House adjourned, without question put, pursuant to Standing Order.

HOUSE OF COMMONS

Monday, November 20, 1978

The House met at 2 p.m.

• (1407)

ROUTINE PROCEEDINGS

[*English*]

SOCIAL INSURANCE

USE OF SIN—MOTION UNDER S.O. 43

Right Hon. J. G. Diefenbaker (Prince Albert): Mr. Speaker, I rise under the provisions of Standing Order 43, on a matter of urgent and pressing necessity, to move as follows:

That this House calls on the government to set aside, as bureaucratic "snoopery" which interferes with the civil rights and privacy of Canadians, the regulations under law under which social insurance numbers must be produced, failing which 25 per cent of the interest on bonds is held back and the sale and purchases of stock without such a number is denied.

Mr. Speaker: Such a motion can be presented for discussion at this time only with the unanimous consent of the House. Is there unanimous consent?

Some hon. Members: Agreed.

Some hon. Members: No.

* * *

TRANSPORT

MOVEMENT OF GRAIN—MOTION UNDER S.O. 43

Mr. Jack Murta (Lisgar): Mr. Speaker, I rise, under the provisions of Standing Order 43, on a matter of urgent and pressing necessity.

Since the movement of grain out of Manitoba has almost stopped and, according to sources in the grain industry, the province of Manitoba will not see any significant movement of grain until January, 1979, at the earliest, I therefore move, seconded by the hon. member for Dauphin (Mr. Ritchie):

That Canadian grain cars be recalled immediately from the United States and pressed into service, moving barley and lower grades of wheat out of the province of Manitoba so that Manitoba farmers will have some available cash with which to pay their bills.

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

Some hon. Members: Agreed.

Some hon. Members: No.

INDIAN AFFAIRS

CONDITIONS ON BLACKFOOT RESERVE—MOTION UNDER S.O. 43

Mr. J. R. Holmes (Lambton-Kent): Mr. Speaker, I rise under the provisions of Standing Order 43. I move, seconded by the hon. member for Moose Jaw (Mr. Neil):

That the Minister of Indian Affairs and Northern Development personally acquaint himself with the deplorable housing conditions on the Blackfoot reserve, where there are 239 families living in 104 houses; 126 houses without plumbing, running water and sewage disposal; 21 to 22 people crowded into three bedrooms, instances where there are five families jammed into a single substandard home and, further, that the minister meet with the chief and council to discuss the band council resolution seeking to complete a housing study which is an integral part of a workable housing construction plan.

Mr. Speaker: The introduction of such a motion for discussion at this time, pursuant to Standing Order 43, can be done only with unanimous agreement. Is there unanimous consent?

Some hon. Members: Agreed.

Some hon. Members: No.

* * *

INQUIRY OF THE MINISTRY

MOTION UNDER S.O. 43

Mr. Bob Rae (Broadview): Mr. Speaker, I rise, under the provisions of Standing Order 43, on a matter of urgent and pressing necessity. I move, seconded by the hon. member for Humber-St. George's-St. Barbe (Mr. Faour):

That in commemoration of the Prime Minister's discourse to Ontario Liberals on Friday, November 17, this House names November 17 as a National Day of Reason to be celebrated by a shutdown—

Mr. Speaker: Order, please.

* * *

AIRPORTS

RENT-A-CAR POLICY—MOTION UNDER S.O. 43

Mr. Elmer M. MacKay (Central Nova): Mr. Speaker, I rise on a matter of urgent and pressing necessity, pursuant to the provisions of Standing Order 43, affecting car rental agencies at major Canadian airports and, specifically, the failure by MOT, to the detriment of other car rental firms, to resolve a dispute with Host Rent-a-Car Ltd., which allegedly owes MOT in excess of $1 million; this at a time when the government, in its current budget, is attempting to maximize revenues from airport facilities, even to the point of drastically increasing an air travel tax to the detriment of many regions.

Therefore, I move, seconded by the hon. member for Saskatoon-Biggar (Mr. Hnatyshyn):

That the Minister of Transport cause to be exercised those rights conferred upon the department under the existing contract with Host Rent-a-Car Ltd., allowing for eviction after 15 days for arrears in payments and a lien on the company's automobiles to expedite the settlement of some of the matters at issue.

Mr. Speaker: Such a motion can be aired for debate at this time, pursuant to Standing Order 43, only with the unanimous consent of the House. Is there unanimous consent?

Some hon. Members: Agreed.

Some hon. Members: No.

* * *

HOUSE OF COMMONS

PRESENCE IN GALLERY OF FIRST DEPUTY PRIME MINISTER OF ROMANIA

Mr. Speaker: Before proceeding with the question period, I call attention to the presence in our gallery of a distinguished visitor, in the person of the First Deputy Prime Minister of Romania, Mr. Gheroghe Oprea.

Some hon. Members: Hear, hear!

ORAL QUESTION PERIOD

[*English*]

THE CANADIAN ECONOMY

RATE OF INFLATION—LEVEL OF UNEMPLOYMENT

Mr. Sinclair Stevens (York-Simcoe): Mr. Speaker, my question is to the Minister of Finance, who is just coming into the House. As the Prime Minister, in Toronto over the weekend, told Ontario Liberals that we in the opposition and the media were his enemy in that we are too critical, would the Minister of Finance tell the House how we can put a better slant on our current 8.2 per cent inflation, bearing in mind that inflation was about 4 per cent when the Prime Minister first took power, which is well up from the 2 per cent average prior to his gaining power in this country?

● (1412)

Hon. Jean Chrétien (Minister of Finance): Mr. Speaker, first I should like to tell the hon. member that indeed I was in the House. Since he saw me circulating, I do not know why he took the occasion to tell them on television that I was not in my seat.

Some hon. Members: Oh, oh!

[Mr. MacKay.]

Mr. Chrétien: I was here at two o'clock. I think the hon. member is not seeking information; he is just trying to make some political points.

Some hon. Members: Shame!

Mr. Stevens: Mr. Speaker, again my question is directed to the Minister of Finance, who must slip around so quietly that certainly I did not perceive he was in the House earlier.

Some hon. Members: Oh, oh!

Mr. Stevens: My follow-up question to the Minister of Finance deals with unemployment. Could he tell us how we should interpret the present unemployment level in Canada of 8.2 per cent, bearing in mind that when the Prime Minister took power it was a mere 4 per cent? I ask this question in the context of the Prime Minister's suggestion that we are a little too critical, judging from his remarks in Toronto.

Mr. Chrétien: Mr. Speaker, he said that opposition members were a little bit too critical because the financial critics of the opposition never mentioned that we have created 2.3 million new jobs in Canada in the last seven years.

Some hon. Members: Hear, hear!

Mr. Stevens: Mr. Speaker, my final supplementary is directed to the Minister of Finance. In due course, I hope he will try to explain his answer to the 900,000 people who are still out of work in this country.

Mr. Alexander: Plus the hidden jobless.

Mr. Stevens: Since Canada, for four years in a row, has been the only industrial nation to run a current account world deficit, would the minister tell the House in what way this has been good for Canada, bearing in mind that while we likely will lose $4 billion to $5 billion internationally this year, Italy, France, Britain, West Germany and Japan all will run substantial surpluses in their current positions with the rest of the world?

[*Translation*]

Mr. Chrétien: Mr. Speaker, the hon. member is asking me to compare the economy of Germany or France with that of Canada, a country which must develop its monumental resources year after year in order to boost its economy from coast to coast and from Windsor to the North Pole, which is very difficult to do. Obviously, over the years, Canadians have been obliged to borrow capital to develop their vast country and that is why we now have current account deficits. But I want to mention that among all western hemisphere countries, Canada is the one which has the largest per capita trade surplus.

[*English*]

MARITIMES—EFFECT ON ECONOMY OF HIGH INTEREST RATES

Mr. James A. McGrath (St. John's East): Mr. Speaker, can the minister explain, or perhaps tell the House what steps, other than those announced in the budget, he intends to take to offset the 10.75 per cent increase in the prime rate in the slow growth regions of the country, especially in the five eastern provinces which already account for over half the total unemployment in the country, and on which provinces this high interest rate will slow growth considerably more?

Hon. Jean Chrétien (Minister of Finance): Mr. Speaker, we have put many more resources at the disposal of the Minister of Employment and Immigration for his program this winter to cope with the problems of unemployment. In turn, particularly to help the maritime provinces in developing and having more investment, we have doubled from 10 to 20 the investment tax credit. We have done the same for research and development. This is the first time, since I became the Minister of Finance, that we have found enough flexibility in our policies to have fiscal policies which are conducive to more growth in the maritimes and the rest of Canada, and to have a special fiscal policy for the maritimes.

Some hon. Members: Hear, hear!

Mr. McGrath: Mr. Speaker, the minister is attempting to salvage what is left of his reputation as Minister of Finance, and the Prime Minister is attempting to explain away ten years of mismanagement by the government. According to the 1977 figures of Statistics Canada, especially in the Atlantic provinces and Quebec, family incomes have fallen behind by 4.5 per cent in real terms, thereby adding another 300,000 Canadians to the list of those already below the poverty line. Since this is something the minister cannot be proud of, perhaps he can explain why it is so. Let him explain that away.

● (1417)

[*Translation*]

Mr. Chrétien: Mr. Speaker, the night of the budget I explained that in the last three years Canadians have increased their net income by 7 per cent while our southern neighbours have seen their net income go down by 2 per cent. I think that is a performance we should be proud of.

[*English*]

Mr. McGrath: Mr. Speaker, keeping in mind the slow growth rate of the country and the government's pitiful record in regional development, perhaps the minister and his colleague, the Minister of Regional Economic Expansion, will look at what has been happening in the New England states adjacent to the Atlantic provinces, particularly at their growth rates and their rates of unemployment—which are the envy of the country—to determine what they are doing right and what this government is doing wrong. Has the minister examined that?

Oral Questions

CONSUMER AFFAIRS

PRICE OF TURKEYS

Mr. Lorne Nystrom (Yorkton-Melville): Mr. Speaker, my question is directed to the Minister of Consumer and Corporate Affairs. This morning, Ken Crawford, president of the Canadian Turkey Marketing Agency, said that wholesalers in the turkey business in Canada are withholding some 50 million pounds of turkeys from the market on an artificial basis in order to drive up prices before Christmas. He also predicted that if the government does not force them to release these 50 million pounds of turkeys, the price paid by Canadians will be the highest we have experienced in the last 45 years.

I would ask the minister whether he is aware of that situation and, if so, what is he doing to prevent the wholesalers from driving up prices artificially?

Hon. Warren Allmand (Minister of Consumer and Corporate Affairs): No, Mr. Speaker, I was not aware of that. As a matter of fact, during the summer and on several occasions since, I have made public statements urging marketing boards to increase the production of turkeys as an alternative to beef with such high prices. I have taken an opposite approach, and I am certainly surprised by this particular set of events.

Mr. Nystrom: Mr. Speaker, the marketing board says we have 50 million pounds of turkeys artificially being held back by the wholesalers, not the marketing board, with another 50 million pounds of turkeys now in the process of being killed and put on stream, which is about half the turkey production in this country. So the turkeys are there.

Since the farm price for turkeys went up by four cents a pound, and according to a government study in August the consumer price has gone up by some 15 cents a pound, I would ask the minister whether he has considered referring this matter to the combines investigations branch to determine whether this comes under consumer gouging or price fixing by the turkey wholesalers of this country.

Mr. Allmand: Mr. Speaker, I am alarmed by the allegations of the hon. member, and I certainly will pursue the matter.

Mr. Nystrom: Mr. Speaker, I am sure the minister will soon receive in his office the press statement by the turkey marketing agency of Canada, and from the president who held a press conference this morning, saying the things I am now saying in the House, namely, that as a result of this artificial stockpiling by the wholesalers, the retailers have now gone to the Canadian turkey marketing agency asking it to press for a further importation of turkeys from the United States to the tune of some three million pounds.

I would like to ask the minister whether he can assure us he will recommend to the Minister of Industry, Trade and Commerce that the supplementary import permit be denied and that, instead, he will force the turkey wholesalers to put on stream these turkeys they are holding back in order that we can have more jobs in Canadian agriculture and processing.

Mr. Allmand: Mr. Speaker, I will be glad to pursue the recommendations made by the hon. member, but I want to check the facts first.

* * *

THE CANADIAN ECONOMY

THE BUDGET—ECONOMIC GROWTH

Mr. James Gillies (Don Valley): Mr. Speaker, I want to direct a question to the Minister of Finance. Now that he has admitted real growth in the country will be around, or less than, 4 per cent this year, yet only 13 months ago he was saying we must have growth of at least 5 per cent or 6 per cent if we are to bring unemployment right down, I would ask the minister whether the government is giving up the proposition that one of the functions of budget-making, and one of the functions of economic policy-making, is to create reasonably full employment in the country.

Hon. Jean Chrétien (Minister of Finance): Mr. Speaker, it is always the objective of the government to create as much employment as possible and to review the level of unemployment. At the same time, we have to set our policies against the flexibility we have in present circumstances. Of course, we have had 4 per cent growth, or close to it, rather than 5 per cent as expected. There is less growth in all OECD nations than predicted. Even with a growth of 4 per cent, as I said, we managed in the last year to create 368,000 new jobs, while with 5 per cent growth last year we predicted we were going to have less than 300,000 jobs. So under the circumstances I think we have done quite well in terms of employment over the last 12 months.

● (1422)

Mr. Gillies: A supplementary question, Mr. Speaker. I am always astonished when the Minister of Finance quotes figures for growth of jobs. That is totally irrelevant; the question is how many people are out of work and what is the unemployment rate. That is what is important. It is also clear from the budget that the minister was not really making any really concerted attack on inflation. Given the fact that for the last 40 years the goal of budget-making has been to have relatively full employment and reasonable price stability, I am trying to discover, through my questions to the minister today, what were the goals of this particular budget, which is doing nothing about unemployment and nothing about inflation. What was the Minister of Finance trying to achieve in this budget?

Mr. Chrétien: Mr. Speaker, through the different measures that we have put forward, we have reduced income taxes paid by workers in Canada by almost $2 billion. We have also helped, thereby, to put more money in the hands of the people to buy more goods next year. We have also reduced the sales tax in order to reduce the cost of those goods which Canadians will be buying. At the same time as doing all that, we have managed to reduce the cash requirements of the government,

[Mr. Nystrom.]

because in the month of August we were able to produce some cuts in expenditures.

The policy of the government is to make more money available in the hands of the workers, and to lower prices. In doing so, we will be more competitive and, in being more competitive, we will have more people working in Canada's labour force.

Mr. Gillies: A final supplementary question, Mr. Speaker. I come back to the Minister of Finance because I think this is an important point. One has to be pragmatic and take into consideration what the minister has provided in his budget. Under the budget, neither unemployment nor inflation will be substantially reduced in this nation. Am I correct in understanding that the minister has said today that the principal goal of this budget was to reduce the cash requirements of the government? Is that the major aim of budget-making in Canada at the present time?

[*Translation*]

Mr. Chrétien: Mr. Speaker, I have just clearly indicated that the purpose of this budget was to control the level of inflation which has varied this year between 8½ per cent and 9 per cent. We hope that this level will be reduced next year to 6½ per cent. We hope also to create next year some 250,000 additional new jobs, which indicates that we are very concerned about the level of employment in Canada, and we have succeeded in introducing such a budget while reducing the cash flow requirements from $12 billion to $10.7 billion.

[*English*]

DECLINE IN MANUFACTURED EXPORTS

Mr. John C. Crosbie (St. John's West): Mr. Speaker, I have a question for the Acting Prime Minister. Between 1970 and 1976, Canada's share of the world market for manufactured exports fell from 6 per cent to 4.7 per cent. At the same time, the world demand for manufactured exports was increasing at an amazing rate.

I would ask the Acting Prime Minister, does he agree with the analysis of the Science Council of Canada's, Mr. John Shepherd and Mr. John Orr—this being a government appointed agency, by the way—that the real weakness in Canadian industry is in the area of fully manufactured goods? If the Acting Prime Minister agrees with that, what steps is he going to take to overcome this weakness, or does he think that these statements are balderdash?

Hon. Allan J. MacEachen (Deputy Prime Minister and President of Privy Council): No, Mr. Speaker, I do not believe that these statements are balderdash, even though when repeated by the hon. member they have not improved in transmission. They are serious views which will be taken into account by the government in its ongoing effort to develop and implement an industrial policy in Canada.

Mr. Crosbie: A supplementary question, Mr. Speaker. I am glad the Acting Prime Minister does not believe that these

statements are balderdash. Could he explain to the House why the Minister of Industry, Trade and Commerce has said that the Science Council experts are talking balderdash, as reported on November 13 in the Montreal *Gazette* and in every other newspaper that carries Canadian Press reports? The Minister of Industry, Trade and Commerce has said that they are talking balderdash, and I quote him: he said, "What do they know about running a business or the real business world?" Who speaks for the government in this matter, the minister, who spouts balderdash, or the Acting Prime Minister who has just answered my question?

Mr. MacEachen: Mr. Speaker, I would not conclude that the use of the word "balderdash" is a matter of government policy. I hope it does not become a matter of great concern in the Conservative caucus.

• (1427)

PUBLIC UTILITIES TAX REFUNDING

Hon. Marcel Lambert (Edmonton West): Mr. Speaker, my question is for the Minister of Finance. Some ten days ago I asked him about a pending government decision with regard to the public utilities tax refunding act. He indicated it would be decided at that week's cabinet meeting. Is the minister now in a position to tell the House whether there has been a decision? Has it been indicated to the ministers of finance of the provinces, and is he prepared to tell the House what the government is prepared to do about this question?

Hon. Jean Chrétien (Minister of Finance): Mr. Speaker, I am not in a position today to report anything new to the House.

Mr. Lambert (Edmonton West): A supplementary question, Mr. Speaker. Could the hon. minister tell me whether he has the concurrence of the Minister of Industry, Trade and Commerce in regard to this policy as enunciated by the President of the Treasury Board, since this proposal mostly affects the province of Alberta in a very negative way?

Mr. Chrétien: Mr. Speaker, I just said that when the time comes, I will report to the House of Commons. Discussions within cabinet are not for public exposure. I am going along very well with the Minister of Industry, Trade and Commerce.

Mr. Crosbie: Balderdash!

* * *

ADMINISTRATION OF JUSTICE

RCMP INVESTIGATION OF BOEING CONTRACT—REQUEST FOR PROGRESS REPORT

Mr. Allan B. McKinnon (Victoria): Mr. Speaker, my question is for the Solicitor General. It is now more than 18 months since the first published reports that Boeing was making so-called dual contract payments to its agents in Canada.

Will the minister tell the House approximately when the RCMP investigation was begun, whether there has been an interim or progress report since then to a minister or ministers and, for the record, when does he expect the final report?

Hon. J.-J. Blais (Solicitor General): Mr. Speaker, the matter was raised by me on a number of occasions with the RCMP. In reply to the hon. gentleman's question, I can only indicate to him that, as has been the practice in the past, the investigation is ongoing. I cannot advise the hon. gentleman at this time when it will be concluded, but I can indicate to him that I will be pleased to report to the House any progress in the matter.

Mr. McKinnon: A supplementary question, Mr. Speaker. The minister neglected to mention that I was told by the government a month ago that if I would be patient I would soon be satisfied one way or another with an answer. As Boeing stated that they executed dual consulting agreements in connection with sales in Canada, it would seem logical for the inquiry into this matter to start with the individual or company most likely to know the practice of Boeing during dual consulting agreements, that is, the regular consultant for Boeing in Canada. Has this been done? Can the minister tell me that and, if not, will he undertake to find out and report back to the House?

Mr. Blais: Mr. Speaker, the question the hon. gentleman poses requests information that would reveal the nature of the investigation and the progress of that investigation, which is something which I am not at liberty to do. In terms of the undertaking that he wishes me to give, I cannot give it.

* * *

THE CANADIAN ECONOMY

DISPOSABLE INCOME FOR CANADIAN EMPLOYEES

Mr. Robert de Cotret (Ottawa Centre): Mr. Speaker, I have a supplementary question arising from an earlier question to the Minister of Finance. Could the minister inform the House how he can talk in his budget and, again, in answers given today, about the need for a greater competitive position between Canada and the United States and at the same time stress the fact that real disposable income for employees in Canada has risen in real terms by 7 per cent, while it has declined in the United States by 2 per cent? It seems to me those two statements are in direct conflict and I should like the minister to explain.

[*Translation*]

Hon. Jean Chrétien (Minister of Finance): Mr. Speaker, I suggest there is nothing wrong in saying that the situation of Canadian workers has improved over the past three years. We must see to it that the competitive position between Canada and the United States does not deteriorate in the future because of excessive increases in wages and prices. One does not contradict oneself when one says to Canadian employees

that they have improved their situation over the past three years and that they must limit their demands in the future to help Canada maintain its current competitive position with the United States.

Mr. de Cotret: Mr. Speaker, can the Minister of Finance tell us, at this time, whether or not the disposable income of a Canadian worker should increase at a faster rate than, or at least decrease at the same rate as that of his American counterpart in the years to come, so that we can maintain our competitive position?

Mr. Chrétien: Mr. Speaker, I do not want to make a statement that will cover the next ten years. I can only say that, at this moment, the Canadian economy has recovered its competitive position with the economy of the U.S. and that we will have to take all the necessary precautions so that we do not lose it.

* * *

● (1432)

CANADIAN BROADCASTING CORPORATION

REASON CANADIAN U.F.C. FINAL NOT TELECAST

Mr. Irénée Pelletier (Sherbrooke): Mr. Speaker, my question was for the Secretary of State, but in his absence I will direct it to the Deputy Prime Minister. Last Saturday, two Canadian universities, the University of British Columbia, the western champion, and Queen's University, the eastern champion, were playing for the championship of Canadian university football. I would like to know why the CBC's French network did not televise this event which does much more for Canadian unity than the two old American films which were shown on that network?

[*English*]

Hon. Allan J. MacEachen (Deputy Prime Minister and President of Privy Council): Mr. Speaker, I will draw the hon. member's question to the attention of the Secretary of State who, I am sure, will be in touch with the CBC with respect to this matter.

* * *

CRIMINAL CODE

PROVISIONS RESPECTING CHILD ABUSE

Mr. Eldon M. Woolliams (Calgary North): Mr. Speaker, my question is for the Minister of Justice. In his absence, perhaps his parliamentary secretary or the Solicitor General would answer the question.

My question deals with the social problem of child abuse. Section 43 of the Criminal Code says:

[Mr. Chrétien.]

Every schoolteacher, parent or person standing in the place of a parent is justified in using force by way of correction . . . if the force does not exceed what is reasonable—

The Tree Foundation of Canada, which represents children who are abused and are being beaten, also asks whether this matter is under consideration by the Justice Department, so that when Bill C-51 returns to this House there will be sections in the Code regarding sanctions and with reference to child abuse; also other sections to protect children of this nation.

[*Translation*]

Mr. Claude-André Lachance (Parliamentary Secretary to Minister of Justice): Mr. Speaker, the matter of child abuse is of great concern to the minister. In that respect, one of the major concerns is related to the fact that given the very nature of the offences, most often they are not reported to police authorities. In that respect I would recall to the hon. member that on November 9, 1978, the subject matter of Bill C-204 in the name of the hon. member for St. John's East, respecting a Canadian bill of rights for children, was referred to the Standing Committee on Justice and Legal Affairs. I think this would provide hon. members of this House with a very good opportunity to express their concerns and make suggestions to the minister with a view to amending the Criminal Code accordingly.

[*English*]

Mr. Woolliams: Mr. Speaker, I wonder if I could get a statement at a later date, either from the parliamentary secretary or the Minister of Justice, on this subject—in light of the fact that 1979 will be the International Year of the Child. Would they take a hard look at the sections to the Code and the new amendments thereto, so children will be protected against abuse and beating, a problem which is becoming very prevalent and which is on the increase in Canada.

[*Translation*]

Mr. Lachance: Mr. Speaker, that question as well as all those regarding the rights of children—and I refer particularly to the matter related to the custody of the children and the difficulties encountered by custodians to keep their children when one of the spouses leaves the province concerned—all questions respecting the rights of children are currently under study, and again I repeat that the proceedings of the Standing Committee on Justice and Legal Affairs will provide a very good opportunity to examine those questions in detail and to make recommendations to the House.

[*English*]

RECOMMENDATIONS OF COMMITTEE ON HEALTH AND WELFARE

Mr. Paul Yewchuk (Athabasca): Mr. Speaker, my supplementary question is to the Parliamentary Secretary to the Minister of Justice. If the minister is concerned about this matter, as the parliamentary secretary seems to indicate, will he tell us why the minister has not taken any action whatso-

ever to implement any of the recommendations put forward by the Standing Committee on Health, Welfare and Social Affairs which did a fairly exhaustive study on this problem about two years ago?

[*Translation*]

Mr. Claude-André Lachance (Parliamentary Secretary to Minister of Justice): Mr. Speaker, many recommendations made by this committee were contained in the provisions of Bill C-51 amending the Criminal Code, which should come back to the House during this session.

* * *

[*English*]

URBAN AFFAIRS

CMHC LAND-BANKING PROGRAM

Mr. Bob Rae (Broadview): Mr. Speaker, in the absence of the Minister of State for Urban Affairs, my question is addressed to the Minister of Finance.

In light of the cutbacks which were announced by the government in relation to Central Mortgage and Housing in August and September of this year, in light of the fact that the land-banking program has also been abolished by the government, and in light of the fact that the special adviser to the task force on land-banking said that "profits being made in suburban land development are very, very high," can the minister tell us how much money the Canadian taxpayer is giving to the private land developers as contained in the two specific measures in the budget relating to housing that were announced on Thursday night?

[*Translation*]

Hon. Jean Chrétien (Minister of Finance): Mr. Speaker, if the hon. member would take the trouble to read the documentation tabled in the House Thursday night, on budget night, he would find the exact figures.

[*English*]

Mr. Rae: Mr. Speaker, I can assure the minister that I have taken the trouble to do that. I can also assure the minister that those figures are not there. If the minister will check, I think he will find that those specific figures are simply not in the budget, just as the unemployment figures are not in the budget.

Mr. Chrétien: Mr. Speaker, if the hon. member is not satisfied, he can always put the question on the order paper or put a question in writing. I do not bring the figures with me to every question period.

INDIAN AFFAIRS

REDUCTION IN DEPARTMENTAL BUDGET

Mr. Eymard Corbin (Madawaska-Victoria): Mr. Speaker, my question is for the Minister of Indian Affairs and Northern Development. Is the minister aware of a proposed $60 million cut in the Indian health services program of the Department of National Health and Welfare? If he is aware, did he make representations to the minister, on behalf of the Indians, and what was the minister's response?

Hon. James Hugh Faulkner (Minister of Indian Affairs and Northern Development): Mr. Speaker, I am not sure about the exact numbers. However, of course, the budget of my colleague, the Minister of National Health and Welfare, was affected by the recent cuts and it has had an impact on the Indian community. I have made that known to her. She had a very useful and constructive meeting with representatives of the Indian people across Canada and, as a result of that meeting, they have set up a working relationship to ensure that the impact is as minimal as possible.

* * *

FINANCE

TAX RESPECTING CHARITABLE ORGANIZATIONS

Mr. David MacDonald (Egmont): Mr. Speaker, my question is for the Prime Minister. It relates to the situation of the new tax form, T-3010, which the Prime Minister may not be aware of but which came into effect January 1 last year, having to do with the filing of public information on charitable organizations, of which there are some 50,000 in the country.

I wonder, since the law went into effect on January 1 last year, with the filing to take place by March 31 this year, why it is that on May 12 the Minister of National Revenue—I think the Prime Minister may remember him; he used to be a member of this place and he is now in the other place—this information is not available, and in fact it goes against section 241 according to the legal information he had obtained. First of all, can he indicate why that discrepancy should exist at all, with respect to the Minister of National Revenue, and why the information that was to become available in March has not yet been made available either to the general public, members of parliament or in reply to any inquiries from the media?

Hon. J.-J. Blais (Solicitor General): Mr. Speaker, on behalf of the Acting Minister of National Revenue who is not here I am pleased to advise the hon. gentleman that in terms of providing information it is not as a result of section 241 of the Income Tax Act; it is because there has been some delay in certain quarters in filing returns under the new legislation. That is, in large measure, as a result of the volunteer nature of the staffing of some of the public charities that have to make returns, and also because of the change in legislation which has necessitated additional information being made available

to the charitable corporations that would require them to make a return at this time.

Mr. MacDonald (Egmont): Mr. Speaker, my supplementary question is for the Prime Minister. Could the Prime Minister explain why, in light of the recognized obligation on the part of the government as expressed by the Solicitor General in responding for the Minister of National Revenue, we still have no commitment on the part of officials to make this information public, and why the Minister of National Revenue would specifically write to me as late as May 12, 1978, indicating that the legal opinion he had received was to the effect this information could not be supplied?

What information has the Prime Minister gained from the Minister of National Revenue that he could be so far in disagrement with the answer just given by the Solicitor General?

Right Hon. P. E. Trudeau (Prime Minister): Mr. Speaker, I will be happy to inquire. I take the question as notice.

* * *

● (1442)

EXTERNAL AFFAIRS

GOVERNMENT POLICY VIS-À-VIS CHILE AND ARGENTINA

Mr. Elmer M. MacKay (Central Nova): Mr. Speaker, my question is for the Secretary of State for External Affairs: it is with regard to the steady deterioration of relations between Chile and Argentina.

As the minister is no doubt aware, this has caused considerable international attention. Can the minister advise the House and the country of Canada's posture regarding the dispute between these two nations, both enjoying friendly relations with Canada, strategically situated in South America, and whether this country, either alone or together with other nations, is doing anything to help resolve the matters at issue?

Hon. Donald C. Jamieson (Secretary of State for External Affairs): Mr. Speaker, I think that the hon. member's definition of a "steadily deteriorating" position would have been correct up until perhaps a couple of weeks ago. The word that I have received within the last week or so is that there has been an improvement and that the negotiations are proceeding.

I am not certain that I am at liberty to indicate the country concerned, but there is an optimistic expectation that a particular country, a third party, will be able to serve as a mediator or negotiator between Argentina and Chile. Some word on that may come either before the end of the present month or early in December. Up to the present time, as the hon. member knows, we have taken a totally neutral stance on the grounds that we did not feel it was a matter in which it would be appropriate for Canada to take sides, particularly in view of the fact that the United Kingdom was seeking to act in a mediating role previously. I repeat my last point, namely that it should be possible to announce something with regard to a new mediation effort within perhaps a week or ten days.

[Mr. Blais.]

Mr. MacKay: I appreciate the minister's answer. Can he state whether he has any indication of the attitude of Bolivia and Peru with regard to this? Reports indicate that they are poised to take appropriate action, perhaps to get back some of the territory they lost 100 years ago in the Pacific war, if any hostilities should begin, keeping in mind the territorial claims to the Antarctic which could be analogous to our claims to the Arctic. That is the reason I asked the question. I wonder if the minister has contacted Peru or Bolivia and possibly Brazil, to see what their posture has been.

Mr. Jamieson: I have not done so in the immediate past. I have had conversations with Brazil and Peru during the past year on this subject. I must say that I have not talked to Bolivia on it. Certainly, the impression I got at that time was that all the parties were anxious for an amicable solution. The hon. member said it properly when he indicated that this is a dispute of long standing. Obviously, the best solution would be through this kind of third party intervention that I am hopeful will come about in the next little while, and perhaps the other parties could be brought into that same over-all settlement. I agree with the hon. member that it does have certain ramifications for Canada in terms of the Antarctic, but I doubt very much if the parallel is very exact.

* * *

CORPORATE AFFAIRS

PROPOSED MERGER OF MANULIFE-STANDARD LIFE

Mr. Walter Baker (Grenville-Carleton): Mr. Speaker, my question is for the Minister of Finance. It was reported at noon today that the proposed Manulife-Standard Life merger agreement had been cancelled. Can the minister indicate whether that is so?

Hon. Jean Chrétien (Minister of Finance): Mr. Speaker, I do not have any official information on this. At one time I agreed to accept in principle, but subject to further study, the proposed merger. I understood last week that there was some problem between the two partners, but I do not know whether they have made any official release with regard to it. I will inquire.

* * *

LOTO CANADA

ASSISTANCE TO PROFESSIONAL FOOTBALL TEAM

Mr. Otto Jelinek (High Park-Humber Valley): Mr. Speaker, my question is to the minister who is responsible for federal lotteries. It was learned this week end that Loto Canada has promised a Canadian professional football team $350,000 for improving its stadium facilities. As the minister knows, this parliament approved the extension of the original olympic

lottery to the present Loto operation with the understanding that the distribution of profits would benefit amateur sport, fitness, the arts and so on, and not, I emphasize the word not, professional teams or organizations. Can the minister advise this House why this obvious change of government policy has taken place, particularly without having consulted parliament?

Hon. Iona Campagnolo (Minister of State (Fitness and Amateur Sport)): Mr. Speaker, I would first refer the hon. gentleman to clause E2 of the final section of the memorandum of agreement with the provinces which clearly makes united distribution activities between the provincial and the federal government. This is the first co-operative venture by the Saskatchewan government-licensed Sasksport with Loto Canada. It is the first such action in this regard. I think E2 spells it out quite clearly. However, final arrangements as to amounts, dollars and so on, have not been made. The rather premature announcement by the Saskatchewan Rough Riders was taken up by Saskatchewan Information Services and put forward, in very favourable terms I might add. Further information will be forthcoming in a formal way in the near future.

Mr. Jelinek: The minister having read that answer, I would now like to ask her this. In the past she has made it clear in this House, as well as outside the House on a number of occasions, that Loto profits and distribution of profits from Loto Canada would not go to professional teams and organizations. Will she very clearly advise this House whether this is an isolated incident, or now that the government has changed its policies, whether it intends to distribute these profits to anyone as long as the provinces are in agreement?

Mrs. Campagnolo: No, Mr. Speaker. I can assure the hon. member that the philosophy of the lottery expenditures is still the same. What we are dealing with here is in the promotion and advertising section of the sale of the lotteries. We are looking, at co-operation in some 17 kiosks with Sasksport, selling both their tickets and ours, as was expressed in the federal-provincial agreement. This particular one would be over a three-year period. Saskatchewan officials are fully aware of and are in complete support of it. I believe that the hon. gentleman, as a friend of sport, might be as pleased, as I am, that this federal-provincial agreement and lottery are beginning to turn around some of the disagreements that have existed previously in sport, and of course he knows this facility is not limited to professional sport. A great deal of amateur sport also takes place in this facility.

* * *

EXTERNAL AFFAIRS

CANADA-UNITED STATES TAX CONVENTION

Mr. J. P. Nowlan (Annapolis Valley): Mr. Speaker, my question is directed to the Secretary of State for External Affairs. It follows on questions last week to the Minister of Industry, Trade and Commerce regarding the tax convention problem between Canada and the United States. I did not have a chance to ask the minister about this earlier. However, I know he is well briefed on all subjects. What is the present status of the negotiations with the United States regarding this tax convention problem whereby conventions held in Mexico and Canada do not receive the tax benefits, which is also linked to the border station problem involving telecommunications?

Hon. Donald C. Jamieson (Secretary of State for External Affairs): Mr. Speaker, this is a rather complex question to try to answer briefly. The situation is that we are continuing to make our representations to the United States. As far as the administration is concerned, I think it is fair to say, as vice president Mondale indicated while visiting Canada, that they are prepared to do something with regard to it. However, when the legislation was introduced in Congress, there were certain waivers and related issues that were brought into play. As a result, the bill did not pass prior to the mid-term election. That is the status at the moment.

We continue to insist through my colleague, the Minister of Communications, that there is no linkage between the convention tax on the one hand and the border television issue on the other. However, a number of Congressmen have taken the position that one has a bearing on the other and we are seeking to make representations to them. I may say that members on both sides of the House have been helpful through the Canada-U.S. Parliamentary Association in making representations in this regard.

Mr. Nowlan: I appreciate the complexity. There is obviously a dispute about linking these two issues. I am informed that some of the border stations have applied under the United States trade act for what is in effect retaliatory action and that that complaint is going to be heard by their commission on November 29. Is the government going to be represented at that hearing, or are we just going to read about it in the newspapers?

Mr. Jamieson: Mr. Speaker, we will certainly do considerably more than read about it in the newspapers. I would like to take the question as notice because I am not sure what form our presence is going to take. I know that Canadian broadcasting interests are going to appear. Whether it is appropriate for the government to appear before the United States or any foreign tribunal is another question. I would like to check it out from a legal point of view.

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VETERANS AFFAIRS

GIS AND CHILD TAX CREDIT BENEFITS

Mr. J. Larry Condon (Middlesex-London-Lambton): Mr. Speaker, my question is to the Minister of Veterans Affairs. Can the minister tell us if any steps have been taken to ensure that veterans and their dependants will receive the full increases resulting from the changes in the Guaranteed

Income Supplement and the introduction of children's tax credits?

Hon. Daniel J. MacDonald (Minister of Veterans Affairs): Mr. Speaker, as the hon. member knows, this legislation has not yet been passed. People in my department are looking very closely at this. We hope to be able to cope with the situation.

* * *

● (1452)

HOUSING

PROPOSAL TO AMEND NATIONAL HOUSING ACT

Mr. Andrew Brewin (Greenwood): Mr. Speaker, my question was intended for the Minister of State for Urban Affairs, but I will put it instead to the Deputy Prime Minister because I think it affects him.

The failure of the government to extend existing neighbourhood improvement programs will have an enormous impact on programs across the country by curtailing government spending at the expense of municipalities. Municipalities will be forced to raise property taxes or renege on their commitments. In light of the fact that a notice of motion to amend the National Housing Act appeared on the order paper a number of times before October 31 and has since disappeared from the government notices set out in the order paper, will the Deputy Prime Minister say whether it is the intention of the government to introduce legislation enabling contributions to be made so that municipalities may live up to their commitments in this field?

Hon. Allan J. MacEachen (Deputy Prime Minister and President of Privy Council): Mr. Speaker, it is true that there was notice of a bill in the name of the Minister of State for Urban Affairs and that it was later withdrawn. The reason it was withdrawn was to bring in the bill at a later point when certain policy matters had been finally resolved. That will be done soon, and the bill amending the National Housing Act will be brought before the House within a reasonably short period.

Mr. Brewin: In view of the housing needs of Canadians and the need to maintain employment may I take it from the reply of the Deputy Prime Minister that the government will make the necessary commitments to ensure that contributions will be made to municipalities so that they can proceed with essential housing, sewer and water programs? Will this be done after the matters referred to by the Deputy Prime Minister have been cleared up?

Mr. MacEachen: Mr. Speaker, I cannot tell the hon. member what will be in the bill. It will be a good bill, and I am sure the hon. member will support it, but its details will be disclosed later.

[Mr. Condon.]

URBAN TRANSPORTATION

DELAY ON PROJECT AT ATHALMER, BRITISH COLUMBIA

Mr. Howard Johnston (Okanagan-Kootenay): Mr. Speaker, I had hoped to ask my question of the Minister of Transport, but possibly his parliamentary secretary can be of assistance. Given increasing local concern about the inability to proceed on a much needed grade separation project at Athalmer, British Columbia, which is apparently dependent on the signing of a master agreement with B.C. regarding the urban transportation assistance program, will the minister personally intervene to expedite the completion and signing of that agreement?

[*Translation*]

Mr. Charles Lapointe (Parliamentary Secretary to Minister of Transport): Mr. Speaker, the minister himself is very concerned about this delay in the implementation of the urban transportation assistance program with British Columbia, and we shall make every effort to complete that agreement as soon as possible.

* * *

[*English*]

REGIONAL DEVELOPMENT

WATER SUPPLY FOR CASTLEGAR, BRITISH COLUMBIA

Mr. Bob Brisco (Kootenay West): Mr. Speaker, my question is to the Minister of Regional Economic Expansion. Can the minister report on the current state of discussions with the province of British Columbia and the city of Castlegar with reference to a proposal that the federal government assist in Castlegar's water distribution problem and in providing a supply of fresh water for Castlegar?

[*Translation*]

Hon. Marcel Lessard (Minister of Regional Economic Expansion): Mr. Speaker, following my most recent conversations with the minister of economic development of the province of British Columbia, I think I can say that there were in fact discussions between the province and the municipality about the supply of fresh water for Castlegar. We are still hoping to find a mechanism which will enable us to help the municipality as much as possible to obtain that supplementary piece of equipment for its municipal services but at this time I cannot report any progress since there are ongoing discussions between both levels of government.

* * *

[*English*]

FORESTRY

FOREST MANAGEMENT INSTITUTE BUDGET REVIEW

Mr. Donald W. Munro (Esquimalt-Saanich): Mr. Speaker, I am wondering whether the Minister of State (Environment)

is aware of a zero base budget review according to which the Forest Management Institute was under review, that the conclusion of this zero base budget review, among other things, was that the Forest Management Institute should not be cut and that it has since been cut by a cabinet decision? If the minister is aware that the zero base budget review came to this conclusion, can he explain why the cut was made?

Hon. Len Marchand (Minister of State (Environment)): Mr. Speaker, I am very much aware that there has been a zero base budget review of my whole department and that it has been gone over very thoroughly. I was not aware of the recommendation with respect to the Forest Management Institute, but I am very much aware that this institute has done much good work. I remind the hon. member that the work of the Forest Management Institute has not stopped. We have moved that work to what used to be called the Petawawa Research Station. We are contemplating giving that station a new name and giving new emphasis to the research program which is going on there. The Forest Management Institute is very much part of that work.

Mr. Munro (Esquimalt-Saanich): Mr. Speaker, since the minister is not aware of the recommendation regarding the Forest Management Institute, I wonder if he would agree that it would be a good thing to have that review looked into by the appropriate parliamentary standing committee. Will he ensure that a reference is made to that committee so that it might examine the documents involved and the cut proposed?

Mr. Marchand: Mr. Speaker, the committee can, of course, examine the estimates of my department. Its members can ask any question they want. However, the decision to move the Forest Management Institute to Petawawa has been made. A decision to move the Forest Fire Research Institute to Petawawa has also been made. There will be an amalgamation at that station which will contribute greatly to forest research in this country. The station will be one of the best forest research stations in Canada.

* * *

NATIONAL PARKS

GRASSLAND NATIONAL PARK—DATE WHEN AGREEMENT TO BE SIGNED

Mr. Frank Hamilton (Swift Current-Maple Creek): Mr. Speaker, my question is for the Minister of Indian Affairs and Northern Development. Can the minister say when we can expect an agreement between Canada and the province of Saskatchewan regarding the Grassland National Park to be signed? As the minister knows, the land owners involved have been waiting patiently for several years.

Hon. James Hugh Faulkner (Minister of Indian Affairs and Northern Development): Mr. Speaker, that was a subject of discussion during the course of the summer, and my latest information is that there has been a reconciliation in areas of difference. What I am not able to tell the hon. member at this point in time is whether we are close enough to an agreement to be able to predict a date. However, I will check that out and report back to the hon. member.

* * *

CROWN ASSETS

RESIGNATIONS AT CORPORATION'S EDMONTON OFFICES

Mr. Peter Elzinga (Pembina): Mr. Speaker, my question is for the Minister of Supply and Services. I am curious as to whether the minister is aware of the resignations of five employees at the Edmonton regional offices of the Crown Assets Disposal Corporation, the resignations being due to what has been called gross mismanagement at the upper levels of the corporation. If the minister is ware of this, is his office conducting an inquiry into these resignations?

[*Translation*]

Hon. Jean-Pierre Goyer (Minister of Supply and Services): Mr. Speaker, the management of the corporation is taken care of by a president and I am certain that if there were resignations and a new team was appointed it was done to ensure the greatest possible economic efficiency of the corporation.

[*English*]

Mr. Elzinga: Would the minister assure the House that he will do nothing to deter the appearance of the president of the Crown Assets Disposal Corporation before the appropriate standing committee, if that committee wishes to hear evidence?

[*Translation*]

Mr. Goyer: Mr. Speaker, it is obvious that the corporation is answerable to the House and I am sure the president, Mrs. Nadeau, will be pleased to fulfil the wishes of the House.

* * *

[*English*]

RAILWAYS

MINISTERIAL DIRECTIVE REGARDING BRANCH LINE STUDY

Mr. Arnold Malone (Battle River): Mr. Speaker, in the absence of the Minister of Transport I will put my question to his parliamentary secretary. On what date did the minister or any member of his staff release a directive indicating that 2,300 miles of line which were to be secured for further study by Chief Justice Emmett Hall were lines which were to receive an abnormally low standard of service? That is a pattern which is showing up, and that is exactly what is happening regarding those 2,300 miles of line.

[*Translation*]

Mr. Charles Lapointe (Parliamentary Secretary to Minister of Transport): Mr. Speaker, I do not know the exact date but I will inquire and inform the hon. member.

● (1502)

[*English*]

PRIVILEGE

MR. MACDONALD (EGMONT)—ANSWER OF SOLICITOR GENERAL DURING QUESTION PERIOD

Mr. David MacDonald (Egmont): Mr. Speaker, I would like to give notice of a question of privilege arising out of today's question period. The Solicitor General (Mr. Blais), speaking for the Acting Minister of National Revenue (Miss Bégin), confirmed that access to information on registered charities has in fact been the law of this land since January 1, last year. On May 11 in raising this very same matter, which is reported at page 5316 of *Hansard*, I received a very clear indication that the information would not be made available, and the following day I received a letter from the Minister of National Revenue (Mr. Guay) confirming in very definite terms that such information could not be made available.

Ordinarily I would proceed with the question of privilege at this point, but in view of the commitment by the Prime Minister (Mr. Trudeau) to investigate the very great differences of opinion which presently exist between the Solicitor General, the information generally available about the provisions of that legislative action, and the communications directly from the Minister of National Revenue himself, I will await a further report from him. Certainly this situation parallels very closely the present situation confronting the hon. member for Northumberland-Durham (Mr. Lawrence) and the question of privilege he has raised in this House.

MR. CHRÉTIEN—CORPORATE AFFAIRS—PROPOSED MERGER OF MANULIFE-STANDARD LIFE

Hon. Jean Chrétien (Minister of Finance): Mr. Speaker, on a question of privilege I would like to answer a question asked by my friend, the House leader of the official opposition, the hon. member for Grenville-Carleton (Mr. Baker), that indeed both Manulife and Standard Life have decided not to proceed with the merger.

Mr. Walter Baker (Grenville-Carleton): Mr. Speaker, on the question of privilege that is raised by the Minister of Finance (Mr. Chrétien), I would like to thank him for the answer. The question now is, what was the minister's involvement? As I understand it, is was a transaction involving $5.7 billion. Has there been approval of any kind given by the Minister of Finance with respect to the transaction itself, and has there been approval by the minister of the decision not to proceed? Would the minister be prepared to make a statement on motions so that we can understand exactly what did happen, and the involvement of the Department of Finance in that transaction?

Mr. Chrétien: Mr. Speaker, last summer the Superintendent of Insurance held talks with Standard Life and Manulife about the merger. Our position was that in principle we were not in disagreement with the merger, subject to verification of certain legal, accounting and actuarial problems, but the parties decided not to proceed, which concluded the matter.

Mr. Speaker: Statements by ministers.

ROUTINE PROCEEDINGS

[*English*]

POST OFFICE

ANNOUNCEMENT OF NEW POSTAL RATES

Hon. J. Gilles Lamontagne (Postmaster General): Mr. Speaker, I am pleased to have this opportunity to make a brief statement on motions, and in particular to say a few words about the Post Office and Post Office rates. As hon. members will recall, on October 20 when I tabled the 1978 Post Office annual report, I also gave a statement to the press noting that, for the first time since the fiscal year 1971-72, the upward trend in the Post Office deficit had been reversed. I attributed our improved financial picture to the rate increase in the previous fiscal year, and to improved mail volumes.

The rate changes actually began with the two-stage increases of September, 1976, and March, 1977, and continued with the rate change of April, 1978. They are part of a staged process, not only to narrow the gap between revenues and costs but also to restore an appropriate balance between postal revenues and general taxation required to offset the costs of providing postal services to Canadians.

That balance had been changing over the years, with the taxpayer paying a higher percentage of postal costs and the postal user paying less. The portion of postal costs in excess of revenues, subsidized by government from general taxation, averaged 13.7 per cent during the 1960s and early 1970s, with no year exceeding 20 per cent. But rapidly rising costs outstripped the growth in revenues, and by 1975-76 the percentage of costs funded by government had risen to 49 per cent. Rate increases help to shift the balance back in the other direction. In fiscal year 1976-77 the percentage of costs funded by the government declined to 42.8 per cent. In the fiscal year ending March, 1978, subsidization through general taxation declined to 37.2 per cent. By asking the postal user to pay more for his share of the cost of mailing a letter, we help to reduce the cost to the taxpayer while increasing it for those who are actively using the service.

[*Translation*]

There are, of course, certain things that the Post Office cannot do. I cannot ask some Canadians to pay more for mailing their letters for the only reason that they live in one of the largest areas of the country far from cities or main transport systems. I cannot decide to serve some Canadians and not others because it would not be profitable.

[*English*]

The Post Office is a complex blend of service and business. Because it is a service the Post Office must provide basic, national mail coverage to all Canadians, wherever they live, for the same reasonable price. Rightfully, therefore, there must be some element of government funding to help provide this national service. But the public purse and the public patience both have limits. Because the Post Office is this hybrid of service and business, its stockholders, the people of Canada, have the right to expect that it will live by the same economic rules that govern any large business. That is the only way that the Post Office will keep its costs and revenue figures under control, and its demands on the pocketbooks of the taxpayers to a reasonable minimum.

On the costs' side of the ledger, wages and transportation continue as the major costs of doing business. For more than a year the Post Office has been cutting back on those budget items that do not contribute directly to the operational side of the business. This means stringent control over the use of man-years, less spending on administration, and limitations and cutbacks on some programs, and we are keeping at it daily.

[*Translation*]

Mr. Speaker, the transport of mail is another very costly factor of postal operations. The Post Office can act in some sectors where they can control costs, through energy saving, the use and design of vehicles. It is more difficult to control other transport sectors, because the rates are set by airlines, railways and shipping companies. At this time when the cost of fuel is constantly increasing, transport companies can hardly control their expenditures and that is reflected in their rates.

[*English*]

Postal revenues are determined by mail volumes and postal rates. Mail volumes continue to increase, but at a low rate. Volumes for the past fiscal year were 5.9 billion pieces of mail, an increase of only 2.8 per cent over the previous year.

That leaves postal rates. Sensible and business-like measures to control costs, and vigorous action in the marketplace to increase volumes are contributing to an improved financial position. By themselves, however, these measures are not enough to bring down the size of the Post Office deficit. To be fully effective they must be coupled with rate action that will bring in more revenue.

We feel that an increase in postal rates is warranted at this time, Mr. Speaker. It could be viewed as a continuation of the process commenced in September, 1976, to restore an appropriate balance between postal revenues and the general taxation revenue needed to offset the costs of doing business. However, equally important, a postal rate increase now also will help to improve the financial position of the Post Office at a time when the department is preparing for the complex change-over to Crown corporation status. Accordingly, we propose to implement price increases to most classes of domestic and international mail to take effect at the beginning of the next fiscal year, April 1, 1979.

● (1512)

At the same time, the basic first class letter rate will be increased from 14 cents to 17 cents.

Some hon. Members: Shame, shame!

Mr. Lamontagne: Also there will be selective increases in other classes of mail and in some service fees. Full details of the new rates will be spelled out in a news release which will be issued from my department today. Also, postmasters will be given details of the rate revisions.

[*Translation*]

Taking into account what I have just said, Mr. Speaker, we suggest the implementation of rate increases for most mail classes at the domestic and international levels beginning next fiscal year, that is on April 1, 1979.

On that date, the basic rate for a first class letter will rise from 14 to 17 cents. There will also be rate increases for other mail classes and fees for some services. The new rates will be explained in detail in a press release which my department will be issuing today. The postmasters will also receive detailed explanations on the new rates.

[*English*]

Indeed, even with these increases, Canadians will be paying among the lowest rates of major western countries.

Some hon. Members: Hear, hear!

Some hon. Members: Oh, oh!

Mr. Lamontagne: Australians now pay the equivalent of 26 cents, and the French pay the equivalent of 30 cents. The people of Great Britain pay the equivalent of 19 cents Canadian for a first class letter. The current rate in the United States, expressed in Canadian equivalents, is approximately 17 cents.

While I am on the subject of postal costs and rates, it might be a propitious time to announce that the proposed rates for second class publications are the result of consultations with my colleague, the Secretary of State (Mr. Roberts). They were reached under the terms of a memorandum of agreement which we both signed on behalf of our respective departments.

Briefly, the agreement indicated that the Post Office will no longer be responsible for establishing postal rates for certain types of mail. Instead, the responsibility for reimbursing losses incurred through publishers' postal rates will be transferred to the Secretary of State. The effect of the agreement will be to reduce that portion of our deficit incurred by carrying publications for postage far below the cost of providing the service.

In conclusion, I hope I have demonstrated to hon. members of the House today that a postal rate increase is necessary, and that it will help to bring about a better correlation between postal rates and the cost of providing postal service. It is part of our ongoing efforts to reduce the size of the deficit which must be paid for by all the taxpayers of Canada.

Some hon. Members: Hear, hear!

Post Office

Hon. W. G. Dinsdale (Brandon-Souris): Mr. Speaker, all hon. members are aware that the Canadian Post Office service, which used to be one of the most efficient in the world, in recent times has fallen upon less happy days. Unfortunately the Post Office Department has become the butt of a lot of humour across the nation doday.

I do not think the statement which the Postmaster General (Mr. Lamontagne) made in the House today will do anything to enhance the reputation of Canada Post, at a time when it is most urgently needed. As I listened to his presentation, I realized that it was almost a detailed repetition of the statement made in the House one year ago almost to the day. On November 21, 1977, his predecessor, the present Solicitor General (Mr. Blais), made a statement. That was almost identical to the one we heard today. If this type of procedure continues, successive postmasters general should dust off the old speech and rise in their places to table it as read.

At the outset of my remarks this afternoon I want to make the point that something much more positive than this annual, ritualistic increase in postal rates must take place if Canada is to have the quality of postal service which is urgently needed. I admit that the statement last year was a little more realistic than the one made today by the Postmaster General, because it indicated that there were some real problems which had to be be dealt with if we were to bring the growing deficit into line.

The Postmaster General indicated that there were two sources of revenue: volumes of mail and increased subsidies from general revenue. Unfortunately over the past decade the balance has been going in the opposite direction, as between the positive and negative. The subsidies from taxpayers' revenue have been going up, and the volumes have been decreasing. This point was made in specific terms last year when the then postmaster general mentioned, because of the growing problems in the Post Office, that the projected volumes of first class mail, which is the real revenue earner, were down by one billion pieces. Also he made the specific point that the parcel post volume was back to the level it had been 20 years ago. By personal investigation I know that situation has not improved during the past year.

If anyone visits the huge Gateway plant in Toronto, he will find that the mechanized parcel sorting facility, which still has to be automated, is not functioning as intended. Instead of having increased volumes, which might have derived from improved marketing procedures, most of the parcel post, except for experimental runs which are being conducted in order to keep the computers in operation—

An hon. Member: That is not true.

Mr. Dinsdale: I should like to tell the hon. member for Peel-Dufferin-Simcoe (Mr. Milne) that it is true. If he visits the plant, he will find out for himself that the computers are not functioning as originally intended. Because his constituency is in that area, the hon. member knows that the Post Office has rented the Canadian Arsenal facilities in order to process the parcels manually, rather than using the expensive machinery and computers which were supposed to handle the mail at this time.

The essence of the Postmaster General's statement this year introduces a new philosophy into Post Office financing. Referring to the announced increases he said the following:

> They are part of a staged process, not only to narrow the gap between revenues and costs, but also to restore an appropriate balance between postal revenues and general taxation required to offset the costs of providing postal services to Canadians.

● (1522)

That is a new philosophy for financing the Canadian Post Office. It is almost a new mandate, as I am sure the hon. gentleman is aware that the mandate prescribed in Post Office regulations is to the effect that the Post Office is to provide postal service to the people of Canada at reasonable rates and at a standard of service adequate to meet their needs without incurring subsidies from general revenue.

The Postmaster General speaks optimistically of the declining deficit. I have the appropriate figures before me as compiled by the Canadian Tax Foundation in its report for 1977-78. This makes interesting reading.

In 1970 the Post Office Department registered a surplus of $14.3 million. The Post Office was then living within its mandate, providing an efficient service without incurring subsidies from general revenue. In 1971 there was a deficit of $31 million. In 1972 the deficit was $9.5 million. In 1973 the deficit increased to $26.4 million. In 1974 the deficit was $111.2 million. In 1975 the deficit was $252.4 million. In 1976 the deficit took a great leap to $468.9 million. In 1977 the deficit was $488.8 million, almost half a billion, and the estimated deficit for the current fiscal year, as indicated by the Postmaster General's own figures, has soared to over one half a billion, or $524 million. That is a pretty bad picture, as I am sure the hon. gentleman would agree, and these figures are from the Canadian Tax Foundation report. Coincidentally, they parallel the years this administration has been in power.

This is typical of the pattern of rising costs, soaring inflation, and other difficulties that have befallen the Canadian economy during the past ten years of the present Liberal administration.

In the few minutes that remain let me indicate to the Postmaster General that much more positive policies will have to be instituted if we are to reverse this unhappy state of affairs. This is not the first time the official opposition has outlined these matters in the House. The minister refers to a Crown corporation requiring additional infusions of money from the treasury. I suggest that does not necessarily have to be so.

As we have pointed out on several occasions, the Crown corporation method of organization and administration in the Post Office has been operating in the United Kingdom now for almost a decade. It was instituted in 1969 after very careful study and reports, both parliamentary and private. This is something we have been urging for the past several years in order that we can get at the facts.

Following this institution of the Crown corporation system in the United Kingdom in 1969, almost immediately there was a strike. That strike took place in 1971, so Crown corporations do not represent the solution to all the problems of the Post Office. This was a strike in that newly formed Crown corporation in the United Kingdom as a result of management failing to consult with unions on mechanization and automation programs. The process of mechanization was slowed down in the interests of labour-management relations.

Management and the unions came together, along with the postal users, in advisory committees where there was constant and continuous consultation. Training programs were instituted for supervisors and shop stewards in order that problems would be resolved on the plant floor as they arose rather than being allowed to accumulate in thousands of grievances as they have in Canada where there are some 10,000 plus grievances clogging up the present grievance process. Parliamentary investigations were organized on a regular basis to get at the root causes of problems in the British Post Office. The experiment of industrial democracy has been instituted, and this has induced in the British Post Office a spirit of co-operation rather than confrontation, and has resulted in returning the British Post Office to its former efficiency.

I maintain that exactly the same happy situation could obtain in Canada if the government would only provide the necessary leadership. The British Post Office is living within its mandate, showing a surplus of $83 million in postal operations at the present time.

My final suggestion to the Postmaster General is that he must do something about creating happier relationships with postal users. We have pursued this subject in a series of debates in the House in the last year, specifically regarding the method used by the government in increasing postal rates.

The Post Office Act, section 10, says this must be done by the authority of parliament through a formal legislative amendment. This was sustained by the Standing Committee on Regulations and Other Statutory Instruments. As a result of the arbitrary procedure on the part of the Post Office Department one of the major postal users in Canada, periodical publishers, took the government to the Supreme Court. They lost the first round but are now appealing. I am not going to discuss that in any more detail today other than to point out that this is no way to create good customer relationships, with customers having to take the government to court because of the arbitrary manner in which it has increased their costs.

I am sure we all understand why the Canada Post Office is in such difficult straits today, and why it is not working as an efficient operation. Just a month ago we had the last confrontation between labour and management in the Post Office. I had hoped the Postmaster General might have used the opportunity of this statement to report some positive developments. The moment of truth is now upon the Postmaster General and the government. We have reached a point of no return.

If the Postmaster General thinks that the establishment of a Crown corporation will be the *sunnum bonum,* or a universal solution to all his problems, he is sadly mistaken. We insist that there must be a parliamentary inquiry so that the people who are most vitally concerned with postal services, the unions, the customers or postal users, will have a chance to appear before that committee to express their concerns. We are confident that if this sort of dialogue or consultation takes place, and if an atmosphere of co-operation replaces the present atmosphere of confrontation, we can restore the postal service to its position of high efficiency.

Mr. John Rodriguez (Nickel Belt): Mr. Speaker, in responding to the Postmaster General's statement this afternoon first of all I want to observe that since 1972 this is the fourth postmaster general we have had. Can you imagine any kind of corporation operating with that sort of revolving door leadership—the fourth postmaster general in six years, or a little over a year and a half for each?

What has the Postmaster General (Mr. Lamontagne) announced today? He has announced a first-class mail rate increase from 14 cents to 17 cents, an increase of 21.5 per cent. For greeting cards he has moved the rate from 12 to 15 cents, an increase of 25 per cent, and this by a postmaster general who is so tough with the workers, saying that they have to hold the line. The average wage increase last year was 6.8 per cent. The increase in the cost of services is three times the average increase in wages last year. What increase has he made in the rate for junk mail? It is a marginal increase.

● (1532)

I cannot understand why the Postmaster General and the government continue to subsidize those who are obviously advertising to make money. Why are the taxpayers being asked to subsidize these corporations? Does it make sense that, with a very costly mechanized system and well paid workers, we subsidize junk mail in this country? I just do not understand that.

Since the Postmaster General has been in his post we have had two increases in postage rates and deteriorating relations between postal workers and Post Office management. As a matter of fact, asking this Postmaster General to run the Post Office is like asking Evil Knievil to park your car—it is absolutely hazardous. What is the Postmaster General's rationale for these increases? His rationale is that in the United States they pay the equivalent of 17 cents and in the U.K. they pay the equivalent of 19 cents. I can be equally ridiculous: in Uganda they pay the equivalent of 30 cents, and in Nicaragua they pay 27 cents. Service is what counts, and it is service that has been deteriorating.

My colleague from Humber-St. George's-St. Barbe tells me that to mail a newspaper first class from St. John's, Newfoundland, for example, to Ottawa, takes five to six days. The Post Office Department has not yet heard about the airways. The service just does not justify these massive percentage increases in postal rates at all.

I suggest to the Postmaster General in all seriousness that the people of Canada are looking to see how effectively the Post Office is run and how cost conscious it is. I want to put on

record some of the obvious misuse of public funds taking place in the Post Office Department. The first one I want to deal with is the whole slew of grievances outstanding, and I want to deal specifically with the breach of clause 39.07 by the Post Office. There is an expenditure in the Post Office that should never have occurred. We have the case of the workers grieving the use of casual help in the Post Office. They wanted an adjudication. The Post Office Department appealed it to the Federal Court and lost that appeal. Then they took the matter to the Supreme Court of Canada.

I want to put on the record a statement by Mr. Corkery, the deputy postmaster general, in the submission he made to the Supreme Court of Canada. Paragraph six states:

> If the decision of the Federal Court of Appeal in O'Toole is allowed to stand, the moneys that would be required to be paid out to all the grievors would exceed $2 million. Further, there would be substantial costs that would be incurred in the future.

There, Mr. Speaker, is an expenditure that was unnecessary.

The Acting Speaker (Mr. Turner): Order. The Postmaster General (Mr. Lamontagne) is rising on a point of order.

Mr. Lamontagne: Mr. Speaker, the hon. member is digressing and dealing with history rather than with raising postal rates. At the moment he is discussing the grievances of employees of the Post Office. We are presently setting up a mechanism to see that these are settled. Arbitration is going on and discussions are taking place with the union. Why does the hon. member not start discussing the rate increases?

The Acting Speaker (Mr. Turner): I would suggest that that is not a point of order. The hon. member for Nickel Belt.

Mr. Rodriguez: Thank you, Mr. Speaker. I understand the sensitivity of the Postmaster General; he has a thin skin, and with reason. He is asking the people of Canada for a rate increase, and they want to know how he can justify a rate increase. How efficiently has he been running the Post Office? How has he saved more money? It is going to cost us over $2 million, according to Mr. Corkery, to give justice to the people who have grieved, and that does not include the cost of litigation all the way to the Supreme Court of Canada. When the case got to the Supreme Court of Canada it was thrown out, the court holding there were no grounds for appeal.

I wonder, whether the Postmaster General will now put the people of Canada to the expense of having all of the remaining 2,699 grievances, taken all the way to the Supreme Court of Canada. That would amount to a pretty cost, but I suppose that he would say that it will come out of the Justice Department's funds. It still comes out of the taxpayers' pockets.

About a month ago we saw a great campaign being conducted in all the newspapers across the country, local as well as national. This campaign cost $150,000. Did it help solve the problems in the Post Office? Not one whit. What it did was make propaganda to enable the Post Office to amass public support against the inside workers in the Post Office. It did not move one piece of mail faster or more efficiently. I think that expenditure was an absolute waste of money and certainly should not necessitate a rate increase.

One must look at all of these things in total, Mr. Speaker. During this period 53,000 employees were called in by management, each one individually, for a period of one hour. For each employee there was a flip chart regarding the offer made by the Post Office to CUPW. This process was repeated a second time. In other words, 53,000 workers times two hours, times a base rate of $6 an hour, I work out at pretty close to $630,000, and that does not include the wages of management who had to take these people through the mulberry bush in going through this process for the benefit of the ego of Post Office management.

Another costly item is the provision of television cameras which have been set up in the Post Office to watch people sort mail. I think this is a cost which should be eliminated immediately, and the cameras taken out. Instead, effective line management in the Post Office should be developed. At least management would be able to talk with the workers when supervising them on the job. A bloody camera does not do that. No personal interrelationship or rapport is being developed within the Post Office with that kind of snooping.

I also want to raise the question of the proposed Crown corporation. This is another objection we have at this particular time to this increase of 21½ per cent in first class mail postage rates and 25 per cent for cards. It seems to me there ought to be a moratorium on any rate increases until this Crown corporation is put in place and is able to take a look at the needs of the Post Office and the way in which improvements can be made in service to the taxpayers of Canada. The way this whole system is going to work should be examined.

I know that the minister, in the twilight of his postmaster generalship, wants to feel important at this point. We can all appreciate that, and an ego massaging is going on right now. But he would have served the public better, I think, at this time, one month after creating havoc, and continuing to create havoc in the Post Office, and then having the gall to come here and tell the people of Canada that on April 1, 1979, there is going to be an increase in first class mail rates of 21½ per cent and a 25 per cent increase in rates for greeting cards, if he had got up in this House and shown that he had done something great for the people of Canada in terms of mail service.

I think it is absolutely imperative that there be no increase in rates whatsoever until the Crown corporation takes a look at the way the Post Office operates and how best the costs can be borne. It seems to me that is what the minister should be looking at, and not coming here making announcements on the eve of the defeat of this government. That is equally unacceptable.

● (1542)

Last of all, Mr. Speaker, I want to say in all seriousness that the government is using expediency. The Postmaster General says, "We are going to be tough; we are going to clean up those workers in the Post Office, and I am going to make this thing all service and business." I like that, Mr. Speaker! The

twins of the minister's imagination—"This is a corporation of service and business." Having moved in the Post Office with Mr. Corkery from de Havilland, and a gentleman who has now gone to another department from the Department of Industry, Trade and Commerce, as well as Mr. Paré from Steinbergs, via Princeton or somewhere in the United States, all with the businessman's mentality, the minister is going to run the Post Office like a business.

He tells us, "We are going to make this thing pay its way, so we will increase the costs," and he uses this fallacious argument of comparing us with the United States, Uganda, and all the rest. They are the most ridiculous comparisons, Mr. Speaker.

What the minister has done is to use expediency in this announcement, rather than planned postal development. There is no planned postal development. It is an expedient measure with which he hopes to convince the corporate sector that we have a tough minister in charge and that things are going to start rolling. It is hoped there will be some financial support from the Liberal party when the bagman goes calling.

In all seriousness, Mr. Speaker, I think if the Postmaster General were to do the honourable thing he would resign his position.

Some hon. Members: Oh, oh!

Mr. Rodriguez: Hon. members opposite scream. All I ever heard in this House when the minister first came was that he was mayor of Quebec city and that there was never an industrial dispute there. But there never was a union either! Now he has found out what it is like to deal with unions, and not with pussycat unions or sweetheart unions, but tough unions that are concerned about working conditions.

I think if he were to do the right thing by the people of Canada he would do what—

The Acting Speaker (Mr. Turner): Order, please. The minister rises on a point of order.

Mr. Lamontagne: Mr. Speaker, on a point of order, first of all, the hon. member is always talking about the Post Office with a kind of masochistic delight. He seems to say practically anything he wants to say. I want to raise a few points, Mr. Speaker, that are absolutely false. When he said that we subsidize junk mail—we do not subsidize it—

Some hon. Members: Order, order!

Mr. Lamontagne: I can answer. Mr. Speaker, may I speak?

I think what he said was that we are subsidizing junk mail. That is absolutely false. We do not subsidize junk mail. He said that in Quebec city we have no union. Mr. Speaker, we have four unions that are members of respected international unions—

The Acting Speaker (Mr. Turner): Order, please. I would suggest to the hon. Postmaster General that he is now in a position of dispute or debate. The hon. member for Nanaimo-Cowichan-The Islands.

Mr. Douglas (Nanaimo-Cowichan-The Islands): Mr. Speaker, the Postmaster General (Mr. Lamontagne) rises on the pretence of a point of order and is proceeding to carry on a debate. I think it would be a debate we could all get into, and the Postmaster General should resume his seat unless he has a genuine point of order. I ask Your Honour whether he has a point of order and, if so, what it is.

Mr. Collenette: Mr. Speaker, I should like to use the words of the hon. member for Nanaimo-Cowichan-The Islands (Mr. Douglas). He is talking about debate. The hon. member for Nickel Belt (Mr. Rodriguez) has been on his feet for twenty minutes. He has not stuck to the original purpose of the Postmaster General's remarks in this point of order, which is to announce the rate increase. He is making a political speech for the benefit of his friends in the postal unions. I think order should be called. At the least the hon. member for Brandon-Souris (Mr. Dinsdale) stuck to the topic.

Mr. Rodriguez: Needless to say, Mr. Speaker, the parliamentary secretary is very sensitive. I can understand the sensitivity over there and the need for support. I doubt, Mr. Speaker—

The Acting Speaker (Mr. Turner): Order, please. The hon. member is getting into a position of debate. He has used fourteen minutes, the time that was allotted to the hon. member for Brandon-Souris (Mr. Dinsdale) and I would suggest that his time has expired.

Mr. Rodriguez: Mr. Speaker, the final proposal I make—

The Acting Speaker (Mr. Turner): Order, please.

Mr. Rodriguez: —with respect to these rate increases is that the Postmaster General ought to do the honourable thing and vacate that position, because certainly what he has announced today is expediency and not planned postal development.

[*Translation*]

Mr. C. A. Gauthier (Roberval): Mr. Speaker, I will try to speak more briefly than the previous member, but I would like at least to congratulate the minister for having had the courage this afternoon to announce an increase in the postal rates and to propose turning the Post Office Department into a Crown corporation.

It is quite obvious that Canadians are wondering when those constant increases will come to an end and when we will at last have a Postmaster General who will have enough time to learn what is the Post Office Department. When we consider that there were four postmasters general over a six-year period we should not expect a member who has never held such portfolio to learn his job in two, three or four months.

That is very tough and I pity those who after having been minister for two years or two years and a half have to quit for whatever reason, sometimes probably because of the hardship of their job but maybe sometimes also because of the criticism to which they are subject from everywhere. Of course, the Post Office concerns not only the government but also the public as a whole because people pay for the postal service. One must also bear in mind that this is a service and that it cannot be transformed into a profitable business as long as it is considered as a social service, as a service to the whole population. We are told that the current increase is due to a salary raise, to lower productivity in the Post Office as compared to the productivity level in other areas, in private industry or in Crown corporations where productivity is said to be better.

Mr. Speaker, that is where a question crops up in my mind. We must ask ourselves what is the cause of this. Why are the Post Office employees not interested, like other workers, to work industriously?

Mr. Boulanger: There are too many socialists.

Mr. Gauthier (Roberval): An hon. member from the government side tells me there are too many socialists, but I personally do not believe it. Rather it is because the employees feel they are isolated. I think the crux of the problem is the lack of dialogue between employer and employees. It is a well known fact that when a boat is running adrift, it is not easy to get it back on course. And I think this is what the present minister is trying to do, to get back on course a boat which has been running adrift for several years. Are we going to achieve this by creating at last a Crown corporation where the same old mentality will remain unchanged? That will not make any difference. The employee will still face a boatswain wanting to foist his wills on him. That is the point I want to make.

The government insists on imposing its dictatorship in all sectors without previous consultation. It does so in every field. It does so even with the provinces imposing its will upon them year in and year out without consulting them to find out what is good for them. The government does the same thing with the postal union. I have often had the opportunity of chatting with the postal workers; they would love to see a healthy atmosphere created in which they could live and breathe freely, in which they could enjoy working. But no! That atmosphere has yet to come.

I do not know whether the present minister will manage that outstanding feat of straightening out matters in the Post Office. On the other hand, the people complain about getting just about the worse service in fifty years despite all the streamlining, namely, automation and all the other experiments the former speaker mentioned a while ago, including a television hook up to supervise the workers—all we need now is a television set for every worker so that he can supervise his own work—but that is where money is being spent foolishly. In addition, the employees are not trusted. I have employees and

I know very well that if I did not trust them, I would not be here today because my business would have gone belly-up. But it works because I trust my employees, and a department whether it be the Post Office, Public Works or Transport must trust its employees. That is a must, and I am convinced it would pay dividends. Let us then stop saying we will win that point, and we will do this or that; we will fight and go before the courts and things will work out—Let us put an end to that!

The government is going to have to give up its dictatorial approach and acquire more social manners. We are no longer in the eighth or tenth century—we are in the century of social life. If the present minister keeps that in mind and wants to succeed—I know he wants to succeed and put back together that famous postal service to the great satisfaction of everyone in this country who need it urgently—I believe he is going to succeed only if he puts himself at the level of the postal workers, postal officials and talks with them on an equal basis. That is the secret, Mr. Speaker. If he does that, I can guarantee the minister he is going to succeed with his reform. But if he does not do that, we are going to continue to have what we have today.

● (1552)

[*English*]

Mr. David MacDonald (Egmont): Mr. Speaker, I want to put a question to the Postmaster General (Mr. Lamontagne) which concerns the latter part of his statement. The minister mentioned with respect to second class publications that he would enter into some kind of agreement with the Secretary of State (Mr. Roberts). Apparently a memorandum of agreement has been signed but I do not know whether that document has been made public. The proposal as outlined by the Postmaster General reads:

Briefly the agreement states that the Post Office will no longer be responsible for establishing postal rates for certain types of mail. Instead, the responsibility for reimbursing losses incurred through publishers postal rates will be transferred to the Secretary of State.

There was considerable concern expressed about earlier rate increases last year, particularly by representatives of the Canadian Periodical Publishers Association, who also spoke about the nature of the consultation that took place. As I understand it, some agreement was entered into that there would be at least six months' notice given to this body. The minister shakes his head no, but I think there is a good deal of correspondence from officials, on record, which could be tabled quite easily to indicate that the lack of notice that currently exists would be remedied respecting future rate increases.

Has any significant notice, and by that I mean at least four to six months, taken place? Second, was there any consultation with the periodical publishers of this country about this radical change, and third, what kind of criteria is the Secretary of State going to use when he decides which publications are going to receive some form of subsidy and which are not?

Mr. Lamontagne: Mr. Speaker, first before I answer the hon. gentleman's question, I would like to move that I be given the privilege of looking at the blues. After listening to the hon. member for Nickel Belt (Mr. Rodriguez) I may be able to raise a point of privilege. There have been so many things said, I would like an opportunity to check the blues because I cannot translate material that fast.

Mr. Peters: Get on with your job. What is your job?

Mr. Lamontagne: I am doing my job, and just keep quiet.

Mr. Peters: Total incompetence.

Mr. Lamontagne: To answer the question raised, we never promised the publishers notice of six months. We told them many times in letters, by other conversations and communications with them, that they would be given ample time to raise their own rates for advertising and for publishing. If I remember correctly, at the last users' conference in Toronto, when they were all present, I said they would have to expect an increase by next April because it would be normal. These are normal business-like principles and attitudes. It was obvious that rates would have to be raised in view of the costs incurred by the Post Office by way of transportation and wages. There was no use in hiding this. The rates had to be raised. It is the same in business; if costs increase, fees must be raised. That is what we told them. Therefore they will have four and a half, five or six months to raise their rates. Furthermore, I have quite a few reports which we received following the users' conference in Toronto. They were sent from practically everyone involved. They all said it was expected and they would look forward to being informed of when and how the rates would be raised. We have informed them as soon as we could.

Our people are in constant communication with postal users. We have people in our office in the marketing department who are in consultation with them. I do not think there is any objection at the moment to that raise being effective by April 1 if they understand the business-like attitude we must have with the Post Office. Furthermore, this raise in postal rates will give the Post Office, as I have already mentioned, around $160 million. I think that is just normal so that we can decrease our deficits. As far as the agreement with the Secretary of State is concerned, I would prefer if you put your question later on to him and have the details of the agreement, considering the fact it is up to him to judge the increase of rates for people who use postal publishing rates for cultural matters. That is up to them to decide in consultation with us.

Mr. MacDonald (Egmont): Mr. Speaker, I find this very strange. Up to now we have had a non-discriminatory rate structure. Suddenly the Postmaster General tells us there is to be an entirely different basis on which rates are to be administered, and not even by his department. I would think, at the very least, if the Postmaster General carries any responsibility for the Post Office he can table that agreement today. He can also give us, by tabling because it will take too long in the course of questions and answers, some statement as to the criteria to be used. Also he should tell us whether or not this totally new principle which has been enunciated by the Postmaster General today has been agreed to by those who primarily use this service. He has given no indication that there was any consultation about this new method of administration. In view of the dangers that exist in this kind of radical departure we should have much more assurance than we have had so far.

Mr. Lamontagne: Mr. Speaker, first of all there is nothing discriminatory about the rates we are setting today. It has been studied for months by our department to see what the market can take, and along with that, how we can compete in certain classes. If the hon. member had attended the users' conference he would have witnessed the discussions we had with these people. There were many working groups working with us at that users' conference. Some people suggested that this agreement with the Secretary of State should be done as quickly as possible and in such a way that the Post Office will be responsible for a kind of a cost which is due to the government's policy of subsidizing a certain class of publisher. It is logical that some part of the government policy should not be borne by the Post Office deficit. We will know exactly what amount it is. When the Secretary of State studies that with us, we will know the exact amount.

● (1602)

Mr. Joe Clark (Leader of the Opposition): Mr. Speaker, this is a very alarming change that the Postmaster General (Mr. Lamontagne) has outlined. The document speaks about the responsibility of reimbursing losses to periodical publishers. In other words, a decision will be taken by the minister responsible for culture in this country as to how much money will be paid and to which publications. As far as we know, no guidelines have been established. It could be entirely discretionary. It holds open the prospect for a very real capacity for censorship in this country. That is what worries us.

The minister indicated to us that there was a memorandum of agreement signed between his department and the Department of the Secretary of State. We in this House of Commons, as well as anyone else concerned with freedom in this country, have a right to an undertaking from the minister that the full details of that memorandum of agreement will be published and put before this House of Commons and, if necessary, that the Secretary of State (Mr. Roberts) will make himself available for questioning as to the implications of a new power which could very well become a censorship power.

Will the Postmaster General, as a senior minister in this House at the moment and as one of the ministers who co-signed this memorandum of agreement, give us an indication that this memorandum of agreement will be published in totality in the House of Commons?

Mr. Lamontagne: Mr. Speaker, I think the Leader of the Opposition (Mr. Clark) misunderstood what I said when he says that we will be reimbursing the publisher. That is not the question. The Secretary of State, in collaboration with our officials and staff, will set the rates for those publishers who

already have special rates. They will not reimburse the publishers. They will reimburse the Post Office for what we estimate will be the cost of the policy of the government in trying to help these publishers. The question for the Secretary of State is strictly a question of developing and formulating a current postal policy for cultural mail users. That is not a subsidy to the publisher. It will be compensation to the Post Office to ensure that the Post Office deficit picture is real. It is not because of a certain policy of government to help publishers.

There is nothing secret about the agreement. However, I think it is up to the Secretary of State to table it. I do not have it with me now. It is not secret. It was signed by myself and the Secretary of State. It is just an agreement by which hon. members will see that—

Mr. Dinsdale: Table it.

Mr. Lamontagne: It is not only my signature.

An hon. Member: You signed it.

Mr. Lamontagne: I am sure hon. members will understand that I do not want to make a decision without consulting my colleague, the Secretary of State. There is nothing secret about it. I will table it in due time if agreed.

Mr. Clark: Mr. Speaker, I do not want to prolong this. The language here refers explicitly to the word "reimbursements." That is alarming language. It speaks about reimbursements made at the discretion of the Secretary of State, presumably to certain publications which he, for whatever reasons he establishes, deems worthy of receiving those reimbursements.

The minister, for some odd reason, is claiming that he does not have authority to make available to the House of Commons a document which he signed. Of course he does. He is giving away by this document, as much as we know about it, responsibilities which now attach to his department. At the very least I would ask him to give us his undertaking now, without any equivocation, that he will recommend to his colleague that they act at the earliest possible opportunity, today if possible, and I will interrupt my budget speech if I ever get it started, to have presented here in the House of Commons in all of its detail that memorandum of agreement which we on this side of the House think could have very dangerous implications for freedom of information and freedom to publish in this country.

Mr. Lamontagne: Mr. Speaker, the Leader of the Opposition has again spoken about reimbursement to the publisher. It is not a reimbursement to the publisher. It is compensation to the Post Office. That is completely different. Second, I will consult with my colleague to see whether I can table the document. I repeat, it is not a secret document. I think it is just normal to consult with my colleague because we both signed it. We should both be in agreement if it is to be tabled.

Mr. T. C. Douglas (Nanaimo-Cowichan-The Islands): Mr. Speaker, the minister keeps saying it is not a secret agreement because both he and the Secretary of State (Mr. Roberts) have seen it and signed it. That does not make it a public document. The minister today is announcing a policy which I fear will be put into effect later on without being submitted to parliament. We will be told that it was announced on the twentieth day of November by the Postmaster General (Mr. Lamontagne) and that parliament had been consulted. We have not been consulted at all.

I agree with what has been said by the Leader of the Opposition (Mr. Clark) and the hon. member for Egmont (Mr. MacDonald) that this must be tabled with no ifs, ands or buts about it.

I want to know three simple things. First, when will this policy come into effect? Will it be April 1, the beginning of the fiscal year? The minister nods his head. I think that is correct.

Second, do I take the minister's statement to mean that the Secretary of State will set what he thinks is the rate the publications should pay, and then the Secretary of State Department will pay the difference between that rate and what the Postmaster General's department estimates it costs? Is that correct? If that is correct, I may point out that the Secretary of State will have to pay an amount dependent entirely on what the Postmaster General and his department set as their cost. It could be an inflated cost. It could be anything at all. It means that the taxpayers of Canada will start to pay in order to give publications a preferred position.

We have known for a long time that people put out tons of junk mail and periodicals for which the first class postal users and the general public have to pay. What control is there going to be to see that this is not going to be abused?

My final question is, what publications are involved? The minister says the effect of this agreement will be to reduce that portion of our deficit incurred by carrying publications for postage far below the cost of providing the service. Which publications? Who is going to decide?

The minister referred to cultural publications. Does that cover *Time*, *Newsweek*, *Macleans* and *Playboy*? Does it cover weekly newspapers, or will it only cover *Economic Review* and magazines for academics? Who is going to decide that? Does this mean that the Postmaster General (Mr. Lamontagne) or, preferably, the Secretary of State is going to decide which privileged groups in this country will have their postage costs subsidized and which will not? Is that a power which the government thinks should be put in the hands of any minister without having it included in some type of legislation approved by parliament?

Mr. Lamontagne: Mr. Speaker, the policy of having a special rate for second class publications already exists. It was judged during previous years and this year which ones would be at the special rates. This was because of a government policy to try to encourage some publications. The policy of the government is specifically set out in the Post Office Act. There is nothing new about it. If it is a policy of the government with regard to giving help to this cultural mail, as it is called, I think we will have double control.

● (1612)

In its wisdom the Post Office felt that certain publications should enjoy the special rate. We said to the Secretary of State that it is government policy to help certain cultural publications which need help. I feel that the Secretary of State is a much better judge in this regard than the Post Office which, in a way, is a business, and which provides a service. I indicated to the Secretary of State that we should sign an agreement regarding who should enjoy these special rates and what the special rates should be. In view of the policy of the government to help these publications, I am sure we do not want to terminate that assistance tomorrow. If we did so, I think the reaction toward the Secretary of State would not be good.

I felt that we should both consider these publications and how they should be classified. In a way it is a double control. This is much better than having the Post Office acting alone, because sometimes we do not know exactly what the Secretary of State decides regarding policy on culture. We try to collaborate with his department, and I think that is an improvement. I think there is a double control.

Mr. McGrath: Mr. Speaker, I rise on a point of order. This is a very serious matter, and the Leader of the Opposition (Mr. Clark) and the hon. member for Egmont (Mr. MacDonald) were correct in raising it. In his statement the minister said, "The agreement states that the Post Office will no longer be responsible for establishing postal rates". I listened very carefully to his replies to the Leader of the Opposition. In his replies he looked down, and he was quoting from a document. Under the rules of the House the minister has to table the document. He quoted from it in his statement as well as in replies to the Leader of the Opposition. The Minister has no alternative but to table the document. In support of that contention I refer Your Honour to citation 159(2) of Beauchesne, which reads as follows:

> A minister of the Crown is not at liberty to read or quote from a despatch or other state paper not before the House, unless he is prepared to lay it upon the table.

Under the rules the minister now has a clear obligation to lay on the table of the House the agreement between himself and the Secretary of State (Mr. Roberts) dealing with this very important matter.

Mr. Speaker: I did not understand the minister to say that he refused to table the document. I understood that there was another signatory to it, and he thought he ought to get the permission of the other person whose signature the document bore. Therefore I think that the question of any refusal to table the document for the moment is suspended. If we come to a point at which the minister does in fact refuse to table the document, I think then the hon. member for St. John's East (Mr. McGrath) could return to his point of order and proceed at that time. However, I understand the minister's response at this point to be that there is another signatory and that he feels that out of courtesy he ought to consult the other signatory to the document before deciding whether to table it.

Mr. Dinsdale: Mr. Speaker, I think we can now see the wisdom of the specification in the Post Office Act to the effect that postal rates should be dealt with only by parliament through an amendment to the Post Office Act. If this procedure had been followed, the Postmaster General (Mr. Lamontagne) obviously would not be in the dilemma he is in at the present time.

My question is on the specific point regarding who decides what groups, publishers or periodicals have the special privilege of second class mailing rights. It is obviously some mysterious committee deep down in the bowels of the Post Office Department somewhere.

Incidentally, when we get to the Crown corporation issue, this whole business of postal rates will have to be dealt with in a more forthright manner. For example, why do the Postmaster General and the Post Office Department exclude controlled circulation magazines, which represent one of the growth industries in Canada and which deal exclusively with Canadian topics? The magazines are published in Toronto and Montreal. They are magazines in every sense of the word. They have Canadian content only and deal with cultural matters, yet for some inexplicable, mysterious reason the Post Office has refused to give them the second class category mailing privilege. Rather, the Post Office has placed them in the third class category. How does the Post Office Department reach its conclusions, in secret, about these special, privileged groups under the special category of postal rates?

Mr. Lamontagne: Mr. Speaker, I do not know what the hon. member is implying regarding a secret way of deciding who gets special rates. Very clearly, there are certain conditions regarding second class. Nobody makes decisions because he likes or does not like a certain publication. The act clearly provides for certain rates. Nothing is done arbitrarily because of mood or anything like that. There are very precise conditions. Certain mail is put into certain classes, to which certain rates apply.

Mr. Dinsdale: If that is the case and if all magazines are included, particularly those with Canadian contents, why are direct controlled circulation magazines—I believe they are called that—excluded from the second class privilege, when they meet all the criteria?

Mr. Lamontagne: I cannot list all the criteria involved in putting publications into certain classes which involve special rates. Nothing is done arbitrarily, and everything is very well judged.

Certain conditions must be met before publications are put into special categories.

Mr. Dinsdale: It is a matter of opinion.

Mr. Stan Darling (Parry Sound-Muskoka): Mr. Speaker, I would like to pose a few questions to the Postmaster General (Mr. Lamontagne). The minister mentioned the postal users' conference which was held, I believe, on September 27, 28 and 29. The minister said that the chairman of our caucus Post

Office committee and our official critic, the hon. member for Brandon-Souris (Mr. Dinsdale), was not there. I was there taking his place for the entire convention, and I reported back to him. Much excellent information was presented at that postal users' conference.

Postal users account for about 83 per cent of the total revenue of the minister's department, and I wonder when all the material which was presented at the conference will be studied by the department and when it will be made available. That might tell us a few stories. It might tell us about what the big users are thinking.

I wonder if the minister realizes that these drastic rate increases might be killing the goose that laid the golden egg and that the postal users may revert to some other method of delivery. I am thinking of magazines which might end up being delivered door to door. If that happened, the Post Office would lose.

I have great sympathy for the small weekly newspaper industry. I have spoken time and again on its behalf. Are weekly newspapers still getting a 40-mile preferential rate? Will the rate for weekly newspapers going further than 40 miles be increased? Postage for weekly newspapers going further than 40 miles is already at an astronomical rate. Some newspapers are now charging $20. I know many weekly newspapers go to the United States, and if there is an increase those subscriptions will be stopped. The Postmaster General might say that he is not interested in circulating weekly newspapers beyond 40 miles, but I would appreciate his comments in that regard.

One other matter: is the three-cent increase for first class letters carved in stone, or is it negotiable? That is the highest increase I can recall ever being put into effect at one time. The Postmaster General did test the water and make noises that the increase may be one cent or two cents, but I am surprised at three cents. As was mentioned earlier by the hon. member for Nickel Belt (Mr. Rodriguez), this is really a big increase. I would appreciate the Postmaster General's comments on what I have said.

● (1622)

Mr. Lamontagne: Mr. Speaker, I know that the hon. member was at the users' postal conference. Regarding the cost of mailing an individually addressed, daily newspaper the cost is to increase from three cents to 3.8 cents. As far as certain weekly Canadian newspapers go, they will still enjoy a free mailing within a radius of 40 miles under their stated conditions. I was able to spend a good deal of time at the postal users' conference despite the fact that it was held at the same time as negotiations were being conducted with LCUC. There were reports given by many firms, for example, the Retail Council, Canadian Manufacturers' Association, Canadian Telecommunications Carriers, Robert Simpson Co., a major user across Canada, and many others. The consensus among these users with regard to rate increases was that as businessmen they understood that there must be a raise coming.

[Mr. Darling.]

At this time we sounded out the market through the various users to determine how far we could go without causing harm to the market or to the volume of mail going through the postal system. As a result of these consultations we arrived at a rate increase of three cents. In general, the users felt that they could handle this increase so long as it was not higher than other people pay. They stated that they wanted continuity and consistency in service. We informed them that we would try to keep the service consistent in spite of the difficulties we were having with labour. They also said that they understood the logic of users paying more. These were the principles upon which we based our rate in our attempt to balance the users' share with the share of the Canadian taxpayers.

Mr. Rodriguez: Mr. Speaker, on October 16, 1978, the Supreme Court of Canada tossed out an appeal by the Post Office which would have resulted in over $2 million in pay to 2,700 workers. Would the Postmaster General (Mr. Lamontagne) tell us whether he intends to accept that decision by the Supreme Court and whether he will make sure that the collective agreement with respect to casual help, clause 39.07, is followed by the Post Office and does not lead to 2,700 more grievances?

Can the Postmaster General also assure the House that at this particular time under the collective agreement he will abide by that decision until such time as the med-arb comes down with something different?

Mr. Lamontagne: Mr. Speaker, the first question asked by the hon. member is not relevant to the discussion this afternoon. He can obtain the answer when I table the estimates or at committee, but not here.

Mr. Rodriguez: Mr. Speaker, I rise on a point of order. My point of order is with regard to this announcement made by the Postmaster General this afternoon which deals with projected increases in rates. The reason for the increase is because there has been an overrun in terms of what the taxpayer must pick up. Surely the way in which the collective agreement is honoured, and if they are going to continue to run up these increases of over $2 million, is related to the increase in rates. There is a connection there, and the Postmaster General is responsible for telling the Canadian public that he will honour the collective agreement so we do not have these cost overruns.

Mr. Speaker: I would not have gone so far as to rule that the hon. member's question was off the point, but I cannot say that I am surprised that the minister has made the reply that today he is talking about a rate increase, and to try to answer questions under the umbrella of labour relations, particularly with respect to a Supreme Court of Canada decision, is stretching the point.

I will conclude the questioning with two other members, the hon. member for Hamilton West (Mr. Alexander) and the hon. member for Oxford (Mr. Halliday).

Mr. Lincoln M. Alexander (Hamilton West): Mr. Speaker, I would like to clear up a matter raised by the Leader of the

Opposition (Mr. Clark) and the hon. member for St. John's East (Mr. McGrath). As I understand it, the minister indicated that he would discuss with the Secretary of State (Mr. Roberts) whether or not this memorandum of agreement should be tabled. What we want is an assurance and/or an undertaking by the Postmaster General (Mr. Lamontagne) that he will recommend to his colleague, the Secretary of State, that the memorandum of agreement entered into by both of them will be tabled. In other words, I do not want a discussion, but an assurance and/or an undertaking that the Postmaster General will recommend to him—in other words, he will accept what we are talking about this afternoon—that this document be tabled as soon as possible.

Mr. Lamontagne: Mr. Speaker, I am not refusing to table the document, but before I decide anything I think that it would be wise to discuss the matter with the minister to determine whether he agrees or not.

Mr. Bruce Halliday (Oxford): Mr. Speaker, as the debate closes I think that it would be appropriate to indicate to the Postmaster General (Mr. Lamontagne) that there is a reservoir of milk of human kindness on this side of the House toward the minister. I would like to congratulate him for having the courage to come before the House with his statement today, because over the past few years we were very unused to having this kind of statement made by the government.

My concern in rising now has to do with the minister's comment and emphasis upon the consultations he has had with the users in Toronto. Generally he is to be commended for that, and I am sure that the Postmaster General has consulted with his cabinet colleagues and his officials. On several occasions during the past year and a half we asked the Postmaster General to consult with the House of Commons, but so far he has not. A number of times we have asked the Postmaster General to set up a parliamentary committee to study the whole problem of the Post Office, and on one occasion he even indicated that if there was continuing difficulty he would be glad to do so. It seems to me that the difficulties are continuing.

Today the Postmaster General is confronting us with rate increases that may not be justified, but they may be justified if, as he says, we look at the situation around the world. Would the Postmaster General tell the House why he refuses to set up a parliamentary committee? Is it because his cabinet colleagues advise against it, or is it because his officials, who know that there are certain reports available, which we have not seen, that are not complimentary to themselves, will be offended and he therefore refuses to set up a committee?

Mr. Lamontagne: Mr. Speaker, there is no question of setting up a parliamentary committee at this stage because I do not see how it could help in view of the fact that within the next couple of weeks we will probably be presenting a bill converting the Post Office to a Crown corporation. This bill will go to committee and hon. members will be given the opportunity to ask all the questions they want. I am sure that in view of the number of studies that have gone on in the Post Office over the last six or eight years, including the last study headed by Mr. Darling and the two days of discussions at the users' postal conference, that hon. members will agree that a parliamentary committee at this stage would serve no purpose.

Mr. Halliday: Mr. Speaker, I would like to clarify the Postmaster General's commitment and ask him whether he will permit us to call any witnesses that we choose before the committee?

* * *

PETITIONS

WHARF AT HARBOUR MAIN, NEWFOUNDLAND

Mr. James A. McGrath (St. John's East): Mr. Speaker, having tried every other way to get the Government of Canada to build a badly needed wharf in the community of Harbour Main, Newfoundland, we now resort to this final alternative, which is a petition to this honourable House. I therefore present a petition from the residents of Harbour Main, Newfoundland, calling upon the government to replace the wharf which was destroyed by a storm. The wharf is absolutely essential for the people of that community to carry on with their livelihood of fishing.

* * *

● (1632)

[*Translation*]

QUESTIONS ON THE ORDER PAPER

(Questions answered orally are indicated by an asterisk.)

Mr. Roger Young (Parliamentary Secretary to Solicitor General): Mr. Speaker, the following questions will be answered today: Nos. 140, 253 and 281.

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

[*Text*]

MULTICULTURALISM—TRAVELLING EXPENSES

Question No. 140—**Mr. Mitges:**

1. For the fiscal year ending March 31, 1978, what amount of the budget of the Multiculturalism Directorate was used for travelling expenses (a) in Ottawa (b) in Canada but outside Ottawa (c) outside Canada?

2. In the case of travelling expenses in the city of Ottawa, what amount was spent on taxi fares?

3. In the case of travelling expenses in Canada but outside Ottawa, what amount was spent on (a) inter-city travel (i.e. train fare, bus fare, air fare on commercial flights, car rentals and taxi fare (b) hotel and motel accommodations (c) taxi fares and car rentals (not including travel between cities)?

4. Was any part of the budget of the Multiculturalism Directorate used for car rentals and, if so, for what purpose were the cars rented and, in each case (a) who were the passengers (b) what distance was travelled (c) what was the cost to the government?

Order Paper Questions

5. With respect to travel between cities in Canada, how many times were government aircraft used and, in each case, who were the passengers?

Hon. Norman A. Cafik (Minister of State (Multiculturalism)):

1. (a) $1,173.30

   (b) 69,747.40

   (c) 1,986.40

2. $1,173.30

3. (a) $37,850.35

   (b) 12,247.85

   (c) 8,186.40

4. The cars were rented for official government business.

   (a) Nil

   (b) 2,528 miles (14 occasions)

   (c) $746.64

5. Government aircraft were used on eight occasions when the director of multiculturalism accompanied the minister and his staff on official government business.

TRANSPORT—LAWYERS IN PROVENCHER

Question No. 253—**Mr. Epp:**

From June 1, 1974 to date, what lawyers in the Constituency of Provencher were given work by the Department of Transport and what amount was each paid per year?

Mr. Claude-André Lachance (Parliamentary Secretary to Minister of Justice): In so far as the legal agents of the Minister of Justice are concerned: None.

CANADIAN DEVELOPMENT CORPORATION

Question No. 281—**Mr. Cossitt:**

1. Did the Export Development Corporation guarantee a loan of one billion dollars to the Republic of Panama and, if so, on what date?

2. Will such funds be used to develop copper mining and, if so, will this therefore be in direct competition with similar industry in Canada and, if so, what are all the reasons that the government can justify guaranteeing funds to other countries which could indirectly result in the undermining of Canada's industrial structure?

Mr. Bernard Loiselle (Parliamentary Secretary to Minister of Industry, Trade and Commerce): In so far as Export Development is concerned: 1. By tradition and as a matter of commercial principle parliament has not required the corporation to give details of its activity in individual transactions. When the corporation has concluded arrangements for financing an export sale, the commercial confidentiality thereof is no longer an issue, and then it can and does publish the facts.

2. Please see the answer to part 1.

[Mr. Mitges.]

[*Translation*]

Mr. Speaker: The questions enumerated by the parliamentary secretary have been answered. Shall the remaining questions be allowed to stand?

Some hon. Members: Agreed.

GOVERNMENT ORDERS

[*English*]

THE BUDGET

FINANCIAL STATEMENT OF THE MINISTER OF FINANCE

The House resumed, from Friday, November 17, consideration of the motion of Mr. Chrétien that this House approves in general the budgetary policy of the government and the revised amendment of Mr. Stevens (p. 1249).

Mr. Speaker: Order, please. There is a procedural matter which I should have attended to before calling the hon. Leader of the Opposition (Mr. Clark). I hope he will give us his indulgence for just one more moment. On Friday there was a procedural dispute about the regularity, in the first place, of an amendment, and in the second place, of a subamendment.

The result of that discussion was the setting aside of a subamendment with leave for the reintroduction of an amendment with procedural regularity with the understanding—and I am addressing myself to that point now—that no other subamendment would be received until such time as another member of the New Democratic Party had an opportunity to introduce it. It would seem to be more regular that a member, who does not intend to speak to the subamendment, could introduce that subamendment now. Simply by introducing it, that would be technically considered to be a speech. But as long as it is a member who is not intending to speak to the subamendment, no prejudice is done to the speaking rotation, and it would not in any way prejudice the right of a further member of that caucus to speak later. Then at least the subamendment would be on the record during the debate this afternoon. Is that agreed and so ordered?

Some hon. Members: Agreed.

Mr. Stanley Knowles (Winnipeg North Centre): Mr. Speaker, thank you for not only giving me the floor but for explaining the situation. I gather that I am being charged with a speech, even though I shall not make one.

I rise on behalf of my party, in the absence of the hon. member for Waterloo-Cambridge (Mr. Saltsman) whose subamendment on Friday was ruled out of order, for reasons we need not go into, simply to present our amendment to the amendment which is before the House. Therefore, I move, seconded by the hon. member for Nanaimo-Cowichan-The Islands (Mr. Douglas):

That the amendment be amended by deleting therefrom the words "the continued acquisition of private corporations by the government and," and by changing the period at the end of the amendment to a comma, and by adding immediately thereafter the following words:

"and condemns the government in particular for carrying out a policy of deliberately high unemployment."

Thus endeth my speech.

Mr. Speaker: Therefore, the question is upon the amendment to the amendment.

Mr. Joe Clark (Leader of the Opposition): Mr. Speaker, I am sure one of the intentions of the hon. member for Winnipeg North Centre (Mr. Knowles), in introducing the amendment was to ensure that should I seek the opportunity, I will have an opportunity to speak twice in this budget debate, after the amendment which he now introduced is disposed of by the House.

As this afternoon moved along, I was beginning to think that through no choice of my own, I might be forced into on of the several reprehensible habits of the Prime Minister (Mr. Trudeau), which is to make statements and speeches only after six o'clock. I am pleased that did not happen, and to have an opportunity to speak to the House while the afternoon is still upon us.

It is of some significance that this part of the budget debate was delayed to some degree by the introduction of a statement by the Postmaster General (Mr. Lamontagne), dealing with the situation in the Post Office. When the government took office, the Post Office was operating at a slight profit. Now, after ten years of the government's continuance in office, it is running at a deficit of nearly half a billion dollars. Indeed, it proposes to pass the burden of that deficit along to ordinary Canadians who can least afford it. These ordinary Canadians have been counting upon the mail as a reasonable service.

This is not the first time this sort of thing has been done. It is precisely the same situation as in the case of who pays for the mistakes made by government in terms of its Taj Mahal and air transportation policies. The government built airports like Mirabel and others in the country, which were far beyond the needs of the nation. Then it passed the burden along, as the minister proposed in his budget the other night, to ordinary Canadians who are required to fly. As a spokesman for Quebecair indicated the other night, it ensures that the particular and hardest burden lies upon those Canadians living in some of the smaller centres of the country, who fly in and out of Newfoundland, Atlantic Canada and northern Ontario. They will be paying more regularly that kind of extra burden than will citizens who fly in and out of some of the larger metropolitan airports of the country.

The series of events in relation to the budget would have almost comic character to them, if they were not so serious. We have a Minister of Finance (Mr. Chrétien) who is introducing in effect his third budget; at least his third new pair of shoes in 14 months.

Mr. Chrétien: Second.

Mr. Clark: Is the minister talking about a pair of shoes or the budget?

Mr. Chrétien: The shoes.

Mr. Martin: Both.

Mr. Chrétien: Both. I want the record straight.

Mr. Clark: Naturally I am reluctant to accept the minister's judgment on matters relating to the economy, but on matters relating to a pair of shoes I am prepared to trust his assessment.

I understand that the other night the Minister of Finance in speaking to television, or the enemy as the government characterizes them, said that he will not bring down another budget before an election. I imagine the emphasis was upon his not introducing another budget, because there is some very real suspicion on this side of the House that there will be another budget and another minister before we go to an election some time in the spring after five years of delay.

Another element of the comic character of what has been going on has been that the minister has three major stimulants to his credit. The first was the two-month tax holiday which was effective the beginning of this year. It was supposed to help increase our gross national product. Indeed, the GNP went up by .7 per cent in the first quarter. Then he talked about his employment tax credit, which was the second stimulant he was to introduce. It was to provide 50,000 new jobs for Canadians. Well, it is providing 8,000 new jobs for Canadians. The minister is wrong by approximately 85 per cent. Once again, the six-month wonder of the reduction in provincial sales tax was timed not to boost the economy but to attempt to boost the prospects of the Liberal party in the election. As the need for stimulus becomes more acute as winter comes on, that kind of stimulus is withdrawn.

As I will indicate later on in my remarks, we are left in a situation where for the remaining months of this year—the hard months, the winter months—there will be less stimulus provided by the government for economic growth in the country than there was in the relatively easy months prior to the termination of the provincial sales tax arrangement.

● (1642)

Again it is the minister whose forecasts are always wrong. In fact he is so wrong in his forecasts, I would suggest that after his defeat in the next federal election he might want to move to Toronto where he can support the Argonauts. I know of no other group of people who are so often wrong in their forecasts.

Some hon. Members: Hear, hear!

Mr. Clark: Again in terms of being frank with the House of Commons, this is a minister who has brought in statements we find difficult to accept as complete. We know, for example, that when he talks about his deficit figures, those deficit figures exclude at least $854 million in liabilities incurred by

the Government of Canada through three Crown corporations alone. We do not know, because he will not tell the whole truth to the people of Canada, the full extent of the rest of the obligations that have been incurred by this government or its agencies but which count against the accounts and the credit of Canada and which should be considered as part of the deficit this government has built up.

Finally, sir, in terms of the comedy we face, we have the explanations, which vary, as to just who exactly is at fault here. One moment it is the weather that has caused all these problems in the Canadian economy, then it is the Arabs, then from time to time it is René Lévesque, and from time to time it is me. The Minister of Finance said I was causing all the problems in the country. Now he has discovered another enemy. It is the media that is causing all the problems in the country. Indeed, if you read his budget, or if you were listening to him the other night, you will have noticed he has one more cause for Canada's economic problems. Who are these people who are working against the interests of Canada? They are the coal miners of the United States of America. They are the culprits, the coal miners of the United States who are causing all the problems we are having here.

I suppose the minister read that in his conflicts with John L. Lewis, Harry Truman, who was a legitimate street fighter, came out on top. Even though the spirit of Harry Truman does not really linger on over there, and John L. Lewis is gone, perhaps the minister thought some luck might rub off if he too were to ascribe all Canada's economic difficulties to the members of the United Mine Workers of another country.

In fact, the reality in this country is that other nations with whom we should be compared are doing considerably better than we are, and the reality is that we have the highest unemployment rate in the western industrial world—a country with the potential of Canada—that our inflation rate is second only to Italy among nations in the industrial world, and that those problems were caused not by some foreigners, not by some coal miners in some other country, but were caused by the incompetence of this government on the other side of this House.

Some hon. Members: Hear, hear!

Mr. Clark: What is perhaps most alarming to Canadians is that we recognize now that, particularly with the decline in the United States and with the absence of any stimulus, no one outside this country is going to help this country up. The only people who can build this country up are Canadians themselves, and the only way they can do that is with leadership from the government. This government indicated the other night that it intends no leadership at all. So the obligation is clearly upon us, and it is an obligation we will accept as soon as the Prime Minister finds the courage to move from making speeches to calling elections.

An hon. Member: Canadians have that choice.

Mr. Clark: I understand the interjection from an hon. member from, of all places, Scarborough, was that Canadians had the obligation to make that choice. Well, the Canadians in Scarborough made that choice not long ago.

Some hon. Members: Hear, hear!

Mr. Clark: There are some aspects of this budget that we think valuable. We are pleased to see that, after rejecting it for a long time, the government has finally accepted our view that there should be some movement toward a reduction of the manufacturing sales tax at the federal level, although we think it should have been more selective in its cuts rather than across the board. We are very pleased that the government has finally moved to encourage activity again in the creation of jobs in the mining industry in the country. I was a little amused to note the minister said in his budget address, "I want to take the lead here." We know what happened. The minister was with the provincial ministers of finance who made it very clear to him that unless the federal government stopped putting obstacles in the path of mining development, there would be no help from the provinces. It was the pressure from the provinces that caused this government finally to make the changes that will perhaps create some growth in the mining industry in Canada.

Some hon. Members: Hear, hear!

Mr. Clark: Again we are pleased to see that the government has begun to move toward the encouragement of research and development. This government, which under the former Prime Minister, Mr. Pearson, as one of its first acts began the discontinuance of the incentives to research and development that had been introduced by the hon. Georges Hees when he was the minister of trade and commerce in the Diefenbaker government, is moving again in this direction. The Conservative government brought in the incentives which the Liberal government then abandoned for ten long years. We are pleased to see them coming back.

I have to say to the minister that I am sorry the government has not accepted the detail of my advice in this regard, and that the government is not giving more attention to directing the research and development incentives in this country toward a focusing upon those companies or innovators who will deal with specific Canadian problems or specific Canadian potential, because our R and D problem in this country is aggravated by the fact that there is so much leakage to head offices elsewhere. What we need in terms of an effective research and development policy and approach in this country is a policy which will focus in upon those Canadian innovators who will face Canadian problems and deal with Canadian potential and not be tempted to leak this away to head offices in some other countries.

I have indicated that over-all there are some specific matters we find of value, not the least because we proposed many of them. We are getting used to that on this side of the House. In over-all terms this is a budget that provides no real stimulus. My colleague, the hon. member for Don Valley (Mr. Gillies), got the minister to admit today that its purpose is not to deal with inflation, and its purpose is not to create jobs for Canadi-

ans, because it is not going to deal effectively with inflation and it is going to create new unemployment in Canada rather than create jobs for Canadians. The government's purpose is simply to try to survive.

I see the minister holding up three fingers and I will come to what he means by those three fingers a little bit later. The fact is that those three fingers should really be taken as indicating strike one, strike two, and strike three.

Some hon. Members: Hear, hear!

Mr. Clark: What we have here is a government with a budget that has no real stimulus, a budget with a larger deficit, the effect of which will be stagnation, as usual, of the Canadian economy. It is a budget that promises, as I say, to create more unemployment. We already have the worst record in unemployment in the industrialized world, but his minister is going to make it worse.

[*Translation*]

The Minister of Finance (Mr. Chrétien) mentioned the creation of some 250,000 new jobs for next year. If the rate of real growth is between 4 per cent and 4½ per cent, this prediction—and we must admit that the Minister of Finance has not been very successful up to now with his predictions—this prediction, should it come true, will only make certain that a still larger number of people will be unemployed because it has already been established that 325,000 new people will join the labour force. This figure has already been confirmed, and the new incentives contained in the budget will create at most 250,000 new jobs. Who will look after the 75,000 other people without jobs?

The right hon. Prime Minister (Mr. Trudeau) stated recently in Toronto that with his Quebec members he can represent Quebeckers best. The problem stems from the fact that the right hon. Prime Minister is taking Quebeckers for granted, and based on this assumption, he comes up with all sorts of measures which create unemployment. How could he speak on behalf of workers when unemployment is particularly severe in the province of Quebec? What is needed are new members who will increase possibilities for Quebec, namely Quebec Progressive Conservative party members who will not accept policies or budgets conducive to unemployment. All I can say, Mr. Speaker, is that if there are unemployed in Quebec, the Liberal members will be among them.

[*English*]

Mr. Boulanger: That's a good punch line.

Mr. Clark: I am very pleased that my friend from Quebec got the first punch line, because when the election comes he will be sure to get the second punch line.

Some hon. Members: Hear, hear!

• (1652)

Mr. Clark: The excuse that we are being given here for a budget that stimulates nothing at all is that the government has very limited room to manoeuvre. Well, Mr. Speaker, who limited the room to manoeuvre of the Government of Canada? Indeed, how good were the choices which were made in that limited room to manoeuvre? We are in a deep deficit position today in this country, and the question has to be asked: why we are in that deep deficit position? Did it just happen overnight? Did somebody else do it? Was it really the coal miners, the Arabs, or somebody else? Or was it, perhaps, successive ministers of finance, some of them now reduced to writing memoranda, who have occupied the treasury benches of the government opposite?

Let us take a look at what happened in years when the people of Canada did not need spending by government for economic stimulus. In some of those years this Liberal government deepened the deficit of Canada by increasing budgetary spending 17.3 per cent in 1974, 18.8 per cent in 1975, 26.5 per cent in 1976, and 19.3 per cent in 1977. You speak about limited room to manoeuvre. Now you know who limited the room. It was yourself and the other ministers in the Trudeau Liberal government of Canada who have been mismanaging the economy of Canada for the last ten years.

Some hon. Members: Hear, hear!

Mr. Clark: One problem that we face as a country is that this government has developed a virtually incurable spending habit. But it has also dangerously crippled some of the natural strengths of the country. We talked earlier about research and development. I see the new member for Westmount (Mr. Johnston) is in his seat. I want to say one thing about his predecessor, a man I generally admired. In my judgment, one of the most dangerous decisions for Canada ever to be taken by this government was the decision that went out over the name of the previous member for Westmount, when he was minister responsible, that we in this country will buy our technology elsewhere, because by abandoning the responsibility for research and development and innovation in Canada, we drove hundreds, indeed thousands of innovators, researchers and scientists out of this country.

Some hon. Members: Hear, hear!

Mr. Clark: Unfortunately, sir, that policy is being carried on today as the Government of Canada shuts down research station after research station across the country.

Mrs. Sauvé: Not so with telecommunications.

Mr. Clark: Telecommunications is an interesting case because of what has happened in the field of telecommunications.

Let me come to another field where the Canadian capacity to grow has been crippled by this government, that of small business. We now have a government department that deals

with government bureaucracy. Government service to small business in this country is to try to cut down some of the government paper with which the government has been smothering small business for years. That has been the total effect of their policies up until this budget. There are a few more proposals that they are following now.

Clearly, what is needed here is a far more comprehensive small business encouragement policy. What is needed here is what I have proposed several times across this country, namely, a tax incentive in the form of a tax credit up to a maximum of $5,000 a year available to those Canadians who are prepared to put their money into Canadian-owned small business. We need that, we need it now, and it should have been in this budget. It will be in ours.

We need to move quickly to give permission to small businessmen to form consortia for competition internationally. I know that is part of a stillborn bill that this government introduced, as it introduces so many stillborn bills. But that provision should be taken out of the bill and put into law right now so that we can allow and encourage small business in Canada to get out into the world and build upon their industry and their opportunity, and so they can form the kind of consortia in Canada with which they have to compete abroad.

Again, sir, this government has to begin to take seriously its obligations, followed in other countries like Japan and the United States—countries with which we have to compete—to shape its purchasing policy in a way that does not buy everything from the government's friends in the big corporations but instead extends a certain strong proportion of its purchases to small Canadian entrepreneurs and small businesses. Again that is what we are going to do as a government, given that opportunity.

There have been a number of other fields, sir, in which the actions of this government have crippled the Canadian capacity to compete in the world. We have spoken of the mining industry in which we have lost thousands of jobs as a result of stagnation stemming from the conflict between governments in regard to mining policy. Another field that has clearly been damaged severely in this country is agriculture, which used to be among the priorities when Canadians went abroad to negotiate but is now a matter whose interests are traded away.

I could give many, many other examples, Mr. Speaker. Think of the negative impact upon this country of the tremendous investment outflow. In the 30 years prior to 1974 money used to come into this country. This was a country to which people came from around the wide world to invest. But in the last three years more Canadian money has been invested outside Canada than foreign money has been invested in Canada. That is a mark of the lack of confidence that investors here and around the world have in this government.

That is some of the damage that has been done, Mr. Speaker. The Trudeau government has made Canada's position very difficult. Given that difficult position, it is now making the wrong choices in regard to what we need to do to improve our situation. The government claims now to acknowledge the need to combine a policy of restraint and one of stimulus. It claims to acknowledge that, although I remember the President of the Treasury Board (Mr. Andras) saying earlier this year, on February 22, 1978, when being pressed from this side of the House to make reductions, "We are cutting the fat wherever we can". That is what he said then, and the implication was that there was nothing more that they could cut. That was before the first of the series of nocturnal admissions on August 1, when the Prime Minister announced that he had discovered these new areas in which economies could be made.

The fact, sir, is that throughout this budget, indeed throughout the term of office of this government, there has been too little restraint and too little stimulus. I want to speak about restraint. The restraint announced on August 1 reminds me of the one consistent element of the government's economic policy, and that is that when the government has anything important to announce it sends the Minister of Industry, Trade and Commerce (Mr. Horner) out of the country. On August 1 the government sent him to Japan. When the Minister of Finance finally decided on a budget date, they sent the Minister of Industry, Trade and Commerce down to the Caribbean. I understand there have been other ministers on that side who have been travelling around the Caribbean lately; the Minister of Consumer and Corporate Affairs (Mr. Allmand) did. I am given to understand that some of his officials in his department thought that he should have taken along the expert who knew what was being discussed at the conference that he attended, and that they took up a collection to send the relevant expert.

Mr. McGrath: That was the commissioner for patents.

Mr. Clark: Yes, the commissioner for patents. And knowing the esteem in which the Minister of Industry, Trade and Commerce is held by public servants, I would not be surprised if his public servants took up a collection to try to keep him in the Caribbean.

The government announced a program of restraint by surprise on August 1. A lot of us were wondering what pattern was going to be followed in this period of restraint. We wondered what would be the priorities, what would be the guidelines that would lead the government to decide where to cut and where not to cut. It was very, very difficult to come to any sensible conclusion, looking at where the cuts were made. I thought I had discovered a pattern at one point. I thought that they were cutting where the ministers were weakest and that it was simply a matter of who around the table could argue most strongly for their private empire.

I know it is difficult, Mr. Speaker, to try to make any comparison of strength and weakness in a cabinet like this one, but I thought for a while that that was the standard. I think I was wrong. I think it is increasingly becoming clear now that the Government of Canada—and this is a very serious matter—applied restraint to projects that it knew were popular enough or necessary enough that there was going to be very strong protest. Ministers wanted to go out into the country and say, "Look, we are restraining; we are cutting back. How can you tell we are cutting back? Sure, we are taking airlines to

Grey Cup games and things like that, but how can you tell we are cutting back? Listen to the screaming. Look at the people who are complaining". In other words, what they were interested in when they established their list of targets for restraint was not the size of the saving; they were concerned about the size of the protest. If the protests were strong the government could take that as proof of its own seriousness about restraint.

● (1702)

That, like so much that was followed by this government, was a very short term strategy. The proof that it is a short term strategy is that the government has already been forced to back down on some of the particularly foolish proposals for restraint, proposals such as the phasing out of forestry stations, the phasing out of weather ships on the west coast, the phasing out of weather forecasting which could have meant a matter of life and death in the province of my colleague from St. John's.

The real proof that the so-called restraint of this government was a fraud, the real proof of the fraudulent nature of that restraint, was given to the House in the eight days immediately before the minister brought down his budget. It became clear then that this remains a government that, given the opportunity to extend its own control over aspects of the Canadian community where it should have control, is prepared to spend without restraint. It did that in the case of Nordair and the attempt at the Pacific Petroleums Ltd. acquisition.

What is significant and what indicates how fraudulent this commitment to restraint is, are the things the government has not cut. First of all, there has been a very insignificant cut, certainly not as significant as is possible, in the practice of contracting out. This is a very dangerous practice, dangerous to our system of government because it allows a government that wants to, to get around the protection against patronage, to get around the protection against incompetence that is built into the Public Service Commission, that is built into the system of ensuring we have a government that makes its decisions in accord with the facts and not in accord with improper pressures, and makes its appointments with regard to competence and not with regard to friendship.

There has been an immense increase in contracting out by this government, Mr. Speaker. Indeed the cost of contracting out has increased six and one half times in the period this government has been in office, from $214.9 million in 1968 to $1.424 billion in the latest year. That is a six and one-half fold increase in contracting out.

Some hon. Members: Oh, oh!

Mr. Clark: Mr. Speaker, I hear some protests from ministers on the other side. There is no question that there may well be some areas in which contracting out makes sense, but there is also no question at all—it is always easy to tell when one strikes close to the bone, Mr. Speaker, because ministers start to complain. It is also very, very clear that there has been an immense capacity for abuse not only of spending but of controls to ensure that there is protection against patronage. That capacity was there, and I suggest that if this was a government that was very seriously concerned about practicising restraint we would have had some significant cuts in the practice of contracting out.

One of the areas where there has not been a dramatic indication of a determination to have restraint has been in relation to that invention of the Prime Minister in the Canadian political system—in effect, I believe, a cancer in the Canadian system—the building up of the strength of the Privy Council office and the Prime Minister's office at the expense of the cabinet, at the expense of parliament, at the expense of democracy in this country. During the first six months of fiscal 1979, the year of restraint, spending on the Privy Council office has increased by 86 per cent. The Privy Council office hired 80 new people last year. The Prime Minister's office hired 54. Perhaps these people are all necessary; perhaps they are the people who will administer restraint in the country. I cannot be sure about that, but what is clear is that the one agency of government that has been most free of restraint has been the agency that encircles the Prime Minister. In terms of establishing policy direction in this country it has taken the place that used to be occupied by cabinets when cabinets were filled with strong people determined to represent the interests of the regions from which they came.

As I mentioned, Mr. Speaker, the most dramatic example of the fraudulent nature of restraint came in the two most recent acquisitions. I say most recent because we do not know what they are going to try to buy up next. They went into the private market to spend $28 million on an airline. They say they are going to get rid of it after a year, but they have said that before about other Crown agencies. They said that four or five years ago—

Mr. Chrétien: What about Pacific Western?

Mr. Clark: I see the Minister of Finance is suggesting that the Government of Canada is now taking the government of Alberta as a model. I would simply suggest to him that, if he is going to do that, there are a number of better areas than in relation to the acquisition of aircraft. I say to him also, Mr. Speaker—

[*Translation*]

—and it might be essential for me to point out the fact that one of the differences between the situation with the airline owned by the government of Alberta and the airline bought by the Government of Canada lies in the fact that other people were able to buy Nordair—

[*English*]

And that was not the case in the Pacific Western Airline's situation. Nonetheless, the government practised restraint by spending $28 million on an airline it does not need, an airline for which a private purchaser was available. It was not exactly a fire sale in the case of Nordair because Great Lakes Airlines Limited or other purchasers would have bought it. The Government of Canada, however, with the interest in control that was so clear in the speech made the other day by the Minister of Transport and Justice (Mr. Lang) and of the Wheat Board

and anything else he can get his hands on—that instinct for control led this government to buy an airline it did not need, in absolute disregard for the restraint aspects of its policy.

Having struck out in their attempt to acquire Husky Oil for Petro-Can, they looked around and found another oil company. They incurred obligations of $1.4 billion in this period of restraint which they have tried to hide. One of the things that interests me about Petro-Can—

Mr. Railton: Tell it the way it is.

Mr. Clark: I am telling it the way it is. I am pleased that once again the good doctor, who served as such an effective foil for my colleague, the hon. member for York-Simcoe (Mr. Stevens) the other night, has taken an interest in this debate. If he knows the oil industry—

Mr. Railton: Do not get personal or I will.

Mr. McGrath: Tell us about unemployment in the Niagara peninsula.

Mr. Clark: The truth about Petro-Can, Mr. Speaker, is that since it became clear a government would be elected that intends to have the state move out of activities in which the state should not belong, the main exploration activity of Petro-Can has been in the boardrooms of other companies. Their means of discovering oil is to buy a company that has some, and buy it at the potential cost to Canada, the incurring of obligations by Canada of $1.4 billion.

Mr. Railton: Oh, oh!

Mr. Clark: Mr. Speaker, it is very difficult for me with the hon. member for Welland (Mr. Railton) shouting from across the way. I know that he does stand up to speak in this House from time to time, and I hope he will be able to influence his colleagues in the Liberal party to give him a place to stand and speak so that he will not have to make his whole speech by interrupting mine.

The other night the hon. member for York-Simcoe indicated that the great significance of buying an airline that was not necessary and an oil company that was not necessary is that the purchases indicate how wrong are the priorities of this government. In our judgment, we should be divesting ourselves of some of these Crown agencies we do not need and putting that money back into use in ways that will stimulate the Canadian economy. Even if the government does not accept that view, even if it does not want to rely on the private sector to generate growth and jobs in the country as we do, even if it wants to stay true to its own statist philosophy, surely it could have found better use for $1.5 billion than buying an oil company and an airline it does not need. Surely there are old age pensioners in this country who could have made better use of that money than the American owners of Pacific Petroleums.

● (1712)

Some hon. Members: Hear, hear!

[Mr. Clark.]

Mr. Clark: Surely there are a number of Canadians looking for homes who could put that money to better use. But instead this government, so intent on controlling everything it can, ignores the elderly Canadians and those Canadians who need homes, ignores the taxpayer in this country, ignores the legitimate priorities in Canada—

Mr. Chrétien: No taxpayers' money.

Some hon. Members: Oh, oh!

Mr. Clark: Let us try to get some quiet in here because the Minister of Finance has made an important point. He has shouted from his seat that there is no Canadian taxpayers' money involved here. There is an obligation on the part of the Government of Canada to the extent of $1.4 billion. That obligation, if it comes to be honoured, will have to be paid by taxpayers' money. I am asked about the assets. I think it is understood that there has been a remarkable difference between the quoted market value for Pacific Petroleums shares and the value that is being paid by the Government of Canada.

Some hon. Members: Hear, hear!

Mr. Chrétien: What about AGTL and Husky? The margin was bigger.

Mr. Clark: The minister is making another speech from his seat. I heard him, but it is difficult to hear because there is so much shouting from over there. I heard him talk about Husky. I want to say something about Husky because the Prime Minister of Canada—outside this House naturally—defended the acquisition of Pacific Petroleums by saying that it was in the interests of Canadian ownership. The Husky deal showed that there is more than one way to acquire Canadian ownership of international oil companies. The private sector will do it when the private sector has an opportunity to do it. And speaking for this party, we would prefer to see private ownership in the energy industry accomplished by private Canadian entrepreneurs going out and building for themselves.

Some hon. Members: Hear, hear!

Mr. Clark: We believe there has to be a combination of real restraint and real stimulus. I want to spell out again the elements of the restraint program that we will introduce as a government. First of all, it will be permanent restraint, not the kind of cosmetic restraint that this government has talked about. It will be permanent restraint accomplished in the following ways, and accomplished in accord with three principles.

First, we will permanently reduce the operating costs of government. We will do that by not hiring new public servants when vacancies become open due to death, retirement, or by moving away. We have an immense respect for the capacity and ability of serving Canadian public servants. We know that many of them are frustrated and underutilized. We intend to give to Canadian public servants the opportunity to move into positions of responsibility in the Canadian public service, to which access is now denied them.

Some hon. Members: Hear, hear!

Mr. Clark: We will follow that policy of attrition in public service size and of calling upon the best from Canadian public servants. That will result in a net reduction in the size and the cost of the Government of Canada. Second, we will introduce into the practice of the government and Parliament of Canada, some of the cost control techniques which this nation has been without for far too long. We are going to introduce zero based budgeting throughout the Government of Canada. We are going to return to the House of Commons, this parliament which was established to represent and protect the interests of all Canadians, all the power to control government spending.

Some hon. Members: Hear, hear!

Mr. Clark: I was not a member of this House at the time, but I am familiar with one of the first items on the agenda of this government, when it was first elected in 1968. Indeed, it forced a measure through parliament in 1969. I use the word "forced" advisedly because for the first time in the history of British parliamentary tradition anywhere in the world, this government changed the rules of parliament by the use of closure.

Some hon. Members: Shame!

Mr. Clark: They did that, sir, with one goal in mind. The goal was to take away from the House of Commons the power to control government spending.

Mr. Chrétien: Not true.

Mr. Clark: Absolutely true, and the record makes it clear. Recognizing that while it took the Trudeau government less than a year to undo the principles which were established centuries ago, we intend in forming a new government to give the highest priority, to bringing back reforms that will allow the then Leader of the Opposition—I do not know if the member for Mount Royal will hold to that office or open it up to the queue that is already forming behind him—to choose two departments whose estimates will be examined without any restriction of time. The choice will be made after all estimates have been prepared, so that estimates will be prepared in the expectation of the kind of scrutiny which is the only guarantee of responsible government.

Some hon. Members: Hear, hear!

Mr. Clark: Again, the third principle we will follow in terms of ensuring there is real restraint will be to get the government out of areas where it does not belong. Earlier today I talked about Petro-Canada. Petro-Canada is one of the classic cases of what can go wrong when the government gets in where it should not be. It is justified as being a window on the oil industry. I would not be surprised if other companies competing with Petro-Canada, particularly as Petro-Can now moves to larger and larger status, are less prepared and more reluctant to make confidential information available to a government regulator which they know is a regulator on one day and the owner of a competitive company the next day. I would not be surprised if it is having a negative effect and closing the window which the National Energy Board already has. That is one point in relation to Petro-Can.

Mr. Chrétien: The French, the English, The Netherlands, everyone. You are of the sixteenth century.

Mr. Clark: The Minister of Finance tells us there is a justification for the government's policy, that is, that other countries have oil companies.

Mr. Chrétien: Yes.

Mr. Clark: Other countries have monsoons, other countries have state police agencies, other countries have censorship rules, other countries have a number of things. Because they exist in other countries is no reason for them to exist here.

Some hon. Members: Hear, hear!

Mr. Clark: The standard which should be established and guide government decisions here is not what is good for other countries but what is good for this particular country, Canada.

Some hon. Members: Hear, hear!

Mr. Clark: There are two other reasons. I will not debate the whole Petro-Can matter. This determination to become involved in the private economy is dangerous. One of the reasons has to do with the conflict of interest between a government which owns one company and sets the rules for all companies. That is most evident in relation to the northern land regulations where the northern land regulations have been changed, quite clearly to give specific advantage to the company the government owns. It is just like anybody in this room who has a son who plays softball or baseball, if anyone has a daughter who plays hockey—as they should be in Barrie,—you know very well that if you were called upon to umpire a game there would be a strong suspicion among other parents and players that you are giving preference to your son or daughter. That is exactly the situation here. There is evidence of this because the northern land regulations have been changed explicitly to confer special advantage on the company the government owns.

Some hon. Members: Shame!

Mr. Clark: The other day in this House we had another indication of a conflict of interest. It was a conflict of interest of a very invidious kind because it put a leading and outstanding public servant in a very difficult position. I speak, of course, of the deputy minister of finance who is required by law to participate in confidential government budget decisions and is also required by law to sit as a member of the board of directors of Petro-Canada. He was put in the invidious position of knowing what Petro-Canada was going to do at a time when he might have been seized of knowledge about the budget. No Canadian public servant should be put in that situation. The minister is nervous. I ask him to check—

Mr. Chrétien: No, I would like to reply. It is dicey. Make an accusation if you can.

● (1722)

Mr. Clark: One sign of panic and decay on the other side is that every time an issue arises, they say, "Make a charge". Well, I will make the charge that I have made. The Government of Canada has put the Deputy Minister of Finance in a very invidious postion. That is the charge. The people against whom the charge lies are the Government of Canada. The reason it is subject to that charge is because it is so determined to control so many of the activities in this country that would function better if they operated without the heavy hand of government.

Some hon. Members: Hear, hear!

Mr. Clark: Naturally our view of achieving restraint by getting the government out of activities where it should not be is opposed by some other parties in this chamber. It is opposed for different reasons.

Mr. Chrétien: He is running away.

Mr. Clark: If the Minister of Finance cannot make it as a shoe salesman, he will certainly make it as a humourist.

Some hon. Members: Hear, hear!

Mr. Clark: There are two different kinds of objections. The Government of Canada, the Liberal party, which speaks most eloquently from its seat and to its discredit and sorrow speaks most eloquently by its actions, because by its actions it is known, as the last series of by-elections in this country demonstrated so dramatically, is concerned about divesting control of any of the more than 300 Crown corporations.

An hon. Member: Three hundred and eighty-five.

Mr. Clark: There are 385 Crown corporations which they like to control. It was very interesting listening to the Minister of Transport the other day talking about the process of de-regulation in the air industry in the United States which has brought down fares and increased usage, saying it would not work here. He said there are public interest factors which you have to consider. That is short for saying he does not want to let go of any of his control. That is really the philosophy of this government.

This is a highly statist government, and it is not for philosophic reasons. There are philosophic reasons to my left. It is because this government enjoys running things, even if it runs them badly.

The New Democratic Party are interested in public ownership because that is their ideology. It has been their ideology since the Regina manifesto. They have changed very few of their views since the Regina manifesto. That is, nonetheless, a relatively legitimate reason. Certainly philosophy is a more legitimate reason for a statist approach to government than simply a desire to keep your hands on everything that moves, which is the control orientation of the Liberal party.

In relation to the NDP, I have had a chance to look at the amendment they have introduced.

Mr. Knowles (Winnipeg North Centre): Subamendment.

Mr. Clark: As well as reading the Regina manifesto, it is beyond dispute that the hon. member for Winnipeg North Centre (Mr. Knowles) has also read the rules of parliament. The effect of that subamendment is to strike out the objection which we in this party take to the incessant acquisition by the Government of Canada of ventures which are better operated by others. That is the deleting effect.

The adding effect is redundant. It talks about creating employment in the country. It is redundant to our motion because our motion makes it clear that what we believe is necessary is a stimulant budget. There is no question that that kind of stimulant which I and my colleagues have outlined for some time, many elements of which have been adopted by the government, would provide the employment that is called for explicitly in the NDP motion.

I might say a word about Crown corporations. There is no question that in a nation like this, young, large, still developing, still a place that has to attract capital and develop its own capacity to increase its investment capacity to do the things we want to do but cannot quite do, there is going to be a continuing need to have the state intervene from time to time. However, the rule must be that the government should intervene as a last resort because it needs to, not as a first resort because it wants to intervene. Indeed, that distinction led predecessors of mine in the leadership of this party to establish some of the great Crown corporations and Crown agencies in this country, corporations like the Canadian Broadcasting Corporation and agencies like the Canadian Wheat Board. That is a tradition which is essential to this country.

There is no question at all that we must continue to have the state ready to move in as a last resort when the private sector cannot function. However, these Crown corporations and agencies established for one purpose at one point in time should not be above examination. We should look at them to see if they are doing what they were set up to do.

We should see if the country has matured to the stage where such activity is no longer as necessary as it once was. That is the approach that we in this party intend to take to a number of the activities in which the Government of Canada is now involved. We will do it directly in some cases, such as in relation to a Crown corporation like Petro-Can where our view is clear. We will do it by empowering this parliament through the sunset laws to examine the continuing need to exist of various Crown corporations and agencies so that we can improve those we keep and get rid of those that should not continue to be supported by public funds.

I can name some examples where it would be well to have a committee empowered with a sunset law, reviewing the need to keep as an acquisition something possessed by the Government

of Canada such as Canadian Arsenals, the Crown Assets Disposal Corporation and the Defence Construction Corporation. Do we need to keep those? Should we not be asking this kind of question rather than making the knee jerk reaction of, "Now that we have them, should not we hold them?"

Parliament should be acting now to reform activities like the Canadian Dairy Commission which has some areas that clearly need reform, as well as the pilotage authorities. Atomic Energy of Canada Limited clearly needs scrutiny and reform by this parliament. CIDA would benefit substantially from scrutiny and reform by this parliament, particularly in light of some of the recommendations of the Science Council, as would the Foreign Investment Review Agency.

Why should these be sacrosanct? Why should parliament be prevented from reviewing their usefulness and continued need to exist? Why should we put that prohibition upon ourselves at a time when it is so necessary for us to practice restraint and save the money of the taxpayers of Canada?

[*Translation*]

When I said that having partners was essential I was speaking of steps to restrain government expenditures; but today we also need strong incentives for barely half of the real economic possibilities in Canada are being developed. Our rate of unemployment is the highest of all industrialized countries; our rate of inflation exceeds all others with the exception of Italy. Almost all Canadian private forecasters claim that things will be no better next year.

In Canada, we can do much better than that. According to the Conference Board, even a rate of real growth of 4.75 per cent and a rate of unemployment of 5.5 per cent would increase the wealth of the nation by $41 billion within two years, wealth which could be used to generate new investments and new jobs. The Conference Board also believes that if those growth and job objectives were achieved this year and next year, federal and provincial government revenues would grow by over $13 billion, which would contribute immeasurably to restoring balance in the government accounts.

What we need above all is incentives. In the aggregate, our stimulants would include a decrease in federal income taxes of at least $2 billion in favour of Canadians who would spend that money quickly here in Canada; cuts in the mortgage rate and income tax up to fixed limits spread over a four-year period; a tax credit on investments for those Canadians who are willing to invest their money in small Canadian businesses; and specific steps to encourage research and development, to protect capital gains, to protect inventories against inflation and, in particular, to encourage regional development.

• (1732)

[*English*]

As I said earlier, the effect of the budget introduced by the minister the other night will actually be to reduce the stimulus for the remainder of the current fiscal year. The minister needed a tax cut of $750 million for the second half of fiscal 1978-79 to maintain the stimulus which was given to the economy by provincial sales tax cuts. Instead of the $750 million which was needed, this budget provides only $300 million. That is by the minister's own admission. The stimulus is down for the remainder of this fiscal year. It is down, after the minister has failed to meet his April growth target. It is down at a time when we are heading into a winter of one million unemployed. At a time like that, the Trudeau government reduces the stimulus in the Canadian economy.

I want to talk for a moment about the budget process. I will not speak for much longer, but I want to talk about the budget process because part of what has gone wrong here in the last ten years is that this government has been so certain that it knew all the answers that it has moved away from people who might have other ideas and might have contributions and suggestions to make.

The minister has boasted that he had more consultation this time. He had a series of private and secret meetings across the country, and I congratulate him for that. That is a step forward, but it is still a step in the shadows. What should be happening is that this kind of consultation should be taking place here in the open. I say "here" advisedly because, before a budget is brought down, the obvious place for discussion of the economic climate and economic potential of this country is in a committee of the House of Commons. That is what we are here for. That is what parliament was established to do. If we were able to do that, we would be able to invite, to a committee of this House, the consumers' association, the manufacturers' association, the Canadian Labour Congress and all groups which have legitimate interests in national economic policy. We would be able to sit down with them, as well as with representatives of the C. D. Howe Institute, the Fraser Institute and a number of other private agencies which are concerned about economic policy. We would have public discussions which would increase and improve public understanding of the economic problems and the economic potential of this country.

Other countries do that, and we need to do that. As a government, we are going to do it as part of our reform of parliament.

Some hon. Members: Hear, hear!

Mr. Clark: A reform which we will introduce will be the annual publication of five-year spending forecasts and five-year revenue forecasts of the Government of Canada. What is almost unbelievable and almost impossible for me to accept is that in the United States, in the United Kingdom and in Canada there are five-year revenue projections and five-year spending projections, that in the United States they are published, that in the United Kingdom they are published, but that in Canada under the Trudeau government they are kept secret.

Why are they kept secret? Why should parliament not know what public servants know when they set budget policy? Why should the people of Canada not know about the implications, five years down the line, of budget policy which is being

brought in now? Why should there be so much secrecy? Why should Canadians be kept in the dark about the basis of national economic policy? There is no reason. This government, which has grown so old in office, is so captive to the old habit of secrecy that it simply will not break it.

I give to the people of Canada and to this House the commitment that after the next election we as a new government will break that bad habit and let the sun shine in on the five-year forecasts and projections on which national economic policy is based.

I think all of us in this parliament are concerned about how much, if anything, must be kept secret and how much can be made public. We must take a hard look at taking away part of the veil which now covers our budget-making process. We know that the way the United States deals with the problem of holding a potential special advantage because of special information is by making sure that all information is available to everybody. Here we keep all information from everybody. I think we must take a hard look at whether the system in the United States does not have more to recommend it than the system which has led us to so much economic difficulty here.

With regard to those technical changes in budgetary policy which can confer no positive or negative advantage or disadvantage, we in this party think that those matters should be discussed in public and that they should be moved out, from the preparation of this budget onward, into the open so that there can be that kind of consideration.

Unfortunately, this secrecy which has cast a shadow and a cloak over budgetary policy is pervasive in this government. In the budget documents there is a brief, seemingly innocuous but dangerous reference to some $300 million which the government of Canada is going to make available to those companies which are adversely affected by the negotiations at the Geneva round of GATT. The government knows what went on at GATT; parliament does not, the companies affected do not. The government does know, and the government is of the view that at least $300 million worth of damage was done to the Canadian public interest and to the interests of Canadian companies by what was negotiated away at GATT.

Part of the reason that that causes so much concern is that the industries whose lives and future are being affected by these negotiations at GATT have consistently been kept outside. Once again, other nations with economies far more complex than ours have found ways to ensure that industries whose lives are affected by tariff negotiations have a means of participating in those negotiations. That is not the case here.

Mr. Martin: They have had a lot of input.

Mr. Clark: The parliamentary secretary correctly says that they have had a lot of input, but they have had input up to a point, and then public servants—admittedly good people—have had theirs. The industries involved have been sent away, but there is no role in Canadian delegations, as there is in the delegations of other countries, for representatives of some of those industry groups to participate directly in the negotiations. One consequence is that not only do people live with the certainty that the Government of Canada has concluded that there has been at least $300 million worth of damage done to the Canadian economy by the GATT negotiations, but also there is the suspicion that if somebody who knew more about an industry which was bargained away had been present at the table, then the injury done to that Canadian industry would not have occurred. That is the tragedy, and we must change our procedures to prevent that.

The basic weakness of this budget and, indeed, the basic weakness of this government is that it is standing pat. It is dealing with the past. It has no sense of the future of this country. In ten years the government has wasted and crippled some of the great building assets of Canada.

This budget promises us a deeper deficit and stagnation as usual. There is no excitement in this budget, and there is no excitement in this tired old government. There is no excitement about the potenital of this country, and this budget certainly offers no encouragement.

It is quite interesting to look at the threads which run through the language of the Prime Minister and the Minister of Finance. They talk about the problems Canada faces and about this being a difficult world. They talk about all the obstacles we face and about all the bad things which are in the atmosphere. The fact is if they would get out of their cocoons and visited this country, if they would stop apologizing about what they had done and began to look at what we can do as a people, they would realize that this is not a country beset by problems, but a country beset by opportunities and possibilities.

• (1742)

Some hon. Members: Hear, hear!

Mr. Clark: Nobody pretends that this is an easy country to govern, it never has been, but there is no question at all that Canada can be governed, that it can grow as an economy. What is necessary is to have a Government of Canada that is prepared to trust the people of Canada more than this government does. There has to be a determination to encourage the instinct to build which is part of Canadian life, whether it is evident in a company like Great Lakes Air—which wanted to buy the airline which the government bought—in a company like Alberta Gas Trunk Line—which moved in and ensured Canadian ownership in a far preferable way to having Petro-Can move in—or, indeed, whether it is evident in the aspirations of countless Canadians across the country who simply want to own, buy or build their own homes and want this government, through mortgage interest deductibility and other means, to help them. These people want the Government of Canada to adopt that kind of policy because it indicates that it is prepared to back up with its policy those Canadians who want to go out and build for themselves.

Mr. Martin: Talk about the cost.

Mr. Clark: I shall talk about the cost, and I will talk about the consequences as well.

Mr. Martin: In real figures.

Mr. Clark: I shall talk about the cost in real figures too. I am sure the parliamentary secretary is aware, and I know he is doing his job as a parliamentary secretary and as a partisan, that the two industries which would be most dramatically affected by my policy would be the house building industry, which is almost 100 per cent Canadian-owned. We would not only be helping young, older and middle aged Canadians who want to build homes, we would also be stimulating a highly productive part of the Canadian economy. We would be creating jobs for Canadians and growth for Canada, which in turn would provide revenue for the Government of Canada and the governments of the provinces. It would provide the kind of stimulus which is singularly absent in the budget brought down by this government.

Some hon. Members: Hear, hear!

Mr. Clark: All members are proud of the constituencies they come from and I am sure they think they cannot be matched by any other constituency in the country. I had the opportunity to be home in my riding on the weekend, to meet some of the people who work and live in the constituency of Rocky Mountain which stretches along the western mountains and foothills of Alberta. These are people who work harder than we do in this House of Commons, people who go down in coal mines every day, who work outside in winter, and who run farm operations which require them to keep the schedule that calves keep when they are being born, a schedule much less predictable than you, sir, can enforce in this House of Commons. They are hard working Canadians who have their counterparts in every constituency in this country.

One of my privileges as national leader is to have the opportunity to travel this country, to go to Newfoundland and visit the little community of Trepassey and see people who go out every day in violent seas to fish for food, and to travel across this country and see people who want to build.

Many of these people came to this country because they knew that there was opportunity to build, and that is the nature of this country. What we need is a national policy, including an economic policy, that is in keeping with the building nature of this country, rather than in conflict. For a decade we have had a government which has not trusted the people of Canada, and it is evident again in the budget. Instead of allowing private entrepreneurs to acquire businesses which could be best operated in the private sector, the government moves in and buys. Instead of helping young Canadians and other Canadians who want to go out and build their homes, the government says no. Instead, this government goes out to younger Canadians and Canadians on low incomes and says: "You are too rich. How do we, those of us sitting in Outremont, know you are too rich? Because you want to own a home." That is what the Prime Minister said, and that is why he opposed our policy.

Some hon. Members: Oh, oh!

Mr. Clark: I will not get into that matter, Mr. Speaker, because it is a subject for another debate, but it certainly indicates an attitude toward Canadians. There is here, in this party, a determination to establish a government which will introduce policies which will encourage the building instinct of ordinary Canadians. It will be a refreshing change and we look forward to introducing such policies as soon as we can after the next election.

Some hon. Members: Hear, hear!

Mr. Donald J. Johnston (Westmount): These are my first remarks in this House, Mr. Speaker. Indeed, it is a great honour and privilege for a number of reasons. First of all, simply being an elected representative of the Canadian people is a great honour, as is representing the riding of Westmount, which, as hon. members know, will soon be redesignated as Saint Henri-Westmount. It is an unexpected pleasure to have the opportunity to listen to and follow the Leader of the Opposition (Mr. Clark), and accordingly I would like to depart from some of the general comments which I intended to make at the outset about my riding—which I understand are traditional and to which I will come back in due course—to comment briefly upon some of the statements made by the Leader of the Opposition with regard to the budget.

I have sometimes been a critic of budgets in the past, but I must say that I am proud, as a humble backbencher, to be associated, however indirectly, with the budget handed down last week.

Some hon. Members: Hear, hear!

Mr. Johnston (Westmount): I have to assume that the Leader of the Opposition, because he really did not address himself to any of the substantive issues contained in the budget, must be in agreement, by and large, with the proposals contained in it.

I learned some things in the course of my campaign. I am a neophyte and a debutante with no political experience, and, in the course of my campaign, my Conservative adversary, who was a very able adversary, let it be known to me that he had been at a candidate's school. This was my first criticism of my own party, because I did not have the benefit of candidate school. It appeared to me during the course of the campaign and after listening to a number of members of the opposition, including its leader, that candidate school specializes in a particular form of humour, a good deal of gloom and doom, and the preaching of a lot of platitudes.

The comments which I intend to make to this House today will be less humorous, with less doom and gloom, and I hope that there will not be too many platitudes. However, I would like to point out that the Leader of the Opposition did make one statement which I share wholeheartedly with him, and that is, that this is not a country beset by problems, but a country of unlimited opportunity. I was delighted to hear the Leader of the Opposition make that statement, because it has long been my impression during the course of the last several years and, in my election campaign that too much gloom and

doom is being preached in this country, not only by the opposition but from other quarters as well.

I see this country today as a country of unlimited potential and energy, with enormous coal reserves, untapped riches in the tar sands, hydroelectric power which could double within the next 15 years, and with one of the great forest reserves of the world, unmatched by any nation except, as I understand it, Russia and Brazil. We are endowed with one of the great freshwater reservoirs, minerals, and twice as much farmland per capita as the United States, although we are not quite as productive. Canada is a country of unlimited opportunity. That is why I say, that I am delighted to see those opportunities married to responsible financial policies, such as those contained in the budget brought down by the government.

● (1752)

It is clear to even the most cynical observer that the Minister of Finance (Mr. Chrétien), in his budget rejected seductive political proposals in favour of long-term economic growth which the country requires.

Turning for a moment to my own riding, I should like to point out that indeed it is not only an honour and privilege to represent Westmount, but also a challenge. I am called upon to fill the vacancy created by the resignation of the Hon. "Bud" Drury, whose distinguished career as a soldier, public servant and politician is well known to members on both sides of the House.

Some hon. Members: Hear, hear!

Mr. Johnston (Westmount): I was delighted to hear the hon. Leader of the Opposition pay homage to Mr. Drury. Even in his retirement from the House, he has gone on to accept several difficult mandates, and still serves the Canadian people.

In its wisdom, the riding of Westmount selected a Liberal by an overwhelming majority in the recent by-elections. Yet, I feel that in the minds of many Canadians, the Westmount riding conjures up the image of one of the two solitudes about which Hugh MacLennan wrote so many years ago: the solitude of the affluent English in the province of Quebec. The riding of Westmount is not such a bastion or fortress of the English-speaking population of the province of Quebec. In fact, Westmount today is symbolic of the Canada of the future, the pluralistic society which brings together so many of the wonderful differences present in Canada, such as racial, religious, economic and social. All those differences are present in that great riding. The riding comprises one of the most important influential Jewish communities in Canada, as well as one of the most important business communities and universities, combining all that in a riding which is predominantly English and very substantially bilingual.

From time to time the premier of Quebec, Mr. René Lévesque, has made reference to the metaphor used by Sir Winston Churchill of two scorpions in a bottle being representative of the relationship between the French and the English. I can assure Your Honour and all members of the House, that if that metaphor is applicable anywhere is Canada—and I personally do not think it is—certainly it is not applicable in my riding or in the city of Montreal.

Some hon. Members: Hear, hear!

[*Translation*]

Mr. Johnston (Westmount): In fact, Mr. Speaker, the Westmount riding represents the Canada of tomorrow, where learning and speaking both official languages will be considered an opportunity and not an obligation.

At present, Mr. Speaker, we are observing in the Westmount riding a profound change in the attitude of the English-speaking population which is willingly taking part in the francization of Quebec. Anglophones, for example, are seeking opportunities to communicate and speak French with their fellow citizens, and it is astonishing to see, Mr. Speaker, that most of my Anglophone friends' children are attending either French schools or French immersion schools where both languages are taught. Therefore, Mr. Speaker, despite the Parti Québécois' efforts to create an attitude of confrontation between Anglophones and Francophones, exactly the opposite is happening today.

Mr. Speaker, since the conquest, Canadian history has taught us that the division between French and English in the province of Quebec is based on religious rather than language differences. Up until now these religious differences have almost separated the two societies or prevented their integration. In my view, the ease with which English-speaking Irish Catholics have integrated themselves into the French community, for example, is proof of this theory. I believe, Mr. Speaker, that is why today we find Francophones with names like Burns, O'Neill and Johnson, even in the Parti Québécois.

As we know, Mr. Speaker, these religious barriers have nearly disappeared. This is a very great change in Quebec. In my opinion, relations have never been as friendly and as positive. I believe that far from being confirmed, these two solitudes, of which Hugh MacLellan wrote, are rapidly getting closer together. We, English-speaking Canadians, who have not the slightest intention of leaving the province of Quebec, see in all this the potential for a multicultural society.

The Acting Speaker (Mr. Ethier): It being six o'clock, I do now leave the chair until eight o'clock this evening.

At 6.03 p.m. the House took recess.

● (2002)

AFTER RECESS

The House resumed at 8 p.m.

Mr. Johnston (Westmount): Mr. Speaker, when the House adjourned at six o'clock, I was discussing the attitude of the English community towards the francization of Quebec. I was explaining that we, English-speaking Canadians, have no intention of leaving Quebec because we are very pleased with what is now happening in the province. We see a dynamic, multicultural and bilingual society which could become the most dynamic society in North America if the economy is not overly weakened by the present political uncertainty.

[*English*]

Notwithstanding these very positive attitudes all of us in the riding of Westmount have, it is also fair to say that all Montrealers and all residents of my riding, be they Francophone or Anglophone, are fearful of what may lie ahead. We have heard our Prime Minister (Mr. Trudeau) and others say on a number of occasions that the health of the Canadian economy is inseparable from the subject of national unity. I say to you, Mr. Speaker, that I know there are many Canadians who may not share that view, but we who live in the riding of Westmount know that view to be correct.

Daily we witness an exodus of talent, French and English, young talent, often the children of friends, sometimes to other provinces in Canada but quite often to the United States. Daily we witness the exodus of businesses and assets. We see businesses closing and families displaced, as I indicated before, again sometimes to other provinces in Canada, but again quite often to the United States. The professional community in the city of Montreal, be they lawyers, auditors or professional counsellors, have been presiding over transactions of this kind on a daily basis for the last several years.

I ask you, is it any wonder that the people of Westmount are more sensitive to the problems of national unity and the relationship of those problems to the economy than Canadians elsewhere in this country?

[*Translation*]

—as we say in French, to ask the question is to answer it.

[*English*]

Imagine my disappointment when I attended the first ministers' constitutional conference several weeks ago here in Ottawa and listened to the discussion about entrenching given rights and freedoms in our constitution, hearing Premier Lougheed declare that as far as he was concerned such entrenchment was unnecessary, that Alberta had a bill of rights and that the legislature of any particular province would be able and should respond to the needs and the will of the people at any particular time in this regard. I sat there and thought to myself, how would Premier Lougheed feel were he an English-speaking merchant in the third—perhaps the second, but probably the third—largest English-speaking city in Canada serving almost exclusively an English clientele, unable to erect a sign on his premises in English? So much, I said to myself, for the protection that is to be afforded the minorities of this country, not only in Quebec, but by other provincial legislatures.

Returning for a moment to the budget itself and the economy, I would point out that during my campaign I learned that in Westmount, economic issues are of as much concern as elsewhere in Canada. The people in Westmount want lean, tough government. That message came through loud and clear. They endorsed the policies introduced in 1975, the tightening up of the money supply, the basic freezing of the civil service over the last several years, and cutback in government expenditures. Furthermore, the mandate they gave me was: you go there and make sure these additional budget cuts and this economic plan of August are implemented. They approved the policies of this government as shown overwhelmingly by their vote on October 16.

As I said earlier to day, I am confident they will approve wholeheartedly the very responsible and very economically sound budget introduced by the finance minister last week.

● (2012)

I was very pleased, as, I noted, was the Leader of the Opposition (Mr. Clark), at the added incentive given to research and development in this country. This is very important to all of Canada and particularly to my province, Quebec, where, in the relatively near future, we must establish competitive high technology industries to replace those which we regard as being in the *secteurs mous* whose years are obviously numbered.

I was also heartened by something for which I have been asking for years, and that is a re-examination of our Income Tax Act to see that it is fair to all Canadians. A carefull look should be taken at the concept of tax neutrality—namely, that Canadians in the same financial circumstances should bear the same burden of tax. I am not by any means satisfied that this job is being done, but certainly in many respects this budget is a step in the right direction.

I might say that I learned several things this afternoon from the Leader of the Opposition, though none had anything to do with the budget. This leads me to conclude that fundamentally the Conservative party endorses the principles set forth in the budget. One of the things which came through loud and clear was that members of the Conservative party have an aversion to Crown corporations, which apparently is not shared by their colleague, Mr. Peter Lougheed. I too favour greater private sector participation wherever possible, but understandably the private sector looks to the competitive return on investment that it can derive from any particular area of endeavour. Those returns are not necessarily readily available in the capital intensive energy areas in which Canada is required to invest in the latter part of this century, not only for our generation but for that of our children, our grandchildren and for the future.

Hence, nineteenth century Conservative philosophy is not appropriate to the kind of capital intensive energy situation we are facing in Canada today. By the same reasoning that I heard this afternoon, I would think that the Leader of the Opposition should postulate that private industry in the United States should be financing outer space exploration. I would doubt that he would even convince General Motors of the

validity of that kind of investment, yet who knows what kind of benefits may be ultimately derived by mankind from that kind of expenditure in the public sector?

Another thing which I found fascinating was the idea that the acquisition by Petro-Can of Pacific Petroleums was a current government expenditure of some kind. As I understand the transaction—and since I sit on the backbenches perhaps I do not understand fully—the acquisition is an asset. So I said to myself that if the acquisition of an asset was regarded by the opposition as a current expenditure, then it is small wonder that they believe that mortgage interest should be deductible. In fact, the entire purchase price of a house should be deductible.

The Leader of the Opposition also told us that he believed in cutting costs, freezing the growth of the civil service and reducing the deficit, all programs, I would point out, Mr. Speaker, which the government has undertaken. It is not clear to me how he manages another $2 billion in cost saving, but I am somewhat new to this game of politics and perhaps that is what is regarded as opposition licence, rather like poetic licence. If so and that kind of licence is available to us, I think at the same time we should look to full employment, no deficits and reduced taxes. He may be saving that platform for the spring, but I want it on record, Mr. Speaker, that it first came from the backbenches of the Liberal party.

Some hon. Members: Hear, hear!

Mr. Johnston (Westmount): I should like to close, Mr. Speaker, on a rather more serious note. I said earlier that Canada has enormous potential, and the Leader of the Opposition agrees with that. We have a tremendous asset base and we have a population that can exploit that base. The constituent elements of economic growth, as we all know, basically consist of the marriage of resources, labour and capital. We need capital in this country, Mr. Speaker. Unfortunately, political uncertainty does not create a secure environment to attract capital, be it Canadian or foreign.

● (2022)

We in the Westmount riding, Mr. Speaker, are on the front line of the battle not only to save our own economy in Quebec and that of Canada, but to save the country itself. The people in the Westmount riding, be they French-speaking or English-speaking, live with this problem every day. I believe that the people of Westmount, like the troops on the front line of a battle, are in a better position to judge what kind of leadership and what kind of leader is required to win that battle than the reserve troops who are stationed many miles away. I say to you, Mr. Speaker, that the vote on October 16 whereby the Liberal party was given an overwhelmingly increased percentage majority compared with 1974 was a message which the people on the front line sent to the people of Canada. And they sent a message that was loud and clear, Mr. Speaker.

[Mr. Johnston (Westmount).]

[*Translation*]

Mr. C. A. Gauthier (Roberval): Mr. Speaker, it is always interesting to speak about a budget such as the one under consideration. Since I have been sitting in this House, Mr. Speaker, several budgets have been introduced but I think that none has ever been so eagerly awaited. Not unlike previous finance ministers this one has only partly succeeded in sitting on the fence, to provide a nice picture while giving as little as possible. The business world is rather satisifed with the budget, because financial restraint is essential, but the small taxpayer is not happy as a result of the budget.

Nothing substantial appears in the minister's speech. For weeks he had been receiving much advice from various quarters about the direction to take to promote the economy. The Economic Council of Canada among others urged him to reduce the excise tax, cut the sales tax from 12 per cent to 6 per cent as well as personal income tax. On the other hand the Canadian Manufacturers Association advised him not to include any personal tax reduction, but to provide tax changes for companies and the business world generally. The minister could choose between one of those options, that is please the large company by taking a more cautious approach or please the small taxpayer by taking stronger steps. He has decided to follow the first option at the expense of the second.

This having been said, let us consider the details of the highlights of the new budget. At the outset, let us examine the sections which seem to be of a certain interest at first sight. The fiscal changes which will prevent professionals from incorporating in order to pay less income tax will be welcomed. Canadians will also welcome the changes relating to income debentures and retractable preferred shares. A number of companies invested their money in that fashion and by so doing avoided paying their taxes. We must note however that Petro-Canada took advantage of that fiscal loophole to buy the Pacific Petroleums Company Ltd. Could there have been a leak of information relating to the budget, Mr. Speaker, a leak that would have allowed Petro-Canada to acquire that company before the budget abolished that form of investment? The increase in the taxes of air carriers means that users only, and not the whole population of Canada, will pay the costs of transportation.

Generally speaking, those are the aspects of the budget which seem acceptable to us; unfortunately, they help only a very small part of the population. The government provides very few new measures for ordinary people. The sections of the budget which seem to favour these people do not actually. Let us take a closer look at them. In his introductory comments, the minister stated that the Canadian economy has made great progress in 1978, but without the results which had been anticipated. Real production growth will be around 4 per cent while the increase in domestic production prices will reach 6½ per cent. What has happened in recent months when a 5½ per cent increase in production was foreseen by the minister? Why

this anticipated decrease of 1½ per cent? Moreover, this decline could be more important as economic experts are predicting an increase of approximately 3½ per cent. In addition, the minister maintains that the increase in domestic production prices will be 6½ per cent. Is he taking into account the increases resulting from imported products? In his speech, the Minister of Finance (Mr. Chrétien) specified, and I quote:

> But action is needed now to encourage investment, to respond to the needs of sectors and regions, and to keep our costs competitive, while reducing our cash requirements from the present high level.

Anyone hearing such a statement wonders what the minister is getting at. First, apart from Ontario and maybe Alberta, what real advantages will the other provinces of Canada stand to gain from the incentives advocated by the minister? Second, when the minister suggests raising from 30 per cent to 100 per cent the write-off for mining development expenditures it certainly helps the development of enterprises but it does precious little for those who work there. Let us take for example the recent ruling by the Anti-Inflation Board which refused an 8 per cent salary increase to miners in Thetford Mines because it was supposed to be too much: so, there is one law for the rich and another for the poor. In addition, always with a view to helping development, the minister extends the incentive for oil drilling funds. That is another gift for that industry which was going to invest anyway, even without help from the government.

The government, in a sublime and noble effort, saw fit to include in its new tax legislation a new maximum for the deduction of expenses relating to employment, that is $500. At first look, it seems to be a very generous action, but it is not so. First, that change in tax legislation will take place only in one year from now, not in 1979, which would have had immediate effects. Second, that increased deduction will benefit rich taxpayers, those who pay income tax. That exemption means an average real gain of $100 to $125 a year. Mind you, that reduction does not apply to taxpayers whose income is less than $10,000. Provincial income tax will decrease by $400 million for provinces which have signed an agreement in relation with income tax collection.

● (2032)

However, this measure is dependant upon an agreement between the federal government and the provincial government. The terms and conditions are not specified. So the greatest uncertainty prevails. Lastly, we note this quite mysterious sentence by the Minister of Finance (Mr. Chrétien), and I quote:

> The federal government and a number of provincial governments are working together to reduce the high cost of wood supply.

In his budget, the minister grants these companies other fiscal advantages which will have both directly and indirectly the effect of lowering their supply costs. That is a nice gesture, however the minister ignores the fact that in Quebec, for example, the cost of forest operations concessions in already low. Why then give grants to reduce these costs further? In fact, most of these measures will directly help such already privileged areas as Alberta and Ontario. The wealthy will get richer and the poor poorer.

Mr. Speaker, I will now comment on the measures announced by the Minister of Finance to promote research and development. As for increasing the basic investment tax credit for R and D from 5 per cent to 10 per cent throughout Canada, and to 20 per cent in the Atlantic provinces and the Gaspé region, I think that that is in itself a good measure. But I wonder why the minister did not increase it to 100 per cent as he did elsewhere, for example for expenses related to mining development. I really believe that small and medium-sized businesses, especially in the pulp and paper industry, would have benefited from such measures, when one considers that the main reason why various sectors of job creating companies were closed is their lack of competitiveness because of old, unsatisfactory and inadequate facilities for our time.

As for companies whose head office is outside Canada, I really do not think that the small tax advantages offered by the government would compete with those already offered by countries such as the United States. In that sense, the measures put forth by the Minister of Finance will certainly not have the impact which he wants Canadians to believe, and he knows that, Mr. Speaker.

I want to deal now with another far more important aspect of this R and D issue that the government is trying to hide from the Canadian people. On September 6, 1978, the present government announced budgetary cutbacks which, I believe, will be disastrous for the future of basic and industrial research in Canada. I can already hear short-sighted Liberal ministers say, as they have in the past, that basic research is good only for egocentric researchers. But I for one, Mr. Speaker, predict that the way things are going within two years industrial research will feel the countereffects of the way in which basic research is presently being mistreated, and I think the minister is the only one who cannot understand that the application of new technologies comes after the basic research necessary to discover those technologies.

The minister says on the one hand that he wants to help small and medium-sized businesses, but on the other hand the government announces cutbacks of $14.8 million in the nationally important sector of agriculture. Mr. Speaker, I believe the Minister of Agriculture (Mr. Whelan) will hear about this later on because I think that all hon. members must have received representations from their local federation representatives saying that they are not at all pleased about the Canadian dairy policy which has been frozen for the last two years. I shall come back to this question at the proper time, but I simply want to underline in passing that the government has done absolutely nothing in this area.

The budget of the Medical Research Council had been reduced by $500,000 and that of the Fitness and Amateur

Sport Branch has been slashed by $6 million. Is fitness not also a matter of national concern, Mr. Speaker? And the list goes on. If the minister continues to damage university research as he has been doing for too long, who will train our scientists, even in the field of industrial research, and will we have to rely even more on foreign technology?

Mr. Speaker, recently, the Science Council of Canada raised the problem of industrial underdevelopment in Canada. Does the Minister of Finance (Mr. Chrétien) not agree that this fact coupled with the drop of the dollar on international exchange markets will increase even more the already enormous cost of the transfer of foreign technology? Does that really represent a saving in the long term? What good can such a policy do to Canada? This government seems to have no ingenuity whatsoever, Mr. Speaker.

Indeed, why did the government not subsidize on an equal basis with small and medium-sized businesses the allocation of contracts for research made in government or university laboratories, which already have all the infrastructures needed to carry out this work? In addition to developing and maintaining our scientific customers in Canada, this could have had an obvious beneficial effect on industrial and pure research. This is the type of positive action which calls for the participation of everyone concerned and which could re-establish confidence among the various groups which constitute the Canadian scientific community, which confidence has been dangerously eroded during the last three years by the lack of an adequate policy in the area of research and development.

When I talk about an adequate policy, Mr. Speaker, what I mean is this: first of all, an adequate budget, which implies that the funds allocated to research and development should be increased to 2.5 per cent of the gross national product before 1985, with 50 per cent of these funds contributed by the public sector and 50 per cent by the private sector. This would encourage the business involved to be more serious in its application and in its work on research projects since it would have a 50 per cent financial involvement in these projects.

● (2042)

To avoid the type of political blackmail we are presently facing and to ensure the stability necessary for a good technological performance, a long term science policy supported by three year budgetary commitments revised every year should be established as soon as possible. The final element of an adequate research and development policy would be intensive consultation with the Canadian scientific community and the appointment of competent people to key positions in the research and development field, excluding in fact those experts in general administration. In that respect, Mr. Speaker, I do not think I need to be more accurate. The minister certainly understands what I mean.

In conclusion, the government predicts a reduction of 112,000 jobs in 1979 compared to the 1978 performance. In fact, some 362,000 new jobs were created in 1978 while they will increase by only 250,000 in 1979, again according to the Minister of Finance: Informetrica Ltd., a statistical data research corporation in Ottawa, predicts that the proposed $2.5 billion financial cuts will result in the loss of 94,000 jobs in the federal government by 1981.

[Mr. Gauthier (Roberval).]

Last August the Minister of Finance predicted a 5½ per cent growth rate but Thursday evening he said that this rate would hardly reach 4 per cent. The weekend edition of the newspaper *La Presse* referred to a possibility of a mere 2½ per cent growth rate. Each statement made recently by the minister seems to demonstrate the government's inability to stimulate the economy.

In Canada, we have gotten into the habit of taxing production and employment through a large number of very complex fiscal laws while at the same time we subsidize inefficiency and non production through various government programs. The inability of the present government in economic matters as well as the performance of previous governments demonstrate without any doubt that the Keynesian system, the economic bible of our governments for years, is no longer adapted to our present economic and fiscal problems. The coexistence of soaring inflation and high unemployment rates as well as the behaviour of current governments towards budgetary deficits are there to prove it.

Considering the incompetence of the present government, we propose the immediate adoption of the policy advocated by the Social Credit Party of Canada since 1962 in this House.

That policy is what the sum total of money supply plus credit balances must be strictly controlled by the Bank of Canada to avoid inflation or deflation at the retail price level. Moreover, within the framework of an over-all monetary policy ensuring that enough credit is available for all Canadians to buy the goods and services they are able to produce, the national government must adhere to a "cash payment" fiscal policy rather than sinking lower into debt all the time, and undertake to eliminate the national debt in a specific period of time. Since the credit worth created by chartered banks issues from the producing systems capacity and the consumers' desire to consume, the government must maintain a balance between dollar demand and the cost of consumer goods, which they failed to do until now. In order to make available to Canadians sufficient purchasing power to maintain that kind of balance, the government should revert to the 1967 6 per cent maximum interest rate on chartered bank loans. Finally, the total personal exemption for income tax purposes should be increased to $5,000 per person, which means that the basic exemption should now be $5,000 for a single taxpayer, $10,000 for a couple, plus an additional $1,000 per dependent child. Those are initiatives that are called for by many people. Indeed, I urge the Minister of Finance to promptly consider them, if he has not yet done so, because the Progressive Conservative candidate in the Toronto constituency of "Beaches" made

comments quite similar to that of Major Douglas, the initiator of the Social Credit, in a recent speech before the Toronto chapter of the Society of Management Accountants.

Although we developed the fiscal proposition he put forward, and quite some time ago, and some people apparently have been making political capital at our expense on the issue for a number of years, we are happy that some federal political organizations finally saw fit to endorse our analysis of the economic situation.

It would suffice, just to name a few, to mention for instance family allowances and old age security pensions, which have been advocated by us since the beginning and which we now have today. The government has again started to talk about a guaranteed annual income program and we are pleased with that. They are even talking about Canadian harmony. I have just read an article in *La Presse* and I am glad to quote from it:

> That is what comes out of the annual congress of the Ontario wing of the Liberal Party of Canada ... Three days of debates on the double theme of Canadian harmony and the economy—

So they will no longer talk about Canadian unity, the new word is Canadian harmony. And this is precisely what we have been saying for a long time. We know that it is impossible to achieve unity if unity is to be taken in the strict sense of the word. People can live in total harmony but they cannot live in complete unity. I am most happy to see the right hon. Prime Minister (Mr. Trudeau) using this new expression. This was very comforting Mr. Speaker.

We now have the impression that changes are taking place slowly but surely. Let us administer this country to the advantage of its human resources instead of sacrificing its human capital for the sake of profit. The Social Credit party represents the triumph of men over money. How simple these words can sound yet how heavy their practical consequences. I see that you are about to rise, Mr. Speaker. I will save you the effort and resume my seat.

[*English*]

Mr. David Orlikow (Winnipeg North): Mr. Speaker, the Minister of Finance (Mr. Chrétien) has brought down his budget at a time when new directions in economic policy are urgently needed. Canada is entering the second winter in a row with more than a million people out of work. The minister has predicted that the job situation in 1979 will be even worse than it was in 1977 and 1978. The cost of living, the deficit in government and our foreign debt, all continue to increase while Canadians wait for the long-term promised economic turnabout of which they have heard from this government.

In the face of our great unused capacity in manpower and resources, the net effect of budgets and mini-budgets brought forward in the past 15 months by this Minister of Finance is zero. If we had not had a budget this year—and we have had two or three—we would be in no different a situation now than we were a year ago.

First the minister took 3 per cent off the sales tax. Now he is proposing a reduction in the manufacturers' sales tax. Each of these cancelled itself out.

When the Prime Minister (Mr. Trudeau) returned from his meeting with the western leaders at Bonn, he promised the government would adopt policies which would mean an increase of 5 per cent this year in our gross national product. Instead, the increase is less than 4 per cent, about 3.9 per cent. The Minister of Finance now predicts an increase in the gross national product in the coming year of 4½ per cent. We have every right to assume that the minister's 4½ per cent target will come no closer to being met than was the Prime Minister's target of 5 per cent. We are likely to see an increase in the gross national product of about 3.5 per cent. If, as is likely, the United States moves into a period of recession, the 3.5 per cent about which I am talking may be an optimistic forecast. In the coming year we will see an unemployment rate of 9 per cent. The rate of inflation will not be the 6.5 per cent about which the minister talked but probably somewhere between 7.5 per cent and 8 per cent.

● (2052)

An hon. Member: That is much better than 10 per cent.

Mr. Orlikow: The hon. member says that is better than 10 per cent. I remind him that we are almost back to where we were in October of 1975 when the government brought forward its anti-inflation program, which has been a failure. Unemployment has increased since the minister's October, 1977 mini-budget and his April budget. Official Statistics Canada figures show that 910,000 Canadians were unemployed last month. That is a substantial increase over the same period a year earlier. During the course of the last year the unemployment rate in my province of Manitoba went up from 5.6 per cent to 6.5 per cent.

In October of this year 4,000 more Manitobans were out of work than in October of 1977. We Manitobans know what a Conservative government means because we have had one for the last 15 months. It is not surprising that unemployment in Manitoba is increasing faster than in any other province. Actual unemployment in September of this year was 30 per cent higher than it was in the same month in 1977. On a seasonally adjusted rate, unemployment rose by 24 per cent. It is not hard to understand why that happened. Manitoba has a Conservative government, and the Conservative party in this parliament is urging the Canadian people to adopt the same policies nationally as those policies which are in existence in the province of Manitoba under a Conservative government.

What has been done in Manitoba, and why is unemployment up? Let us look at the record. Because of the contention of the Conservative government in Manitoba that the province needed more restraint, that government reduced the number of civil servants in that province by 1,500. That meant a reduction of services. A complete freeze was put on all government construction for a whole year. That meant that no government buildings were built. No senior citizens' housing was constructed, and no public housing was constructed.

In the whole province of Manitoba work on only one hospital was done in the whole year. It is not surprising that 2,000 construction workers who were working in 1977 are not working in 1978. That is what a Conservative government and restraint mean.

What the program of the Minister of Finance means, and has meant until now, is an increase in unemployment across the country. Our most industrialized province, Ontario, governed by a Conservative government, experienced a very large increase in unemployment in October of this year compared with the year before. The same was the case in the province of Quebec. The number of jobless in Ontario and Quebec exceeded 520,000 people. Let us face the fact that over 40 per cent of the 900,000 unemployed in Canada are young people between the ages of 15 and 24. That means that probably between 80,000 and 90,000 young people are unemployed in Quebec. It is no wonder that young people, in Quebec, particularly Francophones, have moved to support the separatist government in that province. I would have been surprised if they had not, in view of the record of this federal government in dealing with the major problem of unemployment in the province of Quebec.

The hardships and deprivations suffered by unemployed Canadians also mean losses for the people of Canada as a whole. The difference between the number of unemployed in 1973 and in 1978 is about 350,000. This represents a loss of almost $11.5 billion in terms of our gross national product. It means substantially less tax income for all levels of government and more spending under the unemployment insurance program.

The Minister of Finance has predicted that there will be 112,000 fewer new jobs in 1979. That is a prediction of further recession, less government revenue and more ineffective spending on job-creation programs to cushion the effects of unemployment, which to a large extent has been created by this government's lack of action. Unfortunately, the minister and his colleagues would rather cut government spending and slow down the economy even more than adopt measures which would tackle unemployment. As I have already pointed out, the effects of solutions like than can be seen today in Manitoba.

High unemployment, no major increase in funding for job creation and no real tax cuts demonstrate that the budget is a stand-pat budget and that there are no new policy directions.

The Minister of Finance is standing pat when our economy is at a standstill, consumer spending is low, prices are high and about 13 per cent of our industrial capacity is still unused. The minister continues to predict expansion, but the record of past predictions by this minister and this government give Canadians little hope for the coming year.

Only one element of society has welcomed the budget. Not surprisingly, it is the group which has gained most from the economic policies practised by this government since 1974. I refer to business people. A variety of tax cuts for corporations has been introduced in recent years, although four years of economic downturn suggests that this is the worst possible way to try to stimulate the economy.

Instead of the stale, unimaginative advice which the minister has been getting from his advisers since he took on his portfolio—advice which has proved to result in failure—the minister should have listened to the Economic Council of Canada. In its recent annual report, the Economic Council of Canada pointed out that economic prosperity will not be assured if governments get out of the way of the private sector. Following the principle of less government—now accepted by both the Liberal government and the Conservative opposition—means more government austerity, more unemployment and more hardships for Canadian people.

The second principle which the Economic Council discussed was the idea that inflation can be eliminated if the rate of growth in the money supply is cut to 5 per cent, approximately the potential real growth of the Canadian economy. This is the policy which is being followed—or at least espoused—by the governor of the Bank of Canada, and I believe it is the policy of the Official Opposition, as expounded often by its spokesman, the hon. member for York-Simcoe (Mr. Stevens). What that policy will mean is that real growth will drop, interest rates will rise, unemployment will rise and the rate of increase in the cost of living will rise sharply. What the Economic Council proposed instead was real tax cuts, not just in the sales tax but also substantial cuts in income taxes for most Canadians, particularly low and middle income Canadians.

● (2102)

These tax cuts which the minister has put in, and the minister's faith in the improved competitiveness due to a lower dollar, reflect his rejection of a real industrial stategy and any real long-term policies to improve the state of the Canadian economy. The long-term prospects are disastrous, even if the most optimistic projections for 1979 are met. The structure of our economy, especially foreign domination of key industries and a multitude of small branch plants, is such that economic opportunities are not now used to Canada's advantage.

A recent background study for the Science Council of Canada entitled, "The Weakest Link" makes this situation very clear. The authors documented their case as follows:

> During the 1950s and 1960s Canada lost ground economically to European economies in spite of expanding domestic and international markets. Expanding markets provided a superb opportunity for new investment, new processes, and new products, and should have influenced both productivity and profits. Canada has appeared to have squandered the opportunities of the past 20 years and has been left with inefficient, unprogressive secondary manufacturing firms.

The authors state later on that, even if Canadian costs were reduced:

> —the economy would still be less well equipped, compared with most advanced industrial nations, to make positive responses to the problems posed by the growing industrialization of the underdeveloped world. Furthermore, it would still be a weak competitor against other advanced countries which, with their higher levels of technological capability, are more able to replace dying exports with new products.

These long-term structural problems are ignored by the budget. The recommendations of industry, labour committees

and the sectoral committees have been almost completely ignored, and the result is likely to be the shameful spectacle of taxpayers' revenue being used to finance corporations' continued movements of jobs and investment out of Canada.

The budget gives another $755 million to business through a variety of new tax cuts and the extension of older ones. This will be in addition to the billions of dollars in corporate tax cuts already provided by the present minister and his predecessors. These taxes are cut with no strings attached, and corporations have taken advantage of the fact.

I would like to point out the ineffectiveness of the tax policies, which have been followed until now and are continued in the present budget, in fostering research and development. We will continue to fail in the future because the minister has not faced up to the problems. The Toronto *Star*, in its October 12 issue, did some research. They called some of the largest multinational corporations in Canada to find out how much research and development they were doing on a world wide basis and how much of that R and D was being done in Canada. Here are some of the glaring examples of how these giant multinationals have ignored Canada until now.

Ford Motor Company, which spent $1,170 million on world wide research and development, said:

> Most of our R and D is done in the U.S., Britain and Germany. We do some here but there are no figures available.

An hon. Member: Is it U.S. Ford?

Mr. Orlikow: It is Ford worldwide. I would like the hon. member to realize that Ford of Canada, one of the largest, most profitable corporations in this country, does not have one science Ph.D. graduate employed in Canada. General Electric spent $463 million for R and D world wide, and $9 million of that was spent in Canada. Kodak spent $351 million on research and development world wide. A spokesman for that company said:

> All pure and applied research is done at our Rochester, N.Y., facility. We do some product development in Canada but no figures are available.

Chrysler spent $337 million on R and D international, and they responded by saying:

> We don't do any R and D here in Canada. All our design and development work is done in the U.S.

I could go on, but I do not have the time. Most of the multinationals have the same dismal record.

I have not mentioned the large Canadian corporations, but some of them are no better. They are interested in profits only, not jobs for Canadians. One example is Northern Telecom, a Bell Canada subsidiary which has been viewed as a model for Canadian industry. Northern Telecom is treated well by the federal government. The company has received grants and loans that amount to almost $14 million. Its deferred taxes as at December, 1977 were about $50 million. The Export Development Corporation loans to foreign countries for the purchase of Northern Telecom equipment have reached the $200 million mark. The returns to Northern Telecom have been excellent. Its sales have more than doubled since 1971, going—

Mr. Condon: Mr. Speaker, on a point of order may I direct a question to the hon. member?

Mr. Orlikow: Mr. Speaker, I would be very glad to accept a question from the hon. member if I have time at the end of my remarks.

Sales have increased from over $500 million in 1971 to approximately $1.2 billion in 1977. In the same period, profits have increased almost sevenfold from $12 million to $85 million. Similar increases have been recorded in other indicators of this company's wealth. It is today a large and much more profitable corporation than was the case in the 1960s.

This profitability came, Mr. Speaker, at the expense of Canadians in more ways than just tax cuts. In the 1970s, Northern Telecom employed 26,000 people when the then minister of industry, trade and commerce, Mr. Pepin, assured a union representing the employees that the company would not leave Quebec. However, it has left Quebec and other provinces since that assurance. Last year, about 15,000 people were employed in Canada by Telecom, and in 1978 they estimate that it would have only 14,000 employees. At the same time, foreign plants built or bought by Northern Telecom—I suggest with Canadian money, either through profits, tax rebates or loans—now employ 10,000, slightly less than the number of people who lost their jobs in this country. The net effect is that, in my view, taxpayers paid this company to export jobs during a period of immense growth in that company's profits.

Another example of a company using across-the-board tax cuts is International Nickel Company. This corporation, with profits of $1.7 billion between 1967 and 1976, could defer $368 million in federal taxes, although it eliminated 4,000 full time jobs in just one day in 1977. All this was done in Tory Ontario at Sudbury and in Tory Manitoba at Thompson. Inco was able to use profits made in Canada, $17.5 million in federal tax credits, a $25 million provincial sales tax exemption and a low cost $70 million loan from the Export Development Corporation to export jobs to Guatemala and to Indonesia.

The Inco story raises questions about the value of this budget's special tax cuts for the mining industry. The foreign owned firms which dominate this industry seem ready and willing to use such tax cuts to finance their expenses elsewhere, and even to eliminate jobs here. It seems incredible to us that the minister's response has been to help increase the profits of such companies which they use to pay for foreign expansion at the expense of Canadian workers.

• (2112)

Northern Telecom and Inco are two examples which illustrate the flow of investment funds out of Canada. Indeed, the United States department of commerce estimates that there will be $720 million worth of direct Canadian investment in that country this year. Total investment abroad was $1,365

million in the year ending June 30, 1978, according to Statistics Canada. Canada is now the third largest source of foreign investment in the United States economy.

At the present time, the pulp and paper industry should be using its enormous profits to modernize Canadian plants. The budget provides extra help for this industry, but what happened? B. C. Forest Products recently invested $75 million in the purchase of Blandin Corporation, a Minnesota paper company. Olympia & York invested $350 million in Manhattan, at a time when approximately 170,000 building trade workers were unemployed in Canada. This month, the Bank of Montreal will invest $1 billion in New York State, although key Canadian industries are falling behind in domestic and world markets because they lack the credit needed to innovate and modernize.

These exports of investment funds and jobs came after the corporate tax cuts of 1974, 1975 and 1976. Those carrots were not even sufficient to keep our own money in this poorly structured and declining economy. The November 16 budget offers more carrots, oblivious to the flow of investment under current economic conditions. We need a strategy to revitalize the economy, and sticks, such as the monitoring of Canadian investment abroad, to keep money here and make the economy attractive to investors.

Alternatives are available to the Minister of Finance. He did not have to maintain the pattern of across-the-board unconditional corporate tax cuts, a pattern which has been damaging to the economy and increasing the deficit. He could have applied to all corporate taxes the rule which he announced for small business tax. About the latter, he said the following:

> The very generosity of the measures makes it essential to ensure that they are effectively targeted.

Despite what he said, the budget did not adopt any of the recommendations from the second tier committee which represented both industry and labour in the more than 20 industries which it examined. The committee made specific recommendations about research and development incentives. It recommended write-offs and tax credits which could be applied flexibly to each project; a payback mechanism where the subsidized research leads to new profits; a special effort to increase Canadian research and development by foreign firms; and safeguards against the free transfer out of Canada of publicly financed research and development benefits, such as the ones to which I referred in connection with Northern Telecom. Not one of those recommendations was included in the budget, although the minister implied that the changes in research and development tax credits were made in response to the second tier committee. If they were, it was a poor response.

We need to adopt an industrial strategy along the lines suggested by the New Democratic Party for approximately two years. One goal of such a strategy would be the development of industries which supply inputs into key sectors of our economy: housing, transportation and food. Instead, we received cuts in the research budgets for transportation, fishing, farming and energy. This should be done in a way which would improve both the quality and quantity of Canadian production, as well as make maximum use of Canadian products.

Canada now relies too heavily on imports in the basic high technology industries, such as industrial machinery and equipment, chemicals, plastic materials and telecommunications equipment. Priority development in these industries would replace imports and lead to an international specialization in some of the categories. This would increase the proportion of industrial goods in our over-all exports. Despite what is being done by the Minister of Industry, Trade and Commerce (Mr. Horner), we depend almost exclusively on the sale of raw materials for export, rather than on manufacturing to provide the necessary jobs. Further processing of our natural resources in Canada would represent another opportunity to strengthen the economy and increase employment. These are investment imperatives for future economic strength, not just opportunities.

An industrial strategy will not be achieved by tax giveaways or passive acceptance of the export of jobs and capital from the country. The budget should have replaced the broad range of corporate tax cuts with a Canadian investment fund as proposed by my party. Such a fund, built up of private profits deposited to gain tax credits, would be available for investment under public authority to help rebuild Canadian industry. That is precisely what the Swedish government has done, and that country has surged ahead, while Canada has fallen behind. There would be a penalty for unapproved use of such profits; large firms could be required to contribute a share of their profits in times of inflationary pressure. A constantly revitalized economy, with well planned investment in Canada of at least some corporate profits, would be the result.

Mr. Deputy Speaker: Order, please. I regret to interrupt the hon. member, but his allotted time has expired. He may continue with unanimous consent. Is there unanimous consent?

Some hon. Members: Agreed.

An hon. Member: No.

[*Translation*]

Hon. J.-J. Blais (Solicitor General): Mr. Speaker, I am really delighted to take part in this debate, and I wish first of all to congratulate the hon. member for Westmount (Mr. Johnston), who has presented his ideas and remarks with quite a remarkable eloquence. I take also great pleasure in mentioning that the hon. member represents a linguistic minority within his province, just as I represent one within mine.

[*English*]

Also, it augurs very well for the contribution of that hon. member to future debates. I strongly encourage him to bring to this House in the future the quality which he contributed today.

At the outset, I should like to indicate that as a representative of a northern Ontario constituency, I have followed issues affecting that area with a great deal of interest. I was extreme-

ly pleased with the budget and its provisions in terms of how the areas of northern Ontario are affected. Advantage will be made available to industry in northern Ontario, particularly the pulp and paper industry, by the 10 per cent investment tax credit. Northern Ontario has experienced the phenomenon of older mills and equipment in the pulp and paper industry, at a time when the industry is facing a bull market. I strongly encourage major corporations involved in the pulp and paper industry in northern Ontario, to avail themselves of the 10 per cent investment tax credit in order to renew equipment and refurbish old plants.

One item in the budget of considerable interest and importance to me, was the encouragement given to the mineral industry. Since the advent of the railway back in the 1880's, northern Ontario has seen the development of mining, unsurpassed anywhere else in Canada. Indeed, the mining industry has been an essential ingredient to northern Ontario and, as a consequence, to Ontario and the whole of Canada. It is encouraging to see the positive reaction within that industry to the initiatives of the government, such as mining tax incentives, including the write-off of development expenditures which is being increased from 30 per cent to 100 per cent.

● (2122)

In addition, the government has advanced its declared intention to allow costs associated with town sites and social assets of new mines to be subject to depletion write-offs, again a welcome intitiative supported by the industry.

Another example of co-operation with the province in the recent past can be found in a bill introduced at the last session of the Ontario legislature to provide a tax write-off for mining equipment. That tax write-off marries very well with the write-offs that are to be made available, and I would encourage the Ontario government to renew its efforts to pass that legislation which died on the previous order paper. This is a great initiative that we are presenting, and I hope it will receive the support of the Ontario government.

We have received encouragement in the past as a result of co-operation with that government. One example is to be found in the recent agreement between the federal government and the government of Ontario to provide $2.3 million for geoscientific surveys undertaken in the Kirkland Lake area of the province, an area which Your Honour will recognize as one of the most productive mining areas in the past.

Having regard to these budget proposals, let me say that my office has contacted a number of major mining concerns. In the last year I have visited some of those major mining operations in northern Ontario in order to familiarize myself with conditions there. As a result, I have established a rapport with the industry, and there has been a great exchange of information. Following the budget, the industry gave primary approval to its provisions.

I listened with some interest on Friday to what was advanced by the hon. member for York-Simcoe (Mr. Stevens). I listened to a small portion of his speech, and that was enough. For a number of reasons I had to leave, but I found, upon reading his speech, there was not very much I missed after the few remarks I heard.

He criticized the government in terms of Crown corporations. He attempted to wax eloquently about these corporations, and he advanced the notion of privatization. He indicated that the government should abandon its initiatives in terms of Crown corporations and launch itself into a program of privatization. Unfortunately, he seized upon two shining examples of government initiative in the Crown corporation field. The first was in respect of Petro-Canada; the other was in respect of a Crown corporation styled the Enterprise Development Corporation.

Let me deal first with Petro-Can. I have very fond memories regarding this corporation. I was a member of the committee on National Resources and Public Works when the concept was approved by the committee and parliament. I have watched its development as a concept and as a fact and its subsequent progress within the private sector. I suggest its progress has been commendable. I find it strange that the Tories selected that corporation in order to exemplify their response to Crown corporations and in trying to discourage the government from protecting the national interest. I find it strange that the Tory opposition, in this instance, should take exception to a national corporation acting within a very important industry in Canada, namely, the petrochemical industry, particularly at a time when they know full well there are other national corporations of foreign governments operating within this field. Hon. members recognize full well that British Petroleum has a large operation and capital investment in this field. They seem to have no objection to that corporation's operations within Canada and would not suggest at all that the British government should discourage BP from taking part in the North Sea play. I find it passing strange that members of the opposition should resist the initiative of this government to introduce a national oil company in the play in western Canada.

Hon. members of the opposition also know full well, especially members from Alberta, that other national corporations have capital investment in this field, including national corporations of Italy, France, Germany and Japan. There is an involvement on the part of the governments of those countries, yet there is no objection to that. However, as soon as the Canadian government introduces a national corporation to protect our national interests, there is objection.

[*Translation*]

Mr. Speaker, the hon. member for York-Simcoe (Mr. Stevens) stated, and I quote:

—the government no longer can afford the luxury of owning things as Petro-Canada.

—and—

—that the acquisition of Pacific Petroleums will not contribute to the production of one extra barrel of oil in this country, and it will not mean the employment of one more person.

The Progressive Conservative party therefore wants to return Petro-Canada to the private sector. Let it be known that

I am against such an idea. Energy resources have become a major factor of public life. The interaction between government and private industry has become increasingly important and complex. The communication gap that sometimes exists between the government and the private industry represents a stumbling block to the development and realization of major national policies.

Petro-Canada was set up to help fill that gap and to facilitate a more immediate and close interaction between public policy and the operational realities of industry. Petro-Canada is also used for another purpose, that is to increase strongly the part played by Canada in a mainly foreign controlled industry. It also provides to Canadians the best possible profit for their substantial rights as owners of oil and gas deposits held by the Canadian government. The hon. member for York-Simcoe (Mr. Stevens) forgets the basic objective of Petro-Canada when he suggests that Canada cannot afford such a corporation. It is incredible. No doubt he forgets that the utmost priority for Petro-Canada is to help increase oil and gas supplies and assess the potential of main areas offering significant prospects for the increase of Canadian reserves.

Mr. Speaker, you will remember that some time ago the multionational corporations were stating that there were huge oil reserves in Canada, so much so that a government was prompted to promote exports when 100 per cent of that industry was controlled by multinationals. So it became obvious that to protect itself Canada had to have available an industry that could shed light on the sector of the oil industry, and that is why Petro-Canada was set up to be able to see exactly what happened in that industry. And, of course, we used extensively the information we have available which can guide the policy we wanted to adopt. It is important to remember that unlike certain national petroleum corporations, Petro-Canada was also set up as an alternative to the nationalization of the industry.

So it is not a matter of Petro-Canada taking over the area but rather acting in parallel with other corporations in the private sector. The hon. member for York-Simcoe cannot be very serious when he says the acquisition by Petro-Canada will not create a single job and not produce one more barrel of oil in Canada. He does not seem to realize that through that transaction Petro-Canada will have access to a production of oil and natural gas in southern Alberta beyond the bounds of his imagination—if one can find any because imagination on that side of the House, Mr. Speaker, is not in our supply—and as the result of the combination with Pacific Petroleums would become the second natural gas producer and the fifth oil producer in Canada a few steps behind the giant producers. Pacific Petroleums alone ranks second in Canada with respect to natural gas reserves and fifth with respect to natural gas production. Furthermore, Pacific Petroleums ranks fifth and ninth respectively for oil and production reserves.

[Mr. Blais.]

The hon. member of the opposition, the hon. member for York-Simcoe, is pessimistic as to the effect the acquisition of Pacific Petroleums will have on oil production. He does not even dare expand on his argument because he knows quite well that it is not well founded. If he examines the performance record of Petro-Canada, he will see that in 1977 that corporation as a result of its development operations, added 21 billion cubic feet of gas to its reserves. In addition, in 1977, Petro-Canada added 2.9 million barrels of oil and of liquid natural gas by-products to its reserves. Furthermore, in 1976, Pacific Petroleums had estimated reserves of 3.2 billion cubic feet of gas and 180 million barrels of oil. Its production was 396 million cubic feet of gas and 31,650 barrels of oil a day. Those facts clearly show that the Progressive Conservatives did not understand at all the transaction and the role of Petro-Canada.

Mr. Speaker, the hon. member for York-Simcoe (Mr. Stevens) says he is concerned about the fact that the purchase will create no new jobs. Once again his affirmation is without basis and does not take reality into consideration. On the contrary, such a purchase will allow Petro-Canada to undertake daring projects, in addition to strengthening its position in the marketplace. Doubtless those endeavours will create employment. Canadian money spent to finance exploration, production, development and transportation of oil and gas generates economic activity in Canada. At the same time, we have the opportunity of acquiring direct and precious experience in the technology of resource development and international economic activity.

In short, in this world where oil companies play an increasingly important role, Canada is developing expertise of great advantage to it. In any event, by operating at the international level, Canada, through Petro-Canada, will be able to open important markets, among those which supply equipment to the oil industry, allow drillings and offer professional and technical services. Speaking of exports, Mr. Speaker, I should like to point out to you some of the remarks made by the hon. member for York-Simcoe (Mr. Stevens) about the Export Development Corporation. He said he was taking that corporation to task and, again he was on the wrong track. The corporation proved that he knew nothing about the principles which govern it and it continues to serve the Canadian people well. In denouncing the increased support capacity of the corporation, the hon. member for York-Simcoe proved to us once again his lack of competence in economic matters. For the benefit of this House and the Canadian people, I should like to set the record straight and put things back in their right perspective.

First of all, it will be remembered that on June 30 last, Bill C-36, An act to amend the Export Development Act, was given royal assent and increased from $8.5 billion to $26 billion, the capacity of the Export Development Corporation to support and help Canadian exporters who in turn create jobs.

● (2132)

[*English*]

We are to be reminded that this increase in the level of support was not pure fantasy. It was brought about as a result of the increase in demand for the services of the Export Development Corporation. We as a nation must recognize the importance of exports. Twenty-five per cent of our GNP is represented by exports. Canada must increase its exports if it is to survive as a nation. The Export Development Corporation has assisted nearly 40 per cent of the exportation of equipment and products.

[*Translation*]

What's more, the corporation has always shown profits.

[*English*]

We have heard from the opposition comments to the effect that somehow $26 billion of support was going to come from government coffers. There is no recognition by the opposition of the fact that the Export Development Corporation has been a profitable enterprise. It has made money and it has obtained all the financing that it has needed from the international money markets. It has been able to meet its obligations always.

[*Translation*]

It is important to understand—but the hon. member for York-Simcoe has not yet understood it—that the loans made by the Export Development Corporation do not leave the country, but rather are paid directly by the corporation to the exporter on behalf of the foreign buyer. The only object of the loans is to finance sales of Canadian goods and services to better meet the international competition of other trading countries.

[*English*]

If the suggestion that the Export Development Corporation ought to be disbanded, or somehow done away with, were adopted, it would really put Canadian competitors in the international market at a disadvantage. Hon. gentlemen opposite will recognize that all of our major competitors have organizations similar to the Export Development Corporation which assist their own exporters. They should recognize as well that the Export Development Corporation is most efficient compared with other export development corporations, or their facsimiles in other countries. It just stands to reason that all members of the House need to encourage this particular corporation if they are serious about increasing the manufacturing sector in Canada.

[*Translation*]

Canada needed the additional capacity I was talking about, that is the $26 billion to reach the export level it would need in the future. Canada ranks among one of the most export-relying countries in the world. Exports account for $1,900 per Canadian. Given the fact that our domestic market is weak and that without exports our manufacturing prices would be a lot higher than world prices, Canada always had to strive fiercely against international competition.

[*English*]

It is recognized that in an industrialized society, the competitive nature of the goods in the Canadian market depends on production rates and the level of investment. That, in turn, depends on markets. No Canadian entrepreneur is going to invest money, his or somebody else's, unless he knows there is a market for his goods. If there is no market for the output of his production, he will not invest any money.

So far as international consumption of goods is concerned, 20 per cent only of the world's population consumes 80 per cent of the world's production. There is a massive untapped market for Canadian exports, Mr. Speaker, and that is the market where our exports should go. I congratulate Canadian entrepreneurs who have been bold enough to go to communist China and seek out markets within that area. These are the areas for which the EDC would be ready to furnish funds to finance transactions. I might mention that in the recent past there has been a number of countries with whom we have had no trading experience but which have now benefited from EDC financing, thus encouraging the presence of Canadian businessmen within those areas.

● (2142)

[*Translation*]

In 1977 the Export Development Corporation offered lines of credit to Morocco, Egypt, Gabon, Algeria and Iran. They are contemplating other agreements with countries strongly interested in Canadian exports which are in a position to honour the loans made. Not only did the corporation join its efforts to those of exporters to make a breakthrough in foreign markets but even here in Canada it placed the emphasis on the closest collaboration with exporters in their own area. Mr. Speaker, the hon. member for York-Simcoe would like to dismantle the Export Development Corporation and use the money in Canadian projects in Canada. He is making a mistake once again because the Canadian economy cannot operate in isolation. It is quite the opposite and I am basing my argument on the statement made by the president of the Corporation Mr. MacDonald, and I quote:

[*English*]

Mr. Speaker, I see the leader of the opposition has joined us—or had joined us.

Mr. Baldwin: When he heard you, he went out again.

Mr. Blais: I simply want to indicate to him as the leader who wants to see the disbandment of the Export Development Corporation and the disappearance of Petro-Can, that those are two major corporations which reflect upon our future. They make Canada, of all the western industrialized nations with which we compete, the only one that has any chance of becoming self-sufficient in energy and the only one that has access to new technology and new technological developments.

We in Canada have advantages in terms of foreign trade which are not enjoyed by any of our competitors.

We need the instrument of the Export Development Corporation in order to get into those markets. Anyone who does not see that has blinders and blinkers and everything else. Mr. Speaker, the hon. member for York-Simcoe (Mr. Stevens) is the prime mover of the retrograde policy being advanced by the Tories.

[*Translation*]

We have to shift more and more to exporting equipment goods and related services with a view to obtaining the kind of economic growth Canada needs to provide the number and type of jobs corresponding to the skills of our labour. It is precisely these labour intensive goods and services, products of the Canadian technology which will contribute to create future employment. And it is to this effect that EDC support is absolutely necessary.

* * *

MESSAGE FROM THE SENATE

Mr. Speaker: I have the honour to inform the House that a message has been received from the Senate informing this House that the Senate have passed Bill C-5, an act to amend the Old Age Security Act, without amendment.

THE ROYAL ASSENT

[*Translation*]

Mr. Speaker: I have the honour to inform the House that a communication has been received on November 20, 1978, which is as follows:

Government House
Ottawa

November 20, 1978

Sir,

I have the honour to inform you that the hon. Wishart F. Spence, O.B.E. Puisne Judge of the Supreme Court of Canada, in his capacity as Deputy Governor General, will proceed to the Senate chamber today, the twentieth day of November at 9.50 p.m. for the purpose of giving royal assent to certain bills.

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

[*English*]

Mr. Speaker: The House will understand that, as a result of these arrangements, the Senate having passed the bill in connection with the old age pension, and the desire of the House to proceed to the division at this time in accordance with the Standing Orders with respect to the budget debate, we may be in the position of continuing a few minutes beyond the ordinary hour of adjournment so that we may receive the message from the Senate and proceed to the Senate for the purpose of receiving royal assent to the old age security bill. I presume, if that is necessary, there is a disposition in the House to attend the Senate at that hour and for that purpose. Is that agreed?

Some hon. Members: Agreed.

Mr. Speaker: Agreed, and so ordered.

GOVERNMENT ORDERS

[*English*]

THE BUDGET

FINANCIAL STATEMENT OF THE MINISTER OF FINANCE

The House resumed consideration of the motion of Mr. Chrétien that this House approves in general the budgetary policy of the government and the amendment of Mr. Stevens (p. 1249), and the amendment to the amendment (Mr. Knowles, Winnipeg North Centre).

Mr. Speaker: It being 9.45 p.m., it is my duty pursuant to Standing Order 60(6) to interrupt the proceedings and put forthwith the question necessary to dispose of the amendment to the amendment now before the House.

The question is on the amendment to the amendment. Is it the pleasure of the House to adopt the said motion? All those in favour of the amendment to the amendment will please say yea.

Some hon. Members: Yea.

Mr. Speaker: All those opposed, will please say nay.

Some hon. Members: Nay.

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

And more than five members having risen:

Mr. Speaker: Call in the members.

The House divided on the amendment to the amendment (Mr. Knowles, Winnipeg North Centre), which was negatived on the following division:

● (2152)

(*Division No. 12*)

YEAS

Messrs.

Benjamin
Douglas (Nanaimo-Cowichan-The Islands)
Faour
Firth
Knowles (Winnipeg North Centre)
Nystrom
Orlikow
Peters
Rae
Rodriguez
Saltsman—11.

NAYS

Messrs.

Abbott
Alexander
Allmand
Anderson
Andras (Port Arthur)
Andre (Calgary Centre)
Andres (Lincoln)
Appolloni (Mrs.)
Baker (Gander-Twillingate)
Baker (Grenville-Carleton)
Baldwin
Basford
Béchard
Blais
Blaker
Blouin
Boulanger
Breau
Brisco
Buchanan
Bussières
Caccia
Cadieu
Campagnolo (Mrs.)
Campbell (Miss) (South Western Nova)
Campbell (LaSalle-Émard-Côte Saint-Paul)
Caouette (Villeneuve)
Caron
Chrétien
Clark (Rocky Mountain)
Clarke (Vancouver Quadra)
Clermont
Collenette
Comtois
Condon
Corbett
Corbin
Corriveau
Côté
Crosbie (St. John's West)
Crouse
Cyr
Darling
Dawson
De Bané
de Cotret
Demers
Dinsdale
Dionne (Northumberland-Miramichi)
Douglas (Bruce-Grey)
Duclos
Dupras
Duquet
Ellis
Elzinga
Epp
Ethier
Faulkner
Fleming
Foster
Fox
Francis
Fraser
Gauthier (Roberval)
Gauthier (Ottawa-Vanier)
Gendron
Gillespie
Gillies
Goodale
Goyer
Grafftey
Gray
Guay
Guilbault
Halliday
Hamilton (Qu'Appelle-Moose Mountain)
Hamilton (Swift Current-Maple Creek)
Hare
Harquail
Herbert
Hnatyshyn
Holmes
Holt (Mrs.)
Hopkins
Horner
Howie
Huntington
Jamieson
Jarvis
Johnston (Westmount)
Johnston (Okanagan-Kootenay)
Joyal
Kaplan
Kempling
Knowles (Norfolk-Haldimand)
Lachance
Lajoie
Lalonde
Lambert (Edmonton West)
Lamontagne
Landers
Lang
Langlois
Laniel
Lapointe
La Salle
Lawrence
Leblanc (Laurier)
LeBlanc (Westmorland-Kent)
Lee
Lefebvre
Lessard
Loiselle (Chambly)
Loiselle (Saint-Henri)
Lumley
MacDonald (Cardigan)
MacDonald (Egmont)
MacEachen
MacFarlane
MacGuigan
MacKay
Maine
Malone
Marceau
Marchand
Martin
Mazankowski
McCain
McGrath
McIsaac
McKinley
McKinnon
McRae
Milne
Mitges
Munro (Esquimalt-Saanich)
Munro (Hamilton East)
Murta
Neil
Nicholson (Miss)
Nowlan
Oberle
O'Connell
Olivier
Ouellet
Paproski
Parent
Patterson
Pearsall
Pelletier
Penner
Philbrook
Pigott (Mrs.)
Pinard
Portelance
Prud'homme
Railton
Raines
Reid
Ritchie
Roberts
Robinson
Rooney
Roy (Timmins)
Roy (Laval)
Rynard
Sauvé (Mrs.)
Savard
Schellenberger
Scott (Victoria-Haliburton)
Siddon
Smith (Churchill)
Smith (Saint-Jean)
Stanfield
Stevens
Stewart (Cochrane)
Stollery
Tessier
Towers
Trudeau
Trudel
Turner
Watson
Whelan
Whiteway
Whittaker
Wise
Wood
Woolliams
Yanakis
Yewchuk
Young—192.

● (2212)

Mr. Speaker: I therefore declare the amendment to the amendment lost.

THE ROYAL ASSENT

[*English*]

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

Mr. Speaker, the Honourable the Deputy Governor General desires the immediate attendance of this honourable House in the chamber of the honourable the Senate.

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

[*Translation*]

And being returned:

Mr. Speaker informed the House that the Honourable the Deputy of His Excellency the Governor General was pleased to give the royal assent to the following bill:

Bill C-5, an act to amend the Old Age Security Act—Chapter No. 3.

* * *

[*English*]

BUSINESS OF THE HOUSE

Mr. Baker (Grenville-Carleton): Mr. Speaker, on a point of order. We were informed earlier in the day that the budget debate would be continuing tomorrow. Is there someone here who can confirm that?

Mr. Trudeau: Yes, Mr. Speaker, I can confirm that. I am taking a chance, but I can confirm it.

Mr. Speaker: It being ten o'clock, this House stands adjourned until tomorrow at two o'clock in the afternoon.

At 10.25 p.m. the House adjourned, without question, pursuant to Standing Order.

HOUSE OF COMMONS

Tuesday, November 21, 1978

The House met at 2 p.m.

● (1407)

ROUTINE PROCEEDINGS

[*English*]

GRAIN

CALL FOR INCREASED EXPORTS—MOTION UNDER S.O. 43

Mr. Frank Hamilton (Swift Current-Maple Creek): Mr. Speaker, I rise, under the provisions of Standing Order 43, to move a motion of urgent and pressing necessity. As the $1 billion loss in Canada's grain export program so far this year is seen by many producers as a deliberate attempt by the government to hold down inflation and economic activity in the prairies, I move, seconded by the hon. member for Moose Jaw (Mr. Neil):

That the government bring in new and innovative measures to increase exports before grain producers are killed off economically and told by the responsible minister that it is all for their own good.

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

Some hon. Members: Agreed.

Some hon. Members: No.

* * *

EXTERNAL AFFAIRS

ACTIVITIES OF SO-CALLED RELIGIOUS CULTS—MOTION UNDER S.O. 43

Mr. Bob Brisco (Kootenay West): Mr. Speaker, I rise, under the provisions of Standing Order 43, on a matter of urgent necessity. In light of the recent tragic events in a so-called religious community in Jonestown, Guyana; in light of the fact that the scientology cult has operated in a clandestine fashion, including the theft of government documents within the federal government of the United States; in light of the fact that the Children of God cult has influenced young Canadian women in Europe to serve as "hookers for Jesus" to raise funds for the cult; and, finally, in light of the fact that some of these cults have destroyed the family unit, creating untold heartbreak for the parents, I move, seconded by the hon. member for Pembina (Mr. Elzinga):

That the government, bearing in mind the rights of individuals to religious freedom, give consideration to the necessity of inquiring into the activities of these so-called religious cults.

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

Some hon. Members: Agreed.

Some hon. Members: No.

* * *

[*Translation*]

IMMIGRATION

REQUEST GOVERNMENT RECONSIDER DECISION RESPECTING YUGOSLAVIAN REFUGEES—MOTION UNDER S.O. 43

Mr. Armand Caouette (Villeneuve): Mr. Speaker, under the provisions of Standing Order 43, I ask for the unanimous consent of the House to introduce a motion dealing with an urgent question of pressing necessity.

Considering that the Government of Canada wishes to offer political asylum to 600 refugees aboard the *Hai Hong* who will be entirely dependent on Canadians; considering that the government denies political asylum to three Yugoslavian refugees who are prepared to invest $675,000 in a lumber company in the Val-d'Or area; and considering that the Minister of Employment and Immigration (Mr. Cullen) has shown inconsistency by rejecting individuals who are anxious to serve the country while he accepts refugees who will be on social welfare, I move, seconded by the hon. member for Roberval (Mr. Gauthier):

That the House condemn the decision of the Minister of Employment and Immigration about the three Yugoslavian refugees and immediately enjoin the minister to review his decision and encourage immigrants who can really help our country.

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

Some hon. Members: Agreed.

Some hon. Members: No.

S.O. 43

[*English*]

TRANSPORT

DELIVERY OF CARGO TO LABRADOR—MOTION UNDER S.O. 43

Mr. Fonse Faour (Humber-St. George's-St. Barbe): Mr. Speaker, I rise, under the provisions of Standing Order 43, on an urgent and pressing matter. In light of the information I received this morning, that a supply ship operated by Canadian National and serving communities on the northern coast of Labrador, left the community of Nain in Labrador without unloading, due to ice conditions, I move, seconded by the hon. member for Nickel Belt (Mr. Rodriguez):

That this House instruct the Minister of Transport to make immediate arrangements to have these supplies delivered in some other manner so that the community will not suffer undue hardship this winter.

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

Some hon. Members: Agreed.

Some hon. Members: No.

* * *

FORESTRY

PROGRAM TO COMBAT DUTCH ELM DISEASE—MOTION UNDER S.O. 43

Mr. Jack Hare (St. Boniface): Mr. Speaker, I rise, under the provisions of Standing Order 43, to ask the unanimous consent of the House to move a motion relating to a matter of urgent and pressing necessity. In view of the fact that the Winnipeg office of the Canadian Forestry Service may be closed because of the government's restraint program, since Dutch elm disease now is well established in Manitoba, particularly along the banks of the Red River, and since the Canadian Forestry Service was the only agency acting against the spread of Dutch elm disease, I move, seconded by the hon. member for Selkirk (Mr. Whiteway):

That this House instructs the Department of the Environment to establish immediately an alternative and active program to combat Dutch elm disease in order to prevent complete desecration of the Red River treeline.

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

Some hon. Members: Agreed.

Some hon. Members: No.

* * *

PUBLIC SERVICE

NEWSPAPER ARTICLE—MOTION UNDER S.O. 43

Mr. Jean-Robert Gauthier (Ottawa-Vanier): Mr. Speaker, I rise on a matter of urgent and pressing necessity resulting from the columns by Frank Howard appearing in the Ottawa *Citizen* yesterday and today in which the plans by the opposition, if they come to power, to fire public servants and increase the size and salaries of ministers' staffs are currently revealed. I move, seconded by the hon. member for Vaudreuil (Mr. Herbert):

● (1412)

That this House orders that the hon. member for Grenville-Carleton be provided with full medical assistance every time that he listens to a speech by the Leader of the Opposition or the hon. member for York-Simcoe in case he really does have a heart attack.

* * *

CONSUMER AFFAIRS

PRICE OF TURKEYS—MOTION UNDER S.O. 43

Mr. Lorne Nystrom (Yorkton-Melville): Mr. Speaker, yesterday in the House, the Minister of Consumer and Corporate Affairs (Mr. Allmand) promised to investigate the possibility that there is turkey price-fixing in Canada. Pending the results of this investigation, I move, seconded by the hon. member for Nickel Belt (Mr. Rodriguez):

That this House instruct the Minister of Consumer and Corporate Affairs to persuade turkey processors and retailers to roll back excessive prices and to supply the domestic market immediately with turkeys presently held in artificial storage in this country.

Mr. Speaker: The introduction of such a motion for debate at this time can be done only with the unanimous consent of the House. Is there unanimous consent?

Some hon. Members: Agreed.

Some hon. Members: No.

ORAL QUESTION PERIOD

[*English*]

POST OFFICE

EFFICIENCY OF POSTAL SERVICE

Hon. W. G. Dinsdale (Brandon-Souris): Mr. Speaker, my question is for the Postmaster General but in his absence perhaps I could direct it to the right hon. Prime Minister, who once declared that everybody knows that the postal service is lousy. In light of this comment and the fact that every time postal rates increase, deficits also increase and postal volumes go down, I wonder if the Prime Minister would indicate whether the government has undertaken to study the effect of the latest increase on the volume of mail handled by the Post Office and on the efficiency of the postal service.

Mr. D. M. Collenette (Parliamentary Secretary to Postmaster General): Mr. Speaker, the Postmaster General is absent from the House today, but will be back tomorrow. He

will be pleased to answer the hon. gentleman's question, and I will bring it to his attention.

Mr. Dinsdale: Mr. Speaker, I regret that the Prime Minister would not give us the benefit of his advice. Perhaps he would answer a supplementary question. In view of the fact that the cost of mechanization and modernization of the Post Office in the past decade that the right hon. gentleman has been in office has amounted to some $900 million, and that the authorized man-years have increased from 36,000 to 61,500 employees—which is an increase of 70 per cent—will he indicate to the House that the whole matter will be turned over to a parliamentary committee so that they can get at the root causes of the difficulties and come up with some constructive recommendations to end this farce?

Right Hon. P. E. Trudeau (Prime Minister): Mr. Speaker, I would be very happy to have this whole matter discussed with the hon. member who has shown such an interest in the Post Office. He will note, of course, that in these ten years the number of households has increased at a very rapid rate. The government has the best record in housing starts at any period of our history which, of course, means much greater delivery to households; that is the reason the Post Office has had to grow. As a matter of fact, Mr. Speaker, in our expenditure-cutting exercise that we began three years ago and which has been proceeding apace, while we have seen the civil service grow at less than 1 per cent in the past three years, the hon. member will be aware that this means that in the Post Office growth has been rather more rapid than in any other department, which means that other departments have even had negative growth because of increased service to the Canadian public.

Mr. Dinsdale: A final supplementary question, Mr. Speaker. I am sure the Prime Minister is aware that one of the great protests from the Letter Carriers Union of Canada is the freeze on the expansion of letter carrier service. In view of the fact that this freeze has now been in effect for at least three years and has deprived at least 400 Canadians of jobs which would otherwise have been available had the service been increased to provide door to door delivery to the burgeoning suburbs to which the Prime Minister has referred, would he not now take seriously—because this is a serious issue—the decline in postal service and the mess in the Post Office and refer the matter to a parliamentary committee for detailed examination?

● (1417)

Mr. Trudeau: Mr. Speaker, in the second last question the hon. member complained that we had increased the number of postal workers by 70 per cent. Now he is pleading that we increase them more in order to serve more people. I do not see how this kind of contribution would really be helpful even if it came from a parliamentary committee.

PUBLISHERS POSTAL RATES

Mr. David MacDonald (Egmont): Mr. Speaker, I have a question for the Secretary of State. I am delighted to see him here today. I am sure he has heard about the discussion yesterday following the presentation on motions by the Postmaster General and the reference to a new memorandum of agreement between himself and the Postmaster General which would basically transfer responsibility for losses incurred through publishers postal rates to the Secretary of State.

Since this document has not yet been tabled—I assume it will be, following the question period—could the minister inform the House of the date of implementation of this agreement? In particular, could he tell us whether there will be a separate parliamentary allocation, or if the existing postal subsidy will be subsumed in existing votes such as the one for arts and culture? Perhaps he could also give us some idea of the actual cost of this new arrangement.

Hon. John Roberts (Secretary of State): Mr. Speaker, I am afraid I will not be able to oblige the hon. gentleman by tabling the document today.

An hon. Member: Why not?

Mr. Roberts: The hon. gentleman asks, why not? The reason is I should like to table one signed by both ministers. The copy in my office has only been signed by me. I will undertake to table the agreement. The agreement between the two ministers has both our signatures, and I am trying to track down the appropriate copy for the hon. member. I hope to be able to do that tomorrow.

The hon. member asked how this would be presented in the estimates. It will be within a vote of the Department of Secretary of State. I am not exactly sure how that will be presented or what form it will take. In terms of a rough, over-all estimate of the transfer, the tentative figure is something like $135 million or $136 million.

Mr. MacDonald (Egmont): Mr. Speaker, a supplementary question. I have to assume the reason the minister has not received a document with both signatures is that it must have gone through the mail. I presume we will receive a copy of it for tabling within the year.

In view of the fact that, according to our information, there has been no consultation with those who will be directly affected by this significant change in postal rates for periodicals, may I ask the minister if he will be establishing some formal, consultative committee with industry representatives to, first of all, review their criteria and prepare guidelines and, second, to establish a fair form of postal rates? What mechanisms have already been put in place with respect to what is obviously a need for consultation—something that, interestingly enough, did not occur during the last postal rate increase?

Mr. Roberts: Mr. Speaker, I believe there has been consultation by the Post Office Department in the past with people to be affected by changes. It will certainly be my intention to continue that kind of consultation. It may be that, as a result

of a review, we will even find improved mechanisms for such consultation. It is certainly our intention to continue consultations with groups that will be affected by postal rate changes.

Mr. MacDonald (Egmont): A final supplementary question, Mr. Speaker. I am quite surprised that the minister has not indicated the nature of any consultative mechanism he is planning to put in place.

In view of the real fears expressed here yesterday about the possibility of censorship, or the use of some form of discretionary power by the minister which would be very much against the purposes of free and open information which the minister discussed a few weeks ago at UNESCO, I wonder what assurance he can give that criteria for postal subsidies for periodicals and publications will be contained in a public set of guidelines which do not allow for unilateral power by the minister or any of his officials.

Mr. Roberts: Mr. Speaker, I am quite prepared and, indeed, would welcome any suggestions about how the processes of consultation could be improved, including those coming from hon. members opposite. I would hesitate to stand before the House and say that, having just received this responsibility, I have decided in exact detail how these matters should be handled. I would welcome constructive advice which the hon. member may provide.

In terms of the reference to censorship—and I am not sure I exactly seized the purport of the hon. member's comment—there is no intention to change the mechanism which has been established. As has been the case in the past, we will be dealing with postal subsidies related to the various categories of users. We will not be singling out, say, one periodical rather than another for assistance or not. The mechanism will be exactly as it has been in the past, and I do not think that mechanism is one which has aroused cries of censorship from the other side. What has happened is that there was a transfer of responsibility for formulating, for government decision, the recommendations as to what the rates in those categories should be.

● (1422)

An hon. Member: Why?

Mr. Roberts: An hon. member asks, why? I think the answer to that question is clear. We believe the extent of postal subsidies is a key element in cultural strategy of the federal government. That strategy, basically, relates to how taxpayers' funds are to be expended in the desirable objective of establishing a context favourable to the development of the arts and the other aspects of culture in the country. It was, therefore, felt appropriate—and I think it is appropriate—that that responsibility of recommendation in the development of policy ideas should rest with the Secretary of State, whose general responsibility that is.

[Mr. Roberts.]

INDUSTRY

CANADA-U.S. AUTOMOTIVE PACT—CREATION OF JOBS

Mr. Edward Broadbent (Oshawa-Whitby): Mr. Speaker, I have a question for the Minister of Industry, Trade and Commerce. As the minister knows, Secretary of State Cyrus Vance will be meeting with the Prime Minister and a number of ministers of the Crown, presumably tomorrow, to discuss important matters.

Since the U.S. ambassador to Canada said yesterday in Windsor presumably with a straight face, that Canada was getting more than its share of jobs under the Canada-U.S. automotive agreement, a statement which flies in the face of an Ontario government study which shows that for years we have had fewer jobs than would warrant in our share of the market, could the minister tell the House whether he or the Prime Minister will be putting before Mr. Vance specific proposals to ensure that we at long last, will get a fair deal from the auto pact?

Hon. Jack H. Horner (Minister of Industry, Trade and Commerce): Mr. Speaker, I am certain that if Mr. Vance wants to discuss the auto pact with the Prime Minister or myself we are prepared to discuss it. We do not accept the figures that the Ontario government gave with regard to employment. I can say to the House that employment in the automobile industry is up substantially this year over what it was last year. Our deficit with the United States in auto parts and automobiles is down considerably from what it was last year.

Mr. Broadbent: Mr. Speaker, it is down all right—down to a $500 million deficit, which is hardly something in which the government can take any pride.

Some hon. Members: Hear, hear!

Mr. Broadbent: Considering that the American ambassador did concede, in his speech yesterday in Windsor, that precisely because the government in 1965 got letters of commitment from the Big Three in the industry and for the three-year period after the pact came into being we got our share of investment, and since it worked in 1965, is the Canadian government now prepared to suggest to Mr. Vance that they intend to get new letters of commitment from the Big Three to make sure the pact's stated principle about fair share of growth is lived up to on this side of the border?

Mr. Horner: Mr. Speaker, I intend to make public the Simon Reisman report on the automobile industry and then the hon. member will be able to check his figures. In the auto pact, our deficit with the United States was about $600 million last year. This is under the auto pact, not in total auto trade. One has to be clear about what one means. That is a fact.

Some hon. Members: Oh, oh!

Mr. Horner: In the auto pact, our deficit this year will be half of what it was last year. So hon. members can readily see

that it should be in the neighbourhood of around $300 million. Considering it is an industry which is in the billions of dollars, and can be balanced that closely, it is not doing that badly. However, I am not satisfied with it and I want to improve it, but we are not doing that badly.

Some hon. Members: Hear, hear!

Mr. Broadbent: Mr. Speaker, the Minister of Industry, Trade and Commerce knows that his own department produced one of the most able studies that this government has ever done just a couple of years ago on the pact. It was done by Mr. Arthur. He showed that with the present process of deficit continuing, we will be losing in excess of $10 billion, a net deficit loss, by 1985. That is $300 million a year, which may not be much to the minister but I can assure him that it is a lot to Canadians and a lot to those who are looking for jobs.

When the government releases the report the minister has referred to, will it announce specific proposals in terms of its course of action to improve the job situation in Canada?

Mr. Horner: Mr. Speaker, we have announced a number of things which have improved the automobile industry and the job capabilities of Canadians in that industry. The Ford plant was one; the remission duty on Volkswagen parts was another. A number of other measures have been taken which substantially increased employment in the automobile industry this year over last year.

* * *

● (1427)

[*Translation*]

AGRICULTURE

MARKETING OF FARM PRODUCE IN QUEBEC AND BRITISH COLUMBIA—GOVERNMENT POSITION

Mr. Léonel Beaudoin (Richmond): Mr. Speaker, I should like to direct a question to the Minister of Agriculture. We read in the papers and we heard in the news yesterday that the governments of Quebec and British Columbia no longer want the federal government to be involved in the marketing of farm produce, especially between the provinces. Could the minister tell us why?

[*English*]

Hon. E. F. Whelan (Minister of Agriculture): Mr. Speaker, that was not my impression from chairing the meeting. Only two provinces voiced some concern about harmonizing stabilization in Canada for those named commodities under the present Agricultural Stabilization Act, and said that they were going to give up some of their programs. It would be that kind of program with the farm producer and the federal government participating. They would want time to make sure they were phased in carefully and that their producers do not lose anything by it.

I do understand, that the minister from Quebec said he was against this kind of program, because Quebec now enjoys a federal stabilizing program. I do not know what their farmers would do without it. That is under the Canadian Dairy Commission for industrial milk products. It is one that is used nationwide at the present time. I do not understand the Quebec minister saying he is against this, because there was one topic on the agenda which we did not get to and he was complaining about the fact that stabilization payments or announcements for sugar beets were not made soon enough. Therefore, he did not say he did not want it; he said he wanted it sooner.

[*Translation*]

Mr. Beaudoin: Mr. Speaker, could the minister advise us whether Quebec appeared to be the most unwilling to co-operate, and whether it meant to indicate this way its intention to assume responsibility, with the federal government's assent, for distributing the subsidies to dairy producers and controlling the export of our surpluses?

[*English*]

Mr. Whelan: Mr. Speaker, I do not remember them suggesting anything such as that at the meeting. He did not suggest that we withdraw from any of the regionally produced products under the Agricultural Stabilization Act as it is at the present time. He has said in the past that he is willing to participate in any program that will be beneficial to Quebec farmers. I gather, from his contribution to the meeting yesterday, that it is still his opinion that with regard to named commodities in the act which are produced across Canada, he is still going to participate in those programs. However, he would like to be able to participate by having us give the money to him so that he can give it to the farmers: in that way, he can be Santa Claus instead of the federal Minister of Agriculture.

COST OF STABILIZATION PROGRAM

Mr. John Wise (Elgin): Mr. Speaker, I have a question for the Minister of Agriculture on the same subject. Has the minister had any discussion with Canadian producers and the respective farm organizations with regard to his proposal to require a one-third contribution to operate the cost of the plan?

Hon. E. F. Whelan (Minister of Agriculture): Yes, Mr. Speaker. This is nothing new: it is similar to what is under the western grain stabilization act. All provinces except British Columbia and Quebec are in favour of that kind of program. The farm producers, although they want more details of the program, have endorsed it. They said they wanted this kind of program and that it was less costly because it would mean less duplication with this kind of stabilization program.

Oral Questions

AIR TRANSPORT

INCREASE IN AIRPORT TAX—EFFECT ON TOURIST INDUSTRY

Mr. Don Mazankowski (Vegreville): Mr. Speaker, my question is directed to the Minister of Transport. In light of the announcement last week of the increase in air transportation tax from $8 to $15 in the case of domestic flights, and $8 to $12 in the case of international flights, and the fact that the domestic increase will take place in April while the international increase will take effect in July, can the minister explain the apparent discrimination against the domestic air traveller? Does he agree with this particular concept? Can he outline, in particular, his position with regard to this increase relative to the increase in our tourist trade deficit?

Hon. Otto E. Lang (Minister of Transport and Minister of Justice): Mr. Speaker, I certainly would not agree that there is any discrimination against travellers in Canada as compared to travellers abroad. The apparent discrimination in this airport tax is explained by the fact that there is already a very heavy discrimination, if you like, against the traveller abroad, in the sense that the fees now charged against that kind of travel are significantly higher than the domestic fees, landing fees and the like. There was not room, in our view, within the cost to us of international air travel, to increase those fees more than the $12 in the initial stages, as indicated. In other words, the lower international transportation tax really reflects the fact that the domestic user charges are much lower than the international user charges.

● (1432)

Mr. Mazankowski: Is the minister concerned about the apparent discrimination which will affect regional and third-level carriers and passengers using those carriers, inasmuch as the manner in which the tax is to be applied will be disproportionately more severe on those using third-level and regional air carriers, or is this part of an over-all strategy to rationalize the regional air carrier industry? Could the minister tell us whether he still intends to go ahead with this planned sixfold increase in airport user fees and other user fees associated with airports?

Mr. Lang: It is very much our policy to encourage the development of the regional and third-level carriers. It might not be possible to contain special provisions for these carriers in an air transportation tax, but I can assure the hon. member that on the question of increases in any user charges we shall be looking very seriously at the question whether or not we can give special consideration to the third-level carriers and to the regionals in order to lighten the load upon them.

REDUCTION IN UNITED STATES TOURISTS

Mr. John C. Crosbie (St. John's West): Mr. Speaker, my question is directed to the Minister of Industry, Trade and Commerce. On February 2 of this year the minister reported to the House that there was general agreement, at a meeting of tourism ministers on January 31, that present costs impede our country when it comes to the successful balancing of tourist accounts. In June, Statistics Canada reported that travel costs for Canadians rose 71.5 per cent between 1971 and 1977, much faster than the 50 per cent gain shown in the United States. This year, the number of American tourists coming to Canada is down by 1 per cent so far.

In view of these facts, why did the minister permit the Minister of Finance and the Minister of Transport to impose an almost doubling of the air transportation tax? Will the minister now have this reversed and, therefore, have the government practice what it preaches in trying to control costs in connection with tourism?

Hon. Jack H. Horner (Minister of Industry, Trade and Commerce): As I said the other day in answer to the same question, I, as a tourist, would like to feel I am paying my way in whatever host country I decide to visit. Certainly, as a Canadian taxpayer who may decide to stay at home, I believe tourists who come to this country should pay whatever costs are incurred by our government and our taxpayers. It is that simple, really. If the costs are justified, the tourist should pay them.

Mr. Crosbie: That's it. They are not.

Mr. Horner: The hon. member says, "That's it. They are not." Certainly, I believe air transportation is becoming very reasonable to Canadians. We have brought in a number of measures. Something like 314 more ABC flights within Canada were used last summer to convince Canadians to travel far cheaper in their own country.

Mr. Crosbie: The minister's replies are balderdash, which means "nonsense", as the Deputy Prime Minister may know. On September 1, at a Toronto press conference, the minister said:

> Canadians traditionally have the idea that tourists are somebody we can rip off when they are going through—charge them all we can and then let them go.

The minister went on to say we have a lot to learn about hospitality when treating strangers. How does he square that criticism of the Canadian tourist industry and the hotels and motels of this country with the government's action in ripping off tourists, both Canadian and foreign, in this manner? How does the minister justify that rip-off? Or is there some difference?

Mr. Horner: I do not accept the fact that there is a rip-off at all. I believe the costs are justified and that the tourists should pay them. I could point out that tourism from Japan is up 28 per cent and that tourism from Europe this year is up 20 per cent, so the tourism deficit is not growing at all.

EXTERNAL AFFAIRS

FAMILY REUNIFICATION PROGRAM

Mr. Bob Kaplan (York Centre): Mr. Speaker, my question is directed to the Secretary of State for External Affairs. In view of the lack of success of the Maryasin family, living in my riding, in their years of efforts to be reunited in Canada with their relatives from Riga, Latvia, in spite of the fact that Canadian visas have already been issued, will the minister take a further initiative on their behalf with Soviet authorities?

Hon. Donald C. Jamieson (Secretary of State for External Affairs): My answer must be the same as I give on all occasions when such questions are asked. If there is a Canadian linkage, as there obviously is in this case, we shall certainly see to it that representations are made to the Soviet authorities—I suspect they have been made already in this case—and we shall make certain that this family's name is included in the next list and make special representations as well.

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HOUSE OF COMMONS

PRESENCE IN GALLERY OF CZECHOSLOVAK DEPUTY MINISTER OF FOREIGN AFFAIRS

Mr. Speaker: Before continuing with the question period, may I ask hon. members to join with me in welcoming a distinguished visitor from Czechoslovakia, the Deputy Minister of Foreign Affairs, Mr. Mercislav Jablonsky who is here on an official visit.

Some hon. Members: Hear, hear!

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AIR TRANSPORT

INCREASE IN AIRPORT TAX—BURDEN ON REGIONAL AND THIRD-LEVEL CARRIERS

Mr. James A. McGrath (St. John's East): Mr. Speaker, my question is supplementary to the question asked by my hon. friend from Vegreville. In response to the change in the air transport tax, Quebecair, which has as its president a former minister of transport in the government's Liberal predecessor, said:

> The tax will place a disproportionate burden on travellers on short hops and lighten the load on long-haul passengers.

They went on to say that the tax would place the regional carriers in the position of being tax collectors for the government to help pay for prestige and money-losing facilities such as Mirabel.

I ask the minister if he is serious in suggesting in his reply to my hon. friend that he wants to encourage and develop the use of regional carriers and third-level carriers in this country. Since that statement by Quebecair really represents the feelings of the regional air carriers about this tax, is the minister prepared to meet with the regional carriers to discuss with them ways and means of lightening the burden, in view of the fact that the tax, coming as it does on top of the increase in landing fees already announced by the minister, will place a disproportionate burden on the short-haul, intraregional traveller in this country, especially in the Atlantic provinces and Quebec?

Hon. Otto E. Lang (Minister of Transport and Minister of Justice): Mr. Speaker, I notice that the report to which the hon. member referred bore no indication that it was in any way an official Quebecair position. In any case, I would tell the hon. member that we are meeting constantly with the regionals and other carriers concerning the provision of airport and other facilities, and are gaining their agreement before going forward with major expenditures or, indeed, significant expenditures. I think that is a very sensible policy arising out of a change in making sure that every expenditure is meaningful.

I can assure the hon. member, as well, that there is no way in which the short-haul carrier is being made to subsidize the long-haul traveller. In fact, a few years ago the reverse was true and it seemed to me it stepped over the bounds of reason in the way in which it was true. If in recent years some slight adjustments have been made so there is a relatively fairer burden being borne as between short-haul and long-haul carriers, I think that is all to the good.

Mr. McGrath: If the minister is serious about developing the use of the regionals and helping the regionals, as I believe he is, is he prepared to recommend to his colleague, the Minister of Finance, that this tax, essential though it may be to pay for colossal blunders like Mirabel, be spread evenly between long-haul, overseas passengers and short-haul intraregional passengers? Such is not the case at the present time, and the minister knows it is patently unfair and unjust to the regional carriers.

● (1442)

Mr. Lang: Mr. Speaker, the short-haul traveller, of course, pays a percentage under the proposed tax of 15 per cent of his ticket tax, reflecting a certain portion of the costs which go with that kind of travel. In the case of a longer haul traveller, because the costs are less proportionate to the dollars of travel charged therefor, the limit of $15 has been put in place. That also recognizes the fact that a few years ago it was the long-distance traveller who was, in fact, paying more than it cost and thereby subsidizing the short-distance traveller in this country. That was not a desirable situation, in my view, and we are gradually correcting it.

Oral Questions

INDUSTRY

PATENTS FOR SUGAR CANE PROCESSING TECHNOLOGY

Mr. Bob Rae (Broadview): Mr. Speaker, I have some questions for the Minister of Industry, Trade and Commerce concerning the activities of Canadian Patents and Development Limited and the use of patents for sugar cane processing technology.

As the minister knows, in late 1976 patents for the development of this technology were awarded by CPDL to Hawker Siddeley, a large multinational company, rather than to the Canadian company that had actually developed the technology in Canada. As the minister also knows, an independent study—

Some hon. Members: Order.

Mr. Rae: My question to the minister is: can he give us some assurance that he is taking steps to see that the patents for this development will be awarded to a Canadian firm, rather than to an international firm?

Hon. Jack H. Horner (Minister of Industry, Trade and Commerce): Mr. Speaker, it is not a question of whether they be awarded to a Canadian firm or whether or not Hawker Siddeley is a Canadian firm or can be registered as such; the question is to get the patent problem cleared up so that Canada can benefit from the new method of harvesting sugar cane.

Mr. Rae: Mr. Speaker, with the greatest respect, I am not sure that the minister fully understood the import of the question. Perhaps I could rephrase it. The minister knows perfectly well that an independent study, commissioned by the minister himself, suggested very strongly that the awarding of the patents in 1976 was misguided and incorrect, and he also knows that certain aspects of the invention dealing with lumber and trade have yet to be awarded.

Can the minister assure this House that he is taking steps to see that future development for this key technology is granted to Canadian firms, guaranteeing Canadian jobs, Canadian scientific and trade development, rather than to a foreign company? That is a very simple question.

Mr. Horner: Mr. Speaker, I can assure the House that I have personally looked into this problem in depth and hope to have a solution very soon.

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[*Translation*]

PUBLIC WORKS

REQUEST FOR STATEMENT ON COMPENSATION FOR EXPROPRIATION

Mr. Roch La Salle (Joliette): Mr. Speaker, my question is directed to the Minister of Public Works. Exactly two weeks ago 600 Sainte-Scholastique residents demanded payment of a fair compensation for tenants and a 5 per cent interest payment, as well as recognition of the principle of reasonable equivalence. In front of the group the minister promised to give an answer within two weeks. I believe he also met the representatives of that group today, although I am not sure of it. Is the minister now in a position to make his answer public and, if so, does he also intend to make a statement on the matter?

Hon. Judd Buchanan (Minister of Public Works and Minister of State for Science and Technology): Mr. Speaker, indeed the representatives of the Mirabel expropriation are, at this very moment, discussing in my office with my assistant and the hon. member for Argenteuil-Deux-Montagnes. We have settled a few points but there still remain a few others which I trust can be settled this afternoon.

Mr. La Salle: Mr. Speaker, on a supplementary. I wonder why some hon. members are getting excited on the other side. I am very happy with the answer of the Minister of Public Works on the matter of the Sainte-Scholastique expropriation. That is nothing new. My supplementary is this: The hon. member for Argenteuil-Deux-Montagnes, speaking as an individual, has said that he would favour the idea of selling back to the province of Quebec the 70,000 acres of land which are not being used. The hon. member for Argenteuil-Deux-Montagnes made the statement as a private member. Can the minister say whether he intends to discuss with the province of Quebec the matter of the purchase of those 70,000 acres of land that are not now being used?

Mr. Buchanan: At the present time, no, Mr. Speaker. I must say I know nothing about that proposal, but I shall look into it.

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[*English*]

CONFLICT OF INTEREST

GUIDELINES FOR MINISTERS

Mr. Walter Baker (Grenville-Carleton): Mr. Speaker, I have a question for the Prime Minister dealing with the frequent practice by the government of putting deputy ministers on the boards of Crown corporations.

Can the Prime Minister tell the House whether there are in existence guidelines with respect to preventing a conflict of interest arising from the conflict that exists, or might exist, where a deputy minister on a board is acting within a certain market and, as deputy minister in his department, may be promulgating and advising his ministers with respect to the regulations that govern the market in which the Crown corporation exists and operates? Are there such guidelines in existence?

Right Hon. P. E. Trudeau (Prime Minister): Mr. Speaker, there are no specific guidelines, but there is certainly a difference of approach between the government and the opposition

party. We believe that Crown corporations are set up for the beneficial advantage of the people of Canada to pursue a purpose which is in the general interest.

The reason we put civil servants on boards of many agencies or Crown corporations is precisely in order that they represent the interests of the government and that they report to the government any knowledge which could be useful to the pursuance of the government's objectives in the interests of the common good of Canadians.

Mr. Baker (Grenville-Carleton): Mr. Speaker, the Prime Minister has indicated that, in his judgment, no guidelines exist. The Prime Minister will recall that he wrote the government House leader on October 18, 1976, in which he dealt with the principles regarding the activities of holders of public office, At that time he wrote:

> Current and former holders of public office must ensure by their actions that the objectivity and impartiality of government service are not cast in doubt and that the people of Canada are given no cause to believe that preferential treatment is being or will be unduly accorded to any person or organization.

Does the Prime Minister not believe that that guideline—which I take it he put forward seriously—does not apply to deputy ministers who are members of the boards of Crown corporations? If he does not believe that that applies, will the Prime Minister consider the preparing of guidelines that would apply to the case of deputy ministers who serve on the boards of Crown corporations, so that deputy ministers, such as the Deputy Minister of Finance, are not placed by the government in the invidious position of at least there appearing to be, whether it is there or not, a conflict of interest?

Mr. Trudeau: Mr. Speaker, of course the guidelines as I stated them apply to deputy ministers and other senior officials. I fail to see how the hon. member can make a case from those guidelines relating to the particular case he is referring to now.

These guidelines were made to prevent a public servant acting in a way which would be in his own self-interest, as opposed to the government's interests or to the advantage of some third party corporation independent of the government. In our philosophy, we set up Crown corporations and agencies in order to serve a public purpose, we do not see this as conflicting with any guidelines. I know that this is not the philosophy of the Tory party.

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ENERGY

PRICE OF CRUDE OIL

Mr. Maurice Foster (Algoma): Mr. Speaker, my question is to the Minister of Energy, Mines and Resources. In view of the fact that an increase of $1 in the price of crude oil on January I would completely wipe out the anti-inflationary effect of the federal budget's 25 per cent reduction in the manufacturers' sales tax, and in view of the fact that the Ontario minister of energy now seems to be opposed to an increase in the price of crude oil, I wonder if, armed with this support, the minister will press ahead with his action to stop this increase in the price of crude oil which the Alberta government is demanding.

● (1452)

Hon. Alastair Gillespie (Minister of Energy, Mines and Resources): Mr. Speaker, if the Ontario minister of energy now is claiming that he supports the federal government initiative, that there be a pause respecting the price of oil come January 1, it comes as a great surprise to me. Also, it will come as a very great surprise to the other energy ministers who were present at that meeting, particularly since they too supported in the strongest way the continuation of the oil price increase come January 1.

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HEALTH AND WELFARE

FUNDING OF SOCIAL SERVICES PROGRAMS

Mr. Heward Grafftey (Brome-Missisquoi): Mr. Speaker, my question is directed to the right hon. Prime Minister. Today, the Minister of National Health and Welfare is in Toronto explaining the inexplicable to her counterparts in the provinces, namely, why the Minister of Finance unilaterally cancelled the block funding agreement for social services. Last week, the Prime Minister stated before the House that in his view there was no agreement between the provinces and the federal government relating to the block funding of social services.

If that is the case, why did the Minister of National Health and Welfare prepare a bill based on these discussions and present it before the House of Commons, if there was no agreement with the provinces?

Right Hon. P. E. Trudeau (Prime Minister): Mr. Speaker, if the hon. member refers to his question to me last week, I think he will see that he was talking about the signed agreement and such things. Of course, there were negotiations over a period of several weeks, perhaps months, between federal and provincial ministers. We were leading up to the presentation of this bill. The Minister of National Health and Welfare was taking the lead in this very forward-looking piece of legislation. But that particular piece of legislation costs a lot of money. The Minister of Finance and the President of the Treasury Board went to the provinces indicating that, since transfers to them were growing at the rate of 13 per cent a year, it was too high and therefore it would be important to attempt to reduce that rate of growth.

We looked for various areas where there is agreement with the provinces to see if we could multilaterally, not unilaterally, reduce that rate of growth. It was in face of the refusal of the provinces to co-operate in having the federal government cut that rate of growth of some 13 per cent per year that we decided projects, enterprises and programs which had not yet taken effect in law would not be proceeded with. This is the position the minister has taken. We still think it is a good

program. We would like to move forward with that bill, if the provinces and the opposition would co-operate with us in making sure that in other areas the rate of growth can be reduced.

Some hon. Members: Hear, hear!

Mr. Grafftey: Mr. Speaker, it is nice to know this week that the Prime Minister agrees that there was an agreement but it involved more than just restraint; it was a whole new system of funding with the provinces. How can the right hon. Prime Minister justify the government becoming indebted for close to $1 billion in the buying of Nordair and Pacific Petroleums, while simultaneously cutting back on health care and social services with the provinces?

Some hon. Members: Oh, oh!

Mr. Speaker: Order, please. The hon. member for Churchill.

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LABOUR CONDITIONS

UNEMPLOYMENT FIGURES PUBLISHED BY STATISTICS CANADA—STATUS INDIANS

Mr. Cecil Smith (Churchill): Mr. Speaker, my question is directed to the minister responsible for Statistics Canada. Are status Indians included in the unemployment figures compiled by Statistics Canada?

Hon. Jack H. Horner (Minister of Industry, Trade and Commerce): Mr. Speaker, status Indians on the reservations are not included in Statistics Canada figures.

Mr. Smith (Churchill): Mr. Speaker, my supplementary question is directed to the same minister. Bill C-14, dealing with amendments to the Unemployment Insurance Act, uses Statistics Canada figures to determine the unemployment rates in 48 regions across the country. Are the figures for status Indians actually extended to determine the number of unemployed status Indians in those particular regions?

Mr. Horner: Mr. Speaker, perhaps the Minister of Employment and Immigration could better answer the question, but I think there will be a special provision for Indian populations regarding the Unemployment Insurance Act.

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URBAN AFFAIRS

CMHC DIVESTING ITSELF OF LOW-INCOME PROPERTIES

Mrs. Jean E. Pigott (Ottawa-Carleton): Mr. Speaker, last week, in the document which the Minister of State for Urban Affairs was so gracious to table, there was mention of 438,000 households paying over 30 per cent of income for shelter. Since the Minister of State for Urban Affairs is not present, I should like to direct my question to his parliamentary secretary. Why is Central Mortgage and Housing Corporation attempting to divest itself of all its major low-income properties in the province of Quebec, some 62 so far this year? In particular, I am asking about the Cloverdale complex which is the largest CMHC complex in Canada. That complex has been appraised at $10 million and is being sold for $4 million.

For the benefit of the hundreds of families involved in this matter can the parliamentary secretary inform the House as to the state of the negotiations between CMHC and Grado Developments? Also, could he inform us as to who Grado Developments are?

Mr. Hal Herbert (Parliamentary Secretary to Minister of State for Urban Affairs): Mr. Speaker, at this stage I am unable to report on the developments, but I will ask the minister to let me have more information and pass it on to the hon. member. At the present time, the thrust of the government is to assist low-income Canadians in obtaining better housing. In particular, in programs such as AHOP which the opposition has criticized, obviously there will be some increase in the risk, and possibly some small increase in the default. Rather than continue, as in the past, with the emphasis on housing for persons who can well afford it and who would be assisted by the suggestion of the opposition to make interest on mortgages deductible—

Mrs. Pigott: That is not my question.

Mr. Speaker: Order, please. The hon. member for Nanaimo-Cowichan-The Islands.

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EXTERNAL AFFAIRS

NUCLEAR ENERGY PLANT IN ARGENTINA—POTENTIAL FOR PRODUCING NUCLEAR WEAPONS

Mr. T. C. Douglas (Nanaimo-Cowichan-The Islands): Mr. Speaker, last Thursday I asked the Secretary of State for External Affairs a question regarding a comment attributed to Admiral Madero, the national atomic energy commissioner of Argentina. The statement was to the effect that his country was planning to build a reprocessing plant which could produce a nuclear weapon. Since that time, Admiral Madero has been quoted as saying that the statement was misconstrued by the reporter for the Washington *Post*.

In view of the fact that usually the Washington *Post* is a reliable source, with a very competent staff, can the minister tell the House whether the government of Argentina has assured him that it has no intention whatsoever of putting up a reprocessing plant with a view to making nuclear weapons?

Hon. Donald C. Jamieson (Secretary of State for External Affairs): Mr. Speaker, I thank the hon. member for his patience in waiting for a reply to this question. We made some inquiries and I think it can be said that the government of Argentina has taken the position which the hon. member articulated, namely, that it has no intention of going into

reprocessing. There appears to be some confusion as to the status of those who are speaking. In other words, the gentleman concerned is related to atomic energy development but may not be necessarily a formal spokesman for the government. I am still trying to clarify that particular point. There does not appear to be any substance to the report in terms of Argentinian government policy.

As well, I can say that I have checked on the question which the hon. member asked me regarding the use of Canadian materials and the like under existing agreements. I find that Canada has the right of prior consent over the reprocessing of any nuclear material supplied by Canada and any nuclear material produced in the Canadian-supplied reactor. In that sense, we would have a veto, in effect, over the use of Canadian materials for any reprocessing undertaking.

Mr. Douglas (Nanaimo-Cowichan-The Islands): Mr. Speaker, I should like to ask the minister one point which I am sure concerns all members of the House. How are the safeguards being monitored? It is rather significant that this statement appeared in the Washington *Post* and the Latin American Economic Report, yet apparently the department knew nothing about it. Who is monitoring the situation to ensure that the countries we supply with a Candu reactor and technology are not building plutonium reprocessing plants? What machinery and mechanism is in place for monitoring this situation, or should we wait until someone raises the matter by accident?

Mr. Jamieson: No, Mr. Speaker, it is more comprehensive by far than simply waiting until the matter is raised. The ultimate responsibility obviously rests with IAEA, the International Atomic Energy Agency, by common consent of the signatory countries. In addition to that, the Atomic Energy Control Board of Canada, on which my colleague, the Minister of Energy, Mines and Resources can, I am sure, report more fully, also has a capability for certain on-site inspections and the like.

● (1502)

We are satisfied that the controls in place are as good as exist in the world community. I would not, however, want to leave it at that, because I think both my colleague and I have indicated on many occasions that we would hope, and indeed are arguing, that the IAEA safeguards ought to be strengthened, and that is the direction in which Canadian policy is heading.

* * *

PRIVILEGE

MR. GILLESPIE—PETRO-CANADA PURCHASE OF PACIFIC PETROLEUMS SHARES—OFFICIAL OPPOSITION'S STATEMENTS

Hon. Alastair Gillespie (Minister of Energy, Mines and Resources): Mr. Speaker, I rise on a question of privilege. A question was put today by the hon. member for Brome-Missisquoi (Mr. Grafftey) which seemed to me to be part of a pattern of distortion which the opposition are using to discredit

the financial transactions with respect to the Petro-Canada acquisition of Pacific Petroleums shares. I say a pattern of distortion, and therefore a program aimed at misleading the House and misleading the Canadian people. That was the burden of his remarks today, Mr. Speaker.

Last evening his leader, as reported at page 1288 of *Hansard,* also made a similar point when he referred to the government. He said:

—it could have found better use for $1.5 billion than buying an oil company and an airline it does not need.

The Leader of the Opposition (Mr. Clark) knows, as we all know, that the government did not raise $1.5 billion to buy Pacific Pete. The opposition quite clearly know from the information that has been given to them that Petro-Canada used its own credit, raising the money in a commercial transaction—

Mr. Stevens: Through a subsidiary.

Mr. Gillespie: —raised the funds from the banking system. It was not taxpayers' funds but a commercial transaction. I can be left with no other impression, Mr. Speaker, as I am sure other Canadians are, that the opposition are trying to distort and trying to mislead.

Some hon. Members: Hear, hear!

Mr. Speaker: The hon. minister and other members who now feel themselves sensitive about this particular point, I am sure will avail themselves of the opportunity to participate in the budget debate which is carrying on this afternoon.

MR. FRIESEN—BROADCASTING OF CBC LICENCE RENEWAL APPLICATION PROCEEDINGS

Hon. John Roberts (Secretary of State): Mr. Speaker, I rise on a question of privilege. Last October 23 the hon. member for Surrey-White Rock (Mr. Friesen) raised a question of privilege in the House, and since I was not present at that time you deferred the matter until you had a chance to have me reply to him. Since both the hon. member and I are in the House this afternoon, I thought I might reply to him.

His question of privilege essentially was that the Canadian Broadcasting Corporation had not covered his remarks to the CRTC at the CRTC hearing. I have the information which the CBC has presented to me on the matter, which is relatively brief, and I would be happy to explain to the House its position at the present time in relation to the hon. member's question of privilege.

The Canadian Broadcasting Corporation rents four satellite channels for transmission of its television programming. One of these, Channel D, is used for closed circuit purposes, for gathering and distributing news items, for the exchange of regional programs and inserts, and for multi-point live productions. The CBC decided to make coverage of the CRTC hearings on its network licence renewal applications widely available, and made arrangements with a number of cable companies to carry the coverage across the country. Although

it was intended that as much of the hearings as possible should be covered, there were technical limitations because of the necessity of continuing to distribute the items normally carried on Channel D. For this purpose, 1 p.m. to shortly after 2 p.m. each day was set aside for such distribution.

The CRTC was aware of this limitation and mentioned the 1 p.m. satellite cut-off time several times during the hearing. Indeed, the chairman, Dr. Camu, reminded the hearing of it immediately before the hon. member began his intervention at approximately 12.57 p.m. on October 6. The only area of the country not affected by the cut-off was Ottawa, where coverage was by direct cable service.

The hon. member's presentation lasted until about 1.16 p.m., and while the CBC regrets that his intervention was not received by those cable services outside Ottawa which had agreed to take the CRTC coverage, it would emphasize that, in accordance with the exigencies of broadcasting the prearranged schedule, it was necessary to provide its network stations with the other programming items they were then set up to receive.

Mr. Benno Friesen (Surrey-White Rock): Mr. Speaker, I think the CBC must be speaking with tongue in cheek when they said they regretted that I had been cut off. I am sure they shed many a tear about that.

I do not want to carry on the argument interminably, sir, but I have looked at this matter for some time now and if, as the minister says, I was admitted to the table at about three minutes to one and it was customary for the CRTC to call the lunch break at one o'clock—and far be it for them to postpone the lunch hour, either for them or for the intervenors—then it seems to me a blatant piece of disorganization to have, as the chairman said, the only member of parliament to appear before the committee appear at three minutes to one, just before it was time to break. Either that was a very sloppy piece of organization or it was a very deliberate attempt, but I cannot imagine that the chairman of the CRTC is the kind of person who would deliberately ask the only member of parliament to come to appear at three minutes before cut-off time to make his presentation. Since it did happen, Mr. Speaker, I wonder whether he did receive any kind of instructions.

I would add to that, Mr. Speaker, that I did check with people in the industry in the intervening days and I have found that it was not, as the minister said, at three minutes to one but considerably before that. While it may be that I could not have made my full presentation at that time, I could have made a considerable part of it. I still contend, Mr. Speaker, that there seems to be a deliberate decision made somewhere to make certain that my entire presentation would not be carried across Canada under the previous arrangements that were made available to all the other members who appeared.

Mr. Speaker: Order, please. In any case, the hon. member for Surrey- White Rock (Mr. Friesen) has what is, I think, because of other precedents that he may examine in relation to the activities of members appearing before various federal boards and tribunals, essentially a grievance and not a question of privilege, and I think it would have to be proceeded with in that way.

* * *

POINT OF ORDER

MR. MACDONALD (CARDIGAN)—STATEMENT MADE BY MEMBER FOR SELKIRK

Hon. Daniel J. MacDonald (Minister of Veterans Affairs): Mr. Speaker, I am compelled to rise on a point of order in reply to a remark made by the hon. member for Selkirk (Mr. Whiteway), as reported at page 1233 of *Hansard* for Friday of last week. I wish to inform the House that at no time did I agree with the hon. member that the issue he wished to discuss should be dealt with under Standing Order 43. I merely indicated to him that I would be happy to answer a question on the subject.

Mr. Dean Whiteway (Selkirk): Mr. Speaker, I rise on the same point of order. I feel I should say something on the point of order just raised by the minister because it implies that in my response to the point of order raised last Friday by the Minister of National Defence (Mr. Danson) I misrepresented the discussions I had with the Minister of Veterans Affairs (Mr. MacDonald).

The minister will recall that I discussed the matter concerning one Mrs. Dall, of the Ladies Auxiliary of branch 81 of the Prince Edward Legion in Winnipeg, having been ordered out of a Canada Manpower office building on the Henderson highway while she was attempting to sell poppies for Remembrance Day. I discussed this with the minister because there was a sense of urgency. The lady involved, Mrs. Dall, was somewhat embarrassed, as you can imagine, Mr. Speaker.

Mr. Speaker: Surely the only thing at issue in this point of order at the present time is whether or not in fact the hon. member for Selkirk (Mr. Whiteway) said that he had discussed it with the Minister of Veterans Affairs (Mr. MacDonald). I believe he was either aware or that he had some knowledge or understanding that it was going to be proceeded with by way of a motion pursuant to Standing Order 43. That is the only issue that is relevant to this point of order.

● (1512)

Mr. Whiteway: Mr. Speaker, the fact was that in that discussion I outlined to the minister the two possibilities that I had to raise this matter. One was through a question. The minister will remember that I also discussed with him the problems a backbencher has in being recognized and seen by Your Honour. That is exactly what happened. I also told the minister at that time that my second choice would be to raise the matter under Standing Order 43. The minister will recall that.

On Friday, sir, I had no choice, because it was the last day of the week, but to raise it by way of Standing Order 43. At no time in my discussion with the minister did he object. He

thought it was important and ought to be raised. If he did not agree that it should be raised by way of Standing Order 43, that was the time to object. But quite the contrary, he encouraged me to raise it. To say now that he disagreed with Standing Order 43—that was the time to raise it, not after the fact.

Mr. MacDonald (Cardigan): Mr. Speaker, I will answer this because I am trying to be very fair with the hon. member. The hon. member is quite conscious of the fact that I have no control over Your Honour or motions made under Standing Order 43, or questions either. He implies in his remarks that on Friday I agreed to the motion under Standing Order 43, and that is what I wanted to straighten out for the House. I did not agree. I did not say, "You cannot do this." Through you, sir, I say to the hon. member: you can do as you like, as far as I am concerned. Okay. Is that understood?

Mr. Speaker: Order, please. It certainly is well understood by the Chair.

Some hon. Members: Oh, oh!

* * *

PRIVILEGE

MR. STEVENS—PETRO-CANADA PURCHASE OF PACIFIC PETROLEUMS SHARES—MINISTER'S STATEMENT

Mr. Sinclair Stevens (York-Simcoe): Mr. Speaker, my question of privilege arises from something that certainly is not well understood in this House. I simply wish to give notice of a question of privilege that I hope to raise tomorrow arising out of the unfortunate statement made by the Minister of Energy, Mines and Resources (Mr. Gillespie) a few moments ago. Once again, he has misrepresented the true nature of the Petro-Can—Pacific Petroleums transaction. It is in truth intolerable that this government persists in misleading the Canadian public concerning their transaction involving Pacific Petroleums Ltd.

Hon. A. C. Abbott (Minister of State (Small Business)): On the same question of privilege, Mr. Speaker, I think the hon. member for York-Simcoe (Mr. Stevens) is exactly reversing the whole element of truth. He, his leader, and all subsequent speakers have attempted in the last few days to distort the truth so as to try to convince the Canadian people that somehow tax money is being used inappropriately, and that moneys that would otherwise have gone into public works, etc. have gone into the acquisition of an oil company. He should either stop misleading this House or stop accusing the Minister of Energy, Mines and Resources of doing so.

Some hon. Members: Hear, hear!

Mr. Speaker: Order, please. From the procedural point of view I think it would be salutary if hon. members would stop accusing each other of attempting to mislead the House. Members on both sides of the House have accused their opposite numbers several times of attempting to distort the real picture in connection with the transaction whereby Petro-Can acquired Pacific Petroleums Ltd. Surely the very nature of discussions again today by the minister, by the hon. member for York-Simcoe (Mr. Stevens), and now by the Minister of State (Small Business) (Mr. Abbott), and by all who have participated, bring to this the essence of debate. The debate is what is before the House in terms of the budget. That has given everyone an opportunity, with the usual freedom that exists in a budget debate, to argue the very nature of these financial transactions.

This is essentially a point of debate and I do not propose to entertain it now, tomorrow, or any other time, under the guise of a question of privilege.

MR. TOWERS—CANADIAN PRESS REPORT ON AUDITOR GENERAL'S ANNUAL REPORT

Mr. Gordon Towers (Red Deer): Mr. Speaker, thank you for granting me time to raise this question of privilege today to refute incorrect statements made by the hon. member for Ottawa West (Mr. Francis) in his November 10 question of privilege at page 1014 of *Hansard* in my absence, which related to the tabling date of the report of the Auditor General. As you know, I had intended to let this matter stand until later, but a third dimension has been brought to my attention and I feel I must set the record straight now.

The remarks of the hon. member for Ottawa West not only aggrieved me but reflect on the performance and integrity of a member of the press gallery, if, in fact, they are not an attempt to muzzle the press.

Sir, in this democratic institution, honesty should not be ridiculed, for political expediency, or, indeed, for any reason. Often in this House press reporters are criticized for misinterpreting or misquoting members of parliament. My question of privilege today is in defence of a Canadian Press reporter who wrote a factual article, referred to by the hon. member for Ottawa West as "distortion of the facts". The statement attributed to me in the Canada Press story, and I quote: "I don't think we should be tinkering around with the report or with the date after it has already been announced" is exactly what I said in the public accounts committee.

The words included in that press account and quoted by the hon. member for Ottawa West in his question of privilege as, "It is clear the government does not want any criticism of its finances to come to light during the budget debate" were said by me outside committee and I stand behind them.

I do not condone placing blame on anyone else for anything I have said, and I certainly will not remain silent when the work of a member of the press gallery is unjustly placed in doubt, even if that writing happens to be inconvenient for the government or for any member of parliament.

My colleague, the hon. member for York-Simcoe (Mr. Stevens) said in the House on November 10, and I quote: "I would point out to Your Honour that the steering committee meetings are generally looked on as confidential matter." I

agree with him. Under ordinary circumstances I would strictly adhere to that practice but, because the hon. member for Ottawa West made an incorrect statement in this House with reference to a steering committee meeting, I am compelled to refer to what actually transpired there.

This is the false statement of the hon. member for Ottawa West, in reference to the tabling of the Auditor General's report:

It was then unanimously agreed at the steering committee, at which the hon. member for Red Deer was present, that a more appropriate day might be Thursday, November 23.

That, Mr. Speaker, is a distortion of fact.

At the steering committee meeting I asked that the word "unanimous" not be used because I was not in agreement with postponing the tabling date of the report of the Auditor General to November 23.

In my opinion, Mr. Speaker, the hon. member for Ottawa West should admit he misrepresented the facts as I have outlined, and should apologize to the member of the press gallery whose report did not "distort the facts." I might add that I abhor this type of attack in the House of Commons on anyone who does not have the opportunity to defend his or her position, which only adversely affects parliament and its members.

Mr. Speaker: Order, please. When the point was raised by the hon. member for Ottawa West (Mr. Francis) I indicated I would await a proper opportunity for all members who had been included in the discussion to make their remarks. I will now examine the record carefully to see if in fact a question of privilege is involved.

* * *

POINT OF ORDER

MR. ABBOTT—DEBATING PROCEDURES AND QUESTIONS OF PRIVILEGE

Hon. A. C. Abbott (Minister of State (Small Business)): Mr. Speaker, I rise on a point of order. I am in some difficulty about the point you last made about raising substantive questions. The hon. member for Brome-Missisquoi (Mr. Grafftey) raised a matter in a question which the Minister of Energy, Mines and Resources (Mr. Gillespie) took to be a distortion of the truth and, therefore, leading to some criticism of himself. He rose on this with a question of privilege.

I am trying to fathom either your forbidding questions of privilege arising out of distortions that might take place in the form of a question or, indeed, whether any member during the budget debate is able to smear and distort the government's motives and get away with it simply as a matter of honest debate.

I would simply ask Your Honour if it is not possible for members on this side to rise and correct the distortions and misstatements of fact that might originate in the debate.

[Mr. Towers.]

Mr. Speaker: Order, please. That question is no more necessary now than it was before I intervened a moment ago. Of course, any member during debate at any time, this afternoon or any day hereafter, is entitled to intervene if he feels that the House has been misled or that, on any of the precedents, there is any irregularity or question of privilege involved. I have simply indicated to the House that if the substance of any question is to be the continuation of a disagreement as to the real nature of the transaction involving the Petro-Can acquisition of Pacific Petroleums Ltd., that remains, in my opinion, and has been since the very beginning, a disagreement on the facts of the matter. That matter has been gone into several times now, and I have indicated to the House several times that it remains an essential dispute, a matter of debate and not a matter of procedure.

If that is all that is involved in any of these points that are going to be raised, that is the same resolution that I will have to make, and I do not think I should have to make it again.

* * *

● (1522)

PRIVILEGE

MR. TOWERS—CANADIAN PRESS REPORT ON AUDITOR GENERAL'S ANNUAL REPORT

Mr. Thomas H. Lefebvre (Parliamentary Secretary to President of Treasury Board): Mr. Speaker, concerning the question of privilege brought up in regard to the article which appeared in the *Globe and Mail*, if you recall, Mr. Speaker, this matter was brought up last Friday morning in this House of Commons, the same day this article appeared. The hon. member for Ottawa West (Mr. Francis) made his point and I made my intervention. I stand by it. Your Honour said there was no question of privilege at that time. I wonder why it can also be brought up today, some four or five days after the original article appeared. I would like to add that there has been no mention made of the reply given by the hon. member for Ottawa West or myself in the *Globe and Mail* since.

Mr. Baker (Grenville-Carleton): Tell him to write a column.

Mr. Speaker: If the hon. member consults the record he will see that my impression was to the effect there was probably a grievance about the quality of reporting, but there was not a question of privilege. In any case, since it involved two other members on the opposition side I wanted to give them an opportunity to balance the intervention of the hon. member, if that was their desire, and that is the opportunity the hon. member for Red Deer (Mr. Towers) took advantage of today. I say again that I will examine the record to see if there is any procedural significance.

Mr. Malone: Mr. Speaker, I rise on a point of order to seek your clarification in relation to responses to questions that are placed on the order paper.

Mr. Speaker: I wonder if the hon. member could wait for the calling of questions on the order paper, and we will deal with it at that time. We are coming to that point very shortly.

ROUTINE PROCEEDINGS

[*English*]

CRIMINAL LAW AMENDMENT ACT, 1978

OMNIBUS MEASURE

Hon. Otto E. Lang (Minister of Transport and Minister of Justice) moved for leave to introduce Bill C-21, to amend the Criminal Code, the Canada Evidence Act and the Parole Act.

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

* * *

PUBLIC SERVICE STAFF RELATIONS ACT

MEASURE TO AMEND

Hon. Robert K. Andras (President of the Treasury Board) moved for leave to introduce Bill C-22, to amend the Public Service Staff Relations Act and to establish the National Pay Research Board.

Mr. Speaker: Is it the pleasure of the House that the hon. minister shall have leave to introduce the bill?

Mr. Knowles (Winnipeg North Centre): No.

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

Mr. Speaker: When shall this bill be read the second time? At the next sitting of the House?

Mr. Knowles (Winnipeg North Centre): Never.

* * *

PETITIONS

WHARF AT HARBOUR MAIN, NEWFOUNDLAND

Mr. Speaker: I have the honour to inform the House that the Clerk of the House has laid on the Table the second report of the Clerk of Petitions stating that he has examined the petition presented by the hon. member for St. John's East (Mr. McGrath) and finds that it meets the requirements of the standing orders as to form.

Committee Reports

REGULATIONS AND OTHER STATUTORY INSTRUMENTS

CONCURRENCE IN FIRST REPORT OF STANDING JOINT COMMITTEE

Mr. W. Kenneth Robinson (Toronto-Lakeshore) moved that the first report of the Standing Joint Committee on Regulations and Other Statutory Instruments presented to the House on Thursday, November 16, be concurred in.

Motion agreed to.

CONCURRENCE IN SECOND REPORT OF STANDING JOINT COMMITTEE

Mr. W. Kenneth Robinson (Toronto-Lakeshore) moved that the second report of the Standing Joint Committee on Regulations and Other Statutory Instruments presented to the House on Thursday, November 16, be concurred in.

Mr. Speaker: Is it the pleasure of the House to adopt the said motion?

Mr. Robinson: Mr. Speaker, I understand the hon. member for Peace River (Mr. Baldwin) has some comments to make with regard to this concurrence.

Mr. G. W. Baldwin (Peace River): Mr. Speaker, I am grateful to the hon. member for Toronto-Lakeshore (Mr. Robinson) for seeking concurrence. Very briefly, this second report is a statement of the criteria which the joint committee adopts when it comes to examine the thousands of statutory instruments which are laid before it, and to decide whether or not they meet that criteria, should be challenged, or sent back for further consideration. Included in the criteria, for example, are such statements that we consider whether or not the statutory regulation makes some unusual or unexpected use of the powers conferred by the enabling statute or by the prerogative, that trespasses unduly on the rights and liberties of the subject, or appears for any reason to infringe the rule or rules of natural justice.

What I was hoping to do was to see if the House would give its consent to having these rules appended to *Hansard* so that they could be given wider circulation, particularly among those members of the public service who are charged with the responsibility of drafting regulations. Hopefully consideration of them would take place at the time of drafting. I ask this because I see the Parliamentary Secretary to the President of Privy Council (Mr. Pinard) is here. This would be a preferable method than having to come here session after session to ask the House for concurrence. As this same procedure takes place in the Senate as well, perhaps the government might give consideration to having these statements of criteria made a condition and attached to the standing orders, having in mind the jurisdiction of this particular joint committee. Therefore by doing so it would be unnecessary to come back each session and seek this particular concurrence.

As I say, we have had three or four sessions where this House and the other place have agreed to the criteria. They

are very useful and they have been most helpful in our attempts to try to bring some order to the way in which statutory instruments are drafted. I ask that the parliamentary secretary give some consideration to bringing this to the attention of the President of the Privy Council (Mr. MacEachen), and maybe something might be done about it.

I ask the House to give its consent to having these criteria attached as an appendix to today's *Hansard*.

Mr. Speaker: The House has heard the suggestion about the possible appendix to today's *Hansard*. Is the House agreed?

Some hon. Members: Agreed.

Mr. Speaker: Agreed and so ordered.

[*Editor's Note: For criteria above mentioned, see appendix.*]

Mr. Speaker: The motion is for concurrence in the second report of the Standing Joint Committee on Regulations and Other Statutory Instruments presented to the House on Thursday, November 16, 1978. Is it the pleasure of the House to adopt the said motion?

Some hon. Members: Agreed.

Motion agreed to.

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[*Translation*]

QUESTIONS ON THE ORDER PAPER

(Questions answered orally are indicated by an asterisk.)

Mr. Yvon Pinard (Parliamentary Secretary to President of Privy Council): Mr. Speaker, the following questions will be answered today: Nos. 71, 326 and 419.

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

[*Text*]

FLQ CELL—UNIVERSITY OF MONCTON

Question No. 71—**Mr. Jones:**

1. Is the government aware of a letter to the editor in *L'Evangeline*, a French language daily newspaper in Moncton, New Brunswick on December 5, 1977, stating that an active FLQ cell was operating at the University of Moncton and, if so, has the Solicitor General or the RCMP investigated the matter?

2. To the knowledge of the government, has there been any police surveillance or investigation of such an alleged group?

3. Is the government aware of the names of the persons who call themselves the Front for the Movement of Quebec Youth in Moncton and, if so, what are they?

Hon. J.-J. Blais (Solicitor General): 1. Yes. The RCMP has investigated the matter.

2. See answer to question 1.

[Mr. Baldwin.]

3. It has not been the policy of this government nor that of previous governments to comment on individual police and security investigations.

AIRCRAFT—CF-101 VOODOO

Question No. 326—**Mr. McKinnon:**

For what reason was it necessary in this late stage of the CF-101 Voodoo aircraft's life to order technical publications at a cost of $867,231?

Hon. Barney Danson (Minister of National Defence): The requirement for rewriting and publishing revised technical publications for the CF-101 Voodoo was established in the CF-101 Voodoo Life Extension Study which was completed in 1976, and the reasons for this requirement are as follows: (a) The increasingly greater complexity to maintain the aircraft in its last phase of life until phase out in the mid 1980s was not foreseen in the original publication and hence a complete revision of this original publication had to be implemented to provide efficient and safe maintenance of the Voodoo. (b) Problems associated with the aging weapons system were not foreseen when the original publications were written and hence had to be incorporated in the revised version.

CROWN ASSETS DISPOSAL CORPORATION—EDMONTON

Question No. 419—**Mr. Bawden:**

1. How many persons were employed at the Edmonton Office of Crown Assets Disposal Corporation on (a) January 1, 1978 (b) September 30, 1978?

2. How many on September 30, 1978, were also employed on January 1, 1978 at the Edmonton office and if the turn-over is significant, what is the reason?

Hon. Jean-Pierre Goyer (Minister of Supply and Services): 1. (a) 7. (b) 5.

2. (a) 2. (b) Highly competitive labour market and office location.

[*English*]

Mr. Speaker: The questions enumerated by the parliamentary secretary have been answered. Shall the remaining questions be allowed to stand?

Some hon. Members: Agreed.

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POINTS OF ORDER

MR. MALONE—ANSWER TO QUESTION NO. 376

Mr. Arnold Malone (Battle River): Mr. Speaker, as I mentioned earlier, I am seeking your clarification in relation to the nature in which responses are given to questions that are placed on the order paper. I placed question No. 376 on the order paper, which I deem important. I am sure in every case when a member places a question on the order paper, it is deemed to have considerable importance. While this is not a direct quotation, the substantive response was that essentially it would take either too much time or too much labour to answer the question. I simply ask whether or not there is any

recourse when the member feels the question is important and ought to be looked at and that kind of response is made. Must we simply accept it? I note that often when responses are given the government says that it is answering about 90 per cent, but one can read into that that in effect what it is saying is that at least there is some percentage of those questions it will not answer.

To summarize, may I ask that when an answer is given which is viewed by a member to be important but in effect the member is given a non-answer, with the government taking the position that it does not want to take time or make the effort, is there any appeal by which we can have the question asked again and an answer given?

● (1532)

MR. ELZINGA—DELAY IN ANSWERING QUESTION NO. 223

Mr. Peter Elzinga (Pembina): Mr. Speaker, I rise on a point of order relating to question No. 223 on the order paper. I have shared with the House before the fact that this is the third session in a period of over two years that it has been on the order paper. I am simply asking a question with regard to special or annual passes in the year 1976 which were granted to various chairmen and presidents of Crown corporations and government commissions, and how often they have been used.

The parliamentary secretary has stated to me in the past that this question has proved to be quite expensive to answer. I should share with the parliamentary secretary that in excess of one year ago, somebody from the department contacted my office to receive further clarification dealing with this question. I should also share with the parliamentary secretary that to answer this question is going to prove a great deal less expensive that the cost has been to the Canadian taxpayer for those individuals who fly around on these annual passes.

MR. JONES—DELAY IN ANSWERING QUESTION NO. 69

Mr. Leonard C. Jones (Moncton): Mr. Speaker, I again rise on starred question No. 69. This question was also put down as a starred question in the previous session, and in the session previous to that. To date there has not been an answer. With all the efficient and inefficient bureaucrats in the public service, there has been plenty of time to give me an answer. I have asked the parliamentary secretary about this on several occasions. He has replied that he would look into it and that he expected an answer. One time, about a year and a half ago, the answer was that it would be a few days. Several "few days" have passed since then.

Mr. Speaker: Order, please. With regard to the point raised by the hon. member for Battle River (Mr. Malone), I hope he realizes there are in any given situation a number of courses open to him. It would be very difficult for me to advise him from the chair as to what those courses might be. In fact it may be difficult for me to advise him at all on what the courses might be because ultimately I might have to sit in judgment on my own advice. If he were to consult the officers at the table, he might find some help in determining some of the ways.

If in fact part of the question is, for example, of such a nature as to require a detailed and expensive sort of response to that part, it may be useful for the hon. member to think of severing his question into several parts, or of returning the question to the order paper without that part. At any rate, I suggest to him that he consult with the Table for some assistance on it.

[*Translation*]

Mr. Yvon Pinard (Parliamentary Secretary to President of Privy Council): Mr. Speaker, there were three statements. The first one contained some comments and some criticism even if it was under the form of a question directed to Your Honour. All I can say to the hon. member for Battle River (Mr. Malone) is that when answering questions we are always concerned about informing parliamentarians and the public as fully as possible. At the same time, we want to please the hon. member who asks the question and also, if possible, alleviate his frustrations. But we are not forced to do that, and we must give the most objective and useful answers possible in order to inform the public properly. As far as the second statement is concerned, namely question No. 223 for which the hon. member requests an answer, it is very fair to say, Mr. Speaker, that this answer requires a lot of research and that all the work involved in trying to answer that question costs a tremendous amount of money to the Canadian public. But I want to assure him that we are making representations to try to obtain an answer as quickly as possible, but we have not been given the details which are necessary to draft a complete answer by all the departments and agencies. Finally, as regards the hon. member for Moncton (Mr. Jones), who requires an answer to question No. 69 marked by an asterisk, I urge him to be patient and to read in the meantime the answer to question No. 71 which was given to him today.

GOVERNMENT ORDERS

[*English*]

THE BUDGET

FINANCIAL STATEMENT OF THE MINISTER OF FINANCE

The House resumed, from Monday, November 20, consideration of the motion of Mr. Chrétien that this House approves in general the budgetary policy of the government, and the revised amendment of Mr. Stevens (page 1249).

Mr. Allan B. McKinnon (Victoria): Mr. Speaker, it is of course a privilege to participate in the budget speech debate, although in this one it is difficult to do so with pleasure. That is because it is rather unusual to have a government bring in a

budget in which it congratulates itself on making things worse next year than they are this year.

Job creation, which was 362,000 this year, and not enough at that, will be 250,000 next year. The government also seemed proud of its deficit and intends to increase next year's deficit to a considerably higher level than this year's. It is rather reminiscent of the horse racing addict who made his way to the track saying, "I hope I do not lose too much today because I sure need the money!"

If I may be permitted to say a kind word about the unfortunate Minister of Finance (Mr. Chrétien), I would point out that he seemed to be more comfortable when he was the Minister of Industry, Trade and Commerce. The Prime Minister (Mr. Trudeau) then began to move around his chessmen in order to make room for his acquisition from Crowfoot. I hope the word "acquisition" is parliamentary. I would not want to get into the semantic argument as to whether the hon. member for Crowfoot was bought, purchased, acquired, given away, was obtained on waivers, or played out his option. The fact is the Prime Minister was acting as godfather of the family opposite and made him an offer he could not refuse.

In any case, the shifting around did a disservice to both those portfolios. We now have cabinet ministers in both Industry, Trade and Commerce and Finance who seem to be in difficulty. The self-confessed street fighter is beginning to look a little punchy, I am afraid.

A few days ago Mr. Speaker suggested to the splinter party on our left that if they wished to discuss defence they should not do so courtesy of Standing Order 26, but should take advantage of the opportunity of the budget debate. I welcome the Speaker's interest in defence. I hope we will hear from the party on the left in this debate. As well, I hope that at long last we will hear a few words from the minister about defence, defence being rather consistently underplayed in this House. There has been no mention whatsoever of defence in the last three throne speeches. The Minister of National Defence (Mr. Danson) does not seem to care to address this House very often on this subject. The last policy statement on defence by the government was in 1971 with the issuance of the so-called white paper.

Neither the country nor parliament at the present time has any idea of exactly what the government plans to do in the immediate and long-term future. I realize this particular lot of Liberals will mercifully be removed from guidance of national affairs before the medium future arrives. Even so, one would hope they would have done some planning during their too long regime.

This lack of planning is important, because the minister spends a significant amount of time addressing audiences outside of parliament, speaking about fantastic re-equipment programs which he and his predecessor have announced, as well as spurious versions of the amounts of money that this government is actually providing to National Defence, to buy equipment. The fact is that because of the deliberate downgrading of defence by the Prime Minister ever since he took over as leader of the Liberal party in 1968, we not only have a crisis of obsolescence in nearly every field of the Armed Forces' equipment, but also an acute shortage of manpower, plus a vacuum in policy.

The fault for this situation lies entirely with successive Liberal governments, and the Ministers of National Defence who let both the equipment and the manpower of the forces run down so far that the over-all effectiveness of the forces is now at a disturbingly low level.

It is worth remembering that in 1963 the Armed Forces had 123,000 men. By 1968, when the present Prime Minister took power, there were 101,000, and today there are only 79,000, despite the promise made by the minister about a year ago that he was increasing the armed forces by 4,500. I suppose a lot of people in this country believed him. However, the increase so far has been in the order of 400.

In terms of equipment, the worst damage caused by the decade of neglect under the Liberals is still to come. Major weapons systems, like ships, fighters and tanks, have a useful life of 20 to 25 years, and they are extremely expensive. For this reason any responsible government ensures that it has a proper investment cycle whereby it replaces each year a portion of its heavy capital equipment. In this respect National Defence should not be any different from a large business organization. However, for eight years under the present Prime Minister, from 1968 to 1976, Canada did not place a single contract for a major weapon system, thereby distorting the investment cycle for capital requirements in the future.

● (1542)

Canadian taxpayers and the Armed Forces are going to have to pay for this long period of neglect, the Canadian taxpayers because they must foot the bill for buying 20 years of equipment over the next ten or 12 years, and the Canadian Armed Forces because they must suffer the effects of operating old and obsolete equipment. For the forces, though, the worst is still to come in some respects since there is no evidence the present minister intends to take action, as opposed to making endless promises, to ensure that enough new equipment will be delivered in time to maintain the effectiveness of the forces at even minimal levels.

Let us take a look at all three services, starting with the navy. At the present time we have a navy of 23 surface ships. If we exclude ships over 25 years old, by the time the six new frigates arrive in service we shall have only ten ships in our surface fleet, including the frigates—four left over from the present fleet and six new ships, for a ten-ship navy! How can Canada possibly carry out its commitments in ten years' time with only half the number of ships it has today? The question has particular relevance because the expansion of Canadian sovereignty into the 200-mile economic zone would certainly mean more, not fewer, tasks for the navy.

The Air Force is confronted by a more acute crisis involving timing, since decisions with regard to the acquisition of a new fighter which should have been taken before now have still not been taken by the government. At present the Air Force operates three different types of fighter aircraft. When first

bought by Canada they numbered over 400 planes in total. The most modern of our existing planes, the CF-5, is also the least capable, reflecting the fact that it was one of our poorest defence equipment choices since the war. Evidence of how little the Air Force thinks of this plane is shown by its wish to relegate it to an advanced trainer role as soon as the government provides the new fighter plane. The choice of the CF-5 in the sixties has, of course, made the present situation much worse because we are having to replace three types of fighter at once instead of just the much older CF-101 Voodoos and CF-104 Starfighters.

Let us turn to consider the current problem, the purchase of the new fighter aircraft. About a year ago the Minister of National Defence announced that tenders were being called to provide Canada with between 130 and 150 planes, and that six companies were being invited to participate. The date by which bids were to be entered—the government stressed it was to be the final date—was February 1, 1978. Five of the six companies put in their bids at that time; partly due to a technicality, the French company, Dussault, was not able to comply with the requirements and withdrew.

The project office proceeded to work on the mass of detail which had been given it in the way of bids, and under the policy direction of the cabinet selected a short list in the course of the following three and a half months. However, during this period, partly due to the lack of credibility the government suffers in international circles—people were not certain the government meant what it said it meant—some of the aircraft companies sweetened their offers. Operating within the constraints placed upon it, the project office came up with a short list in June. The government, though, for some strange reason known only to its own paranoic circle, refused to admit, deny, or explain the presence of the short list.

I put a question to the Prime Minister on this subject at the time—it can be found on page 6716 of *Hansard* for June 26 last and might bear repeating at this point:

> Mr. Speaker, in the absence of the Minister of National Defence I will direct my question to the Prime Minister. Can the right hon. gentleman confirm that the new fighter project management office has recommended that a short list of three planes be considered for the impending fighter contract, the F-16, the F-18A and the F-18L?

To which the Prime Minister replied:

> I am not sure what the hon. member is quoting from and it is certainly not government policy.

The exchange continued:

> MR. MCKINNON: I was not quoting from anything at that point except my own question, Mr. Speaker. Perhaps the Prime Minister has noted the following quotation from a Canadian Press release—"One of the options the cabinet is considering is the so-called short list, dropping some of the competing firms", Danson said.
>
> Could the Prime Minister tell the House whether the choice is being dictated entirely by the fact that these three planes are the cheapest of those under consideration and that since only a fixed sum of money is available, $2.3 billion in 1977 dollars, other important factors such as air superiority qualities, range and target acquisition capability all have to be sacrificed in favour of financial considerations?
>
> MR. TRUDEAU: The question is truly hypothetical. However, I can tell the hon. member that we want to try to get the best plane for the least money.

Now, Mr. Speaker, here we are, five months later, once again discussing the short list. And once again it appears that the same three planes are under consideration.

What has caused this five months' delay? The Prime Minister told a press conference the other day that he had been requested by Mr. Schmidt of Germany to allow the company concerned a further opportunity to sweeten its offer in connection with the Panavia Tornado. I have nothing in particular against the extension which was granted on that occasion, though it did indicate a lack of managerial competence on the part of the government to the extent that it was not able, apparently, to convince prospective plane manufacturers that it was serious when it talked about the February 1 bids being final. Also, it indicated a lack of confidence in the government's own ability during the contract negotiation stage. As hon. members know, the companies were right and the government was wrong.

Be that as it may, August 1 was set as the date for the second and final bid. All plane manufacturing companies complied, although some of their second bids were almost identical to their first. But what has been the cause of the delay since August 1? We saw the unedifying spectable of the Minister of National Defence stating on September 6 that he would be presenting the short list to the cabinet committee on September 14 and to the full cabinet the following week, only to find that two months later he still has not done so. This raises several questions in the minds of parliamentarians, in the minds of the general public and, indeed, in the minds of those who manage the plane companies.

What is the purpose of this delay heaped on top of delay? There is one scenario, if I may use a phrase favoured by the Department of National Defence, which would provide all the answers to these repeated postponements. It is that the government intends to announce the new fighter aircraft at a time which would best serve the purposes of the Liberal party, that is, at a time close to a federal election. They will then announce the final selection, indicating to the forces that they are serious about this plane purchase, and, as they did so misleadingly in the case of the long-range patrol aircraft, they will indicate to all sectors of the country that all concerned are going to reap the benefits of increased employment resulting from the offset work. Speaking parenthetically on this aspect I might point out that the offset benefits accruing to British Columbia from the long-range patrol aircraft are now at the giddy height of one half of one per cent, up from one third of one per cent.

While the government still refuses formally to commit itself to a short list, the leaks coming out from cabinet meetings and from the minister's office indicate that the people influencing the choice of plane are a very odd lot indeed. It must be a little difficult for those members of the armed forces directly concerned with this plane to realize that the timing of the selection is being stage managed by Keith Davey, the rain maker who tells the Liberal party when to hold elections and what to do for months before the election, and that the final selection would depend largely on the Minister of Industry,

Trade and Commerce (Mr. Horner) and the Minister of Public Works (Mr. Buchanan).

● (1552)

If I might, I would like to suggest to the Minister of National Defence that partisan advantages should be dropped at this time. The selection of this plane and the provision of this plane are a very, very important matter for the Armed Forces and for Canada. The most important factor that should be considered is the military requirement, not whether it will gain votes in the area of Malton, and not whether it is the cheapest which we can get. I have already heard disturbing rumours that the next phase of this plane selection, that is, the contract phase, is not due to start until the middle of January. I ask the minister if he cannot wring a decision out of the cabinet to approve the short list and get on with the next stage now, rather than two months from now. It is my understanding that this would enable the final choice and final contract to be signed some four to five months from the start of the contract phase. If this is correct, and I am not certain that it is, that would enable the final decision and the final contract to be signed in the very early spring, perhaps as early as March.

I make this suggestion in the hope that the matter of partisan politics can be kept out of this, and, of course, it will be impossible if the final selection is to be made during the election campaign. Only the Prime Minister knows when the election campaign will be, but we know the date by which we are certainly going to have one. It seems to me that it would be politically immoral for this decision to be postponed for partisan political advantage and then brought up in the middle of a political campaign, to say nothing of the fact that it is also considered politically immoral to make a major commitment just before an election. I make this suggestion in all sincerity, that the government should attempt very hard to make a decision and have the contract signed by the end of March, because it would then avoid being accused of doing it for political purposes. If it cannot come to a decision by that time, it should guarantee that it will put the matter on the shelf and have it dropped during the campaign period. This would at least give us the hope of coming up with the best plane most suited for Canadian needs.

I would like to move now to the situation in what used to be known as the Canadian army. The present situation of the land forces, or the army, is compounded by shortages of both manpower and equipment. It has suffered most from the cuts in defence since the present Prime Minister took office. For example, in 1965 the army had 48,000 personnel, and it has 27,000 today, of which only 17,000 are assigned to Mobile Command. No element within the army has been harder hit than the infantry. Even within the last four years the infantry has been cut back from 7,500 to approximately 6,500. No army in the world can retain high morale or remain efficient if there is such a continuous loss of manpower, especially in what is referred to as the teeth arms.

However, the loss in manpower is matched by the fact that the army has very little modern equipment when compared with either our allies or our potential adversaries. For example, the government has ordered new tanks, but has bought the Leopard one, a tank whose basic design is now 13 years old. The reason that this is significant is that all other countries which operate tanks are moving very rapidly to a new generation of tanks, with bigger guns, improved engines, and the new "Chobham" armour which protects them from the anti-tank missiles with which most Warsaw pact infantry units are now equipped. It is rather daft to ignore the fact that a new generation of tanks will have new guns, new engines, and new armour. If you take those three things away you do not have much tank left.

The other disturbing aspect of the tank purchase is the very small quantity involved. We are replacing more than twice the number of old Centurion tanks with a total of 128 Leopard ones. Under present plans we will have only 78 based in Europe, of which a third are to be held in reserve. This will be our total contribution to NATO's tank forces, which face some 27,000 Warsaw pact tanks on the central front of Europe alone.

Another example is that when Canadian forces are committed to peacekeeping operations, they frequently find that either or both the parties they are trying to keep apart, as well as other elements of the peacekeeping force, carry personal weapons or small arms which are more modern and sophisticated than any possessed by Canadian troops. It should be a sobering thought to realize that our fellow peacekeepers in the Middle East, Ghanaian or Nigerian troops, now have better small arms than the Canadian Armed Forces.

I would now like to talk about the financial support that this government has promised but not delivered to the Armed Forces. The present minister inherited from his predecessor a commitment by the government to, at long last, begin re-equipping the forces. This was the "Richardson formula" whereby the capital budget would be increased by 12 per cent per year in real terms for five years, and the whole of the defence budget would be inflation proofed. The former minister achieved this in 1977-78.

After only one year the present minister voluntarily gave up almost 80 per cent of the promised real growth in the capital budget, and now under the government's restraint program the minister has apparently forgone another $150 million out of his budget. Whichever part of it he has surrendered, he will either be losing the inflation proofing, or yet more from his capital budget. In either case we have had more slippage away from the Richardson formula, which was the minimum necessary to maintain the viability of the forces in the long run.

Just the other day the minister took great umbrage in reply to a question of mine, when I said that they had not increased the budget by 12 per cent. I would like to read to hon. members a few words from the minutes of the Standing Committee on External Affairs and National Defence on March 12, 1978, when we were studying the estimates for the Department of National Defence. I asked the associate deputy minister of finance in the Department of National Defence, Mr. Davies:

—tell us exactly how much the percentage increased, the real growth percentage increased, in the capital budget this year after you had deducted the $60 million?

Mr. Davies replied:

Mr. Chairman, I believe that worked out . . . to 2.8 per cent.

I said:

What a come-down from the 12 per cent that everybody expected. So it was actually the inflation rate plus 2.8 per cent.

Mr. Davies replied:

That is the way it worked out, sir.

Notwithstanding the fact that they had just broken the promise to increase the capital budget by 12 per cent in real terms, the minister and the Prime Minister attended a NATO meeting at which they made a second pledge, that they would increase the Canadian defence budget by 3 per cent in real terms per annum overall, so that the alliance's long-term defence program for the next decade could be meaningful, since the alliance pledged itself to do more than just maintain existing levels of spending. This promise, too, they had no sooner made than, in effect, they broke it. Already our annual increase for NATO purposes is down to 2 per cent, and this is only the first year of the program.

In both cases the present minister has used the device of pretending that his formulae are intact, money that he has not got, or he has agreed to give up, he insists is still there—in some heavenly treasury board no doubt, and he goes around the country claiming 12 per cent real growth for the capital budget. The particular ministerial fantasy which permits him to offer this piece of double talk is the so-called, and infinitely flexible, capital envelope. It is a concept which allows a minister to convert a 12 per cent real growth each year into 2 per cent or perhaps 5 per cent, and then at some future date—no doubt when the lions of the Treasury Board lie down with the ministerial lamb of National Defence—the minister of defence says he will get what is owing to him.

This talk of an envelope is simply a cheap political way of changing a definite commitment in the estimates into a political promise. If the minister is allowed to get away with this and the Prime Minister in his backing of it, no doubt we will soon be hearing that the redevelopment of Toronto harbour is still in the envelope, and that the replacement of the weather ship Estevan on the west coast is still in an envelope, although, I believe, the promise is now more than eight years old. We might even hear that the Prince Edward Island causeway is still in some envelope in some remote corner of some department. We are supposed to be happy with these and other statements of the minister.

● (1602)

With his characteristic urge to please, the minister does neither the forces nor the country any service when he continually makes promises which he knows he cannot keep. As well he has a penchant for slight exaggeration. For example, as recently as October 5, 1978, the minister addressed the Men's Canadian Club of Winnipeg. He said the following:

We will spend another $700 million this year on orders to replace equipment grown obsolete during years of austerity.

I should like to refer to page 15-12 of the 1978-79 estimates of the Department of National Defence. Under capital of the department, there is a grand total of $685,207,000. Of this amount, construction and acquisition of land, buildings and equipment totals $94,026,000; utilities, materials and supplies, $7 million; professional and special services, $19 million. Clearly the grand total is approximately $150 million less than the minister said would be spent on equipment this year.

With each year that the defence budget fails to get funds promised to it, which are the foundation for buying equipment for the next 15 years, the prospects of the new fighter and ship programs become grimmer. The compounding effect is completely lost, if the defence budget does not get the 12 per cent each year. One does not need more than a basic grasp of arithmetic to see that, unless increases come through now, the necessary base for later expansion will not exist. Without an expansion, obviously it is impossible to buy $2.3 billion worth of fighters, which the minister promised, and $1.5 billion worth of ships, expressed in 1977 dollars, just to name the two largest purchases, unless one stretches the programs and the envelope to the turn of the century. If these programs are delayed that long, it will be impossible for the Armed Forces to meet their existing commitments, simply because long before then the forces will lack basic equipment to do the job.

It is hard news to have to tell the people of the country the situation regarding the re-equipment program. This kind of factual reporting would come better from the minister, but if he is unwilling to come clean with Canadians about the financial jiggery-pokery which is going on with the estimates and budgets of the Department of National Defence, then someone has to do it. As I said earlier in my speech, the bitter truth is that we went for ten years without giving our forces the support which was absolutely necessary for them if they were to carry out the roles assigned to them. Now we must pay. During the next ten years we will have to pay for 20 years of defence expenditures, yet the government indicates its clear unwillingness to tackle the job.

I should like to compare the present situation with the past one in this regard. If we take the figures of the Maritime Command, the Mobile Command and the Air Command, and then add the unallotted troops on a prorated basis, we find that in 1965 the navy had 19,613 men and women and in 1978 it had 16,994; the Mobile Command has gone from 46,000 down to 27,000; and Air Command has gone down from 48,000 to 35,000. Since 1965 the navy has lost 14 per cent, the army 42 per cent, and the air force 27 per cent.

I hope the minister will take my suggestion about moving on as quickly as possible with the selection of a new fighter aircraft. Last week I was surprised to note that along with the discord which has existed always in the government, the Prime Minister talked about defence equipment at his press conference. He made a very curious comment which did not seem to be noticed by too many people. He referred to the selection of

fighter aircraft and whether it would be cheap or expensive. He said the following:

> Well, that's a trade-off that DND will have to advise us on. There are cheaper aircraft of which you can get a greater number for the same price. But, obviously, they are not as good as the more expensive aircraft. And, what they are doing now is the same kind of operation they did when we bought a billion dollars worth of long-range patrol aircraft a couple of years ago. They had to choose between the Boeing which in terms of number of hours flight and so on was a bit better but so much more costly than the Lockheed that they could get more of the Lockheed to do the job and they chose the latter.

Clearly this implies that the Prime Minister thought the Boeing 707 would make a better long-range patrol aircraft. This is totally at variance with what the previous minister of national defence told us, as well as everyone else in the services.

In closing, I suggest the government should get its act together. It should move ahead quickly with this new fighter purchase. We should get it out of the way before the election campaign starts. Let us give the forces the support they richly deserve. Our party believes that they deserve this new fighter aircraft. Our party is in favour and has supported the government in its re-equipment program. We believe that the forces need to be a bit larger. We hope to have the support of other parties in this respect when we are in government.

Mrs. Simma Holt (Vancouver-Kingsway): Mr. Speaker, I appreciate the opportunity to support the Minister of Finance (Mr. Chrétien), a sensitive, responsive Canadian whom I respect very much.

Some hon. Members: Hear, hear!

Mrs. Holt: I respect him not only for what he is today, but for his great record of service to Canada since he came here from St. Maurice in 1963. I recall talking to him about Canada, and as no other Canadian he made me understand the depth of love of Canada by French Canadians. He told me his story, and I passed it on to my constituents on the opposite edge of Canada, 4,000 miles from his home, in order to explain the richness and love which bind us as a nation.

The minister's family settled in Lower Canada 325 years ago. The Chrétiens fought beside the English in the battle of Chateau Gai in October, 1813, when the Americans invaded Canada. In a private conversation with me, the minister said this:

> That is the way it will be today if René Lévesque tries to break us apart; we French and English will be together.

When he came here in 1963 from his riding of St. Maurice, he was unable to speak a word of English. He had no choice; he had to learn English. It is characteristic of this great and spiritually rich Canadian that he did not resent it. He said it simply: "That was the way it was".

To think that today, in this most complex of duties in Canadian affairs, he is so competent in both languages that he can handle himself articulately, and courteously, in responding to an English member in English and a French member in French!

[Mr. McKinnon.]

He is a true federalist. I recall one day when were talking about possible separation, he said:

> This is all my Canada. I worked for the north for six years.

He was referring to the time when he was Minister of Indian Affairs and Northern Development.

He continued, saying:

> Nobody is going to say that is not my north or your north. Nobody is going to split it away or any part of my Canada away and turn the north into a Kuwait for about 60,000 people. My kids and every Canadian's kids have a right to everything that is Canadian.

Let us hope that there will be a spread throughout Canada of this example. It must have been a difficult decision, one of compelling duty, which convinced him to take on his present job. Of course his present job is one that only can cause him grief and be a political nightmare because of the economic crisis and social turmoil throughout the world. He took the job when others quit. Let us hope this love and duty to Canada in the hearts of the Chrétiens, many Anglophones and others of many cultures—a mix which makes Canada such a magnificent nation—will shame and quiet the hatemongers, those few who spew out their intolerance and irrational hate.

It is love and mutual respect between people which will keep us strong against all divisive forces, some of which are right in the House and up in "yon Fourth Estate."

I want to speak of the need of excellence in communication, the importance of the media as a responsible public utility, although in private hands, and the importance of an informed and wise electorate as fundamental to a healthy democracy. Conversely, if there is a dearth of responsible and fair reporting, as seems to be the case in Canada, democracy will fail and the first victims always will be the symbol of all freedoms, the free press.

● (1612)

Tragically, communication lines across the land have become warped and distorted. In fact there seems to be a concerted effort to keep honest and fair communication down to a minimum. It seems, as Thomas I. Emerson in his book "The System of Freedom of Expression" has stated, that the most formidable threat to freedom of the press comes less from government than from the media itself. Professor Emerson, who was a law professor at Yale, put it this way:

> —that it is no longer to protect the freedom of the press from government interference in order to guarantee freedom of expression. Today, "the overpowering monopoly over the means of communication acquired by the mass media" constitutes the "most significant threat" to our system of freedom of expression.

This country has been well managed. The results are discussed internationally with respect and with admiration. We should all be proud of the international recognition that we are receiving right now.

Some hon. Members: Hear, hear!

Mrs. Holt: This government—it is recognized throughout the industrial world—has given us the highest standard of living in the world, but few in the media are telling it. Praise in the international economic community for Canada's leader-

ship, compared to the carping at home, proves the old truism—the prophet is without honour in his own country. Canada's economic record is excellent according to an independent assessment made by the Organization for Economic Co-operation and Development, which is composed of 15 of the most industrialized nations in the world, of which Canada is one. These are countries with which we do 90 per cent of our trade.

Another independent voice that recognized Canada's position objectively is that of Earle McLaughlin, chief executive of the Royal Bank of Canada. He claims that in the past seven years Canada has outperformed the Americans by almost any economic yardstick. In that period, real personal incomes in Canada increased 38 per cent, even taking into account the weakened dollar. Compare that to our great neighbour to the south, which had an increase of 17 per cent. Mr. McLaughlin said that Canada's material standard of living increased more than that of the United States, and despite unemployment he notes that Canada has led the world in creating new jobs. We have done better than the second best, which is the United States, having created 50 per cent more jobs than the Americans.

Some hon. Members: Hear, hear!

Mrs. Holt: Total investment spending in Canada also rose, according to Mr. McLaughlin. He would be interested in that fact, and so should the Conservatives because he is their man. It rose by 168 per cent, compared with 107 per cent in the United States.

Dr. Carl Beigie, the highly respected economist, author, teacher of managerial economics at McGill University, and president of the C. D. Howe Institute, which like himself is proudly non-partisan and objective, analysed the Canadian economic record at a breakfast meeting I attended, along with others, sponsored by *Reader's Digest*, on October 31. He said that Canada has as sound a medium-term economic strategy in terms of its fundamentals as any industrialized nation in the world. He goes on to say that there have been tactical errors but that this is virtually inevitable in the real world of political economy. Anyone who imagines that we who live in a narrow belt stretching 4,000 miles across this land can solve all of the world's problems is a dreamer and not very realistic.

We in Canada did very well despite a decade in which there was a shocking upheaval in world economies, where the wealth and control of energy resources shifted from the traditional power areas into the hands of a few sheiks and dictators via a third world cartel. It was a transfer of economic power that set off a tidal wave of inflation in 1973 through the OPEC cartel's fabricating of an energy crisis and then overnight quadrupling the price of oil, and thus energy prices.

But despite all this the record from OECD shows that we survived and came out of it at the top of the economic scale. Our standard of living improved continuously. A recent OECD study ranked Canada second in quality of life among the 15 most industrialized countries. Our GNP increased 32 per cent in real terms. Personal disposable income grew 118 per cent. Average family income went up 35 per cent in real terms. Our 1973-76 growth rate of 9.9 per cent ranked us third in the western world. Our job creation rate of 8.8 per cent—that is, 250,000 jobs a year—between 1973 and 1976 was the highest in the world. Our export trade grew dramatically, with a record trade surplus of close to $3 billion in 1977. Private sector capital investment has run at about 22 per cent a year, compared to 14 per cent in the United States. Second quarter corporate earnings for 1978 are up 20 per cent over 1977. There are now 36 companies with sales of over $1 billion, six more than in 1977.

The whole world has been struck by spiralling inflation with economic stagnation. High unemployment has resulted as long used economic procedures failed to produce expected solutions. Who would be so childlike in the adult world here and in the media as to expect Canada to remain immune to the ailments of the entire world? Here we had virtually economic primitives controlling and manipulating the sophisticated industrialized nations, and the adolescents in the media—yes, even here in the highest institution in the nation—expect classic, old style results from old style procedures.

Listening to some members here and seeing the messages going out throughout Canada, one would think that 264 people, members of parliament, representing 22 million constituents living in a narrow band stretched across 4,000 miles along the 49th parallel, as I mentioned, would alone be able to solve the problems that beset the world. It is less than genius to pretend that Canada alone can solve these problems. One can only assume that the critics are either dishonest or stupid. To be charitable, one might suggest they are sincere but naive—a terribly dangerous combination.

One has to wonder if contemporary rules of journalism proscribe that positive news must never be reported, that the public must be harangued into an intense anxiety state by the unending barrage of cliches and verbiage that threaten the end of the good life. Sometimes we who sit here have the feeling that the news is bringing us to the edge of the world. But it is all too often that this brand of reportage as projected, not the reality or the facts, provides the basis for public anger, unrest, frustration and terrible anxiety. We members of parliament, regardless of our politics, must share in this and possibly in the destruction of our own parliament.

One must wonder if the reasoning behind this is so superficial and selfishly petty as to be ludicrous. Is it fear by media "stars" that their personal status as pundits will be threatened? The Fourth Estate, as we call it here, though it hardly deserves that name until it returns to the style by which it earned that magnificent title—

Mr. Lefebvre: What would you call it, then?

Mrs. Holt: My colleague asks me what I would call it. It is still the Fourth Estate in world affairs. If the Fourth Estate were doing its job it would have a right to claim its status as the fourth and greatest estate in a free society. But do some members of this Fourth Estate fear that their personal status as pundits is threatened? If their predictions of disaster and

tragedy fail to materialize, it would be a personal blow to their small egos. They would find themselves going nowhere. What an irresponsible influence on Canadian democracy—on the need for a well informed electorate to select an excellent parliament and to structure a healthy nation.

● (1622)

I want to say that there are still high calibre reporters here. I could name them, but time does not permit it. Surely it is to the critical and large public utility that we must direct our attention. The monopoly owners must certainly look to what is happening here before it gets even further out of hand. The owners are fourteen men—all men, and maybe that is the problem. There are fourteen owners of the major communication media in this country. Montreal and West, the English media of every major city is controlled by three companies, Southam's, F.P. Publications, and the Thomson group. These three companies unify to tell us and tell Canada what is happening. They do not have to be honest, they do not have to face the checks of competition; they do not have to do anything but manipulate and control this country.

Mr. Dionne (Northumberland-Miramichi): It is the same thing in New Brunswick.

Mrs. Holt: That is just what I was going to say. East of Montreal it is the K.C. Irving group. It should be cause for fear for all of us. If they can divide this House they can conquer this House. They—those 14—will be the people who will be running Canada, if they are not already.

I say that the media has the most important duty of any profession in any free country. It is truly the most crucial agency for strength or for destruction.

For democracy to flourish it must have a free, responsible, fair, balanced and, most important, an accurate press.

The right of the public to know is the highest principle of a free society. The people who tout this the loudest today on this hill are the very people who use self-serving censorship—the media. Those of us who despise the secrecy that allows bullies and sadists to flourish within the public service feel that it is essential to have openness and that the public has a right to know. But it seems that this right to know in Canada gets mixed with the right of some journalists here to use their own so-called discretion as to what the public should be told. The distortion and censorship that are flourishing in this country have been described as one of the most "formidable threats" to society today. That is by Emerson and by other great leaders in both the United States and in Canada. It is as though the right to know must be submerged to the right to keep good news secret. It is as though the truth may spoil the fiction.

I recall following the appearance of the RCMP before our justice committee, about a year ago, when many accusations and so-called scandals were explained, even explained away by the RCMP commissioner on a morning show. It was a national network but I will not name it. The commissioner gave the answers to our committee. The interviewer, noted as much for his accusative style of telling facts as for questioning, got responses he obviously did not like. They answered the charges and exploded media scandal stories. The answers left the interviewer with egg on his face. He whined on the air publicly, "But that spoiled my story."

Recently, on this same show the Solicitor General (Mr. Blais), being interviewed regarding cabinet ministers' appearances before the McDonald inquiry into the RCMP, said the ministers want to be heard in public. Minutes later, on the news, the story was sent across Canada that the Solicitor General wanted to appear in camera. I could not believe this was possible in a free and open society.

Another trick that hon. members opposite will know as well as we do is the "voice-over" technique. If the speaker is telling something and saying it well, making a forceful argument—whether it is the Leader of the Opposition (Mr. Clark) or the Prime Minister (Mr. Trudeau)—they use voice-over and translate it the way they want, not necessarily telling what was said.

During the federal-provincial conference it was remarkable that the two pinch-hitters for CBC told of an end to the conference of discord between the first ministers of the provinces and the Prime Minister. People who watched it live saw the conference as it really ended. They also heard B.C. premier Bill Bennett and other first ministers talk of it as a successful up-beat conference. These realities inspired one caller to an open line show, in which I participated in Vancouver, to ask, "Does the CBC executive censor truth?"

Mr. Dionne (Northumberland-Miramichi): What does Allan Fotheringham know about Canada anyway?

Mrs. Holt: He reports from Vancouver about Ottawa—a 3,000 mile perspective of Ottawa.

Donald McDonald, editor of the respected *Centre Magazine*, November-December, 1976, pages 15 to 35, sets out the duty of the media this way:

> The premise of democracy is that a people can govern themselves. The condition for this audacious assumption is that the people will have the information they need to make wise political decisions. Democracy, the philosopher Richard McKeon has pointed out, is a community based on communication. Judge Learned Hand has said that we have staked our all on the rational dialogue of an informed electorate.

Mr. McDonald said, and I agree, that the press, that is, broadcasting and print, as the chief medium of communication among people and for people, remains the most effective way to relay what is happening. He says that they have betrayed the greatest duty of one of the most important professions for a strong nation.

These are such exciting and challenging times for great communicators, not only because of the subject matter that changes so quickly, but because of the availability of the tiniest and most colorful events in every corner of the world through jet travel and space communication. Today we have spectacular devices for instant communication and for visual experiences in every home—not just television but satellite, bringing instantaneous information from all corners of the earth. The public that has invested so much in this, and has a right to

expect so much, is being cheated. It is a critical, distrustful public, frustrated, betrayed, resenting the fact that it cannot rely on the printed word or even the voices on radio or pictures on their television screens.

The people are seeking information but cannot find an information source they can trust. The public today is not what the media were told 30 or 40 years ago—of an average mentality of fourteen years; the public today is educated and wise, perhaps much, much wiser than those in the media who are not classed, by law, as professionals.

We hear talk of paranoia. When the media is told that there is something wrong, something out of joint in the composition of its membership, they cannot think or talk about anything else but their hurt feelings. Their minds blot out everything else, all real news that affects the people of Canada. All their energy and thought are focussed on their own insult. Many know it is true. But nothing else matters, it is their ox that is gored. They become angry and dangerous, typical of paranoia. The killer instinct is the result of much paranoia. I would not be surprised if it is paranoia—schizophrenia, because many of them do not know what they are yet. I want to say that there are great exceptions.

The Prime Minister said that the media is the enemy. It is regrettable that they do not give equal attention to the Prime Minister's general statements, for example, that of October 12 in this House which was an important report to the people of Canada on the positive state of the nation.

Unfortunately the group, in the media, engaging in this paranoid-killer journalism, too lazy to do any investigative work, are wallowing in their own ego trips and giving a bad name to a great profession. The behaviour of this group ruins the responsible, fair job of reporting being done by others. It is tragic that this is happening, and nobody regrets it more than those of us who want to see a competitive press, a press that is rich and objective.

There is no doubt that the government must look into the whole business—another aspect of the press—of monopoly, and move toward an anti-trust type of legislation to restore healthy competition, to allow comparisons and force the industry out of sloth into the high standards that such comparison and competition impose.

It is also essential for the government to look into the power broking within its own agency, the CRTC, that has abused its mandate and is usurping power of parliament, diminishing competition in the electronic media and, worst of all, bullying the public and depriving the citizens of freedom of choice and freedom to have the best and most varied choices on which to base their knowledge and information.

● (1632)

The government must also review the CBC role as it lives off the public purse. It is costing the taxpayers more than a half a billion dollars a year to get distorted, biased, irresponsible information, in the name of national culture. The CBC had four cameras in the rotunda on budget night with which to do a poorer job than the other two networks—CTV and Global—did with one camera each.

Incidentally, the waste to Canadian taxpayers by an Ottawa bureau chief, who may have a serious conflict of interest in pushing his personal political interests on the Canadian public, must also be checked. I am surprised that the media never write about this type of thing. I would also like to know why we had all that equipment out on the hill for three weeks pushing for an election. Maybe someone should look into that. I notice the whip on the other side knows what I am talking about. And one member of the Fourth Estate in the press gallery, now. Congratulations to that member—

An hon. Member: Everybody is watching it on TV.

Mrs. Holt: As I said, it is the lazy way of doing it. They cannot see all the great things that you people are doing across the room or here if they sit and watch it on television.

Referring to responsible journalists, they are more important than the media charlatans in Canadian democratic life. None are more worried about the situation than the responsible journalists in Canada and the United States. Wherever these people meet, they talk of their fears and of what is happening to their profession and to the country because of the cretins.

Concerning the media's self-serving censorship, I would refer to a statement made by law professor Stephen R. Barnett of the University of California in Berkley, which appeared in 1973 in an article in *The Nation.* It reads:

> The media tend to look the other way on important issues in which they—and perforce the public—are involved.
>
> "One hears much about reporters' subpoenas and the threat they pose to the public's right to know, but considerably less about other controversies involving the media, the government, and the First Amendment . . . The whole subject of media concentration somehow eludes the nation's newspapers and TV stations. Two years ago, for example, when Congress made its own contribution to newspaper monopoly by passing the Newspaper Preservation Act, the publishers' lobbying campaign was backed up by studied blandness in the nation's press . . . Last summer, when the industry took another major step toward monopoly by killing major newspapers in Boston, Washington, and Newark, the help provided by the justice department was overlooked in the media. At present, the leading nonstory is the proposal of the Federal Communications Commission to break up common ownership of newspapers and broadcast stations in cities throughout the country—an uncommonly important and controversial issue that may be unrivaled for the thoroughness with which the media have blacked it out."

We have the same mergers, we have the same monopoly development, we have the same control, and we have the same irresponsibility of which Professor Barnett speaks. Is anyone reporting these developments? What about the takeover of newspapers by management groups, for example, F.P. Publications? The *Globe and Mail* was taken over by F.P. Publications and it deteriorated. Nobody has written about why that happened. It is essential now for Canada to halt and reverse this dangerous concentration of ownership by fewer and fewer people. The media character of the 1970s—neither technologically or structurally—could have been foreseen by the Fathers of Confederation when they planned this great democracy. They could not have foreseen what it would mean to a self-governing society spread across this massive land, that

could not hear or know what was happening in its capitals, both provincial and federal, and even in municipal councils, because of deliberate distortion and evasion of truth.

McDonald in the *Centre Magazine* also notes two characteristics that bear most heavily on the performance of working journalists and the quality of public reporting. First is the big business nature of the media; and second is the increasing concentration of their ownership in fewer and fewer hands. Both jeopardize the freedom and diversity of expression.

Therefore they make problematic the possibility of realsitic and wise decision-making by the Canadian people. That is why Canadians are only listening to the stories of crepe hanging, the stories of doom, the stories of fear and the hate that have spread across this land from parliament. It affects not just the Government of Canada but everyone.

Mr. Deputy Speaker: Order, please. I regret to inform the hon. lady that her allotted time has expired. She may continue with unanimous consent. Is there unanimous consent?

Some hon. Members: Agreed.

Mrs. Holt: I think we all have to worry about the division and contempt that the whole of this parliament is feeling.

In an American Press interview 13 years ago Walter Lippman said:

A free press exists only where newspapers, which are competitive and rivals, exist, so that editorial comment and news reports can—regularly and promptly—be compared, verified and validated. A press monopoly is incompatible with a free press.

Nobody wants great journalism, great reporting, and great Canadiana more than great journalists want it. All who are confident in their own ability and have integrity want to compete in the largest markets.

Most good writers and artists try for the best and do not want to succeed in sheltered workshops. Only mediocrity and incompetence seek protection from competition. This hardly makes the nation better or provides an informed electorate. The one thing we must all worry about is an informed public. It affects everyone and democracy itself.

When the election was called in 1974, the monopoly press of Vancouver, which exists in every major city of Canada, called a meeting of the top executives of the Vancouver *Province* and the Vancouver *Sun*. These papers did not have to compete, so their representatives decided how to do the job on the cheap. A think tank was organized to decide how they would cover the election. Only the leaders got coverage, which meant the electorate of British Columbia went to the polls without knowing the strengths, weaknesses or the positions of the candidates for whom they had to vote.

If parliament is to have strength, and democracy is to survive, there must be an informed public and a responsible media.

[Mrs. Holt.]

Some hon. Members: Hear, hear!

• (1642)

[*Translation*]

Mr. Jack Hare (St. Boniface): Mr. Speaker, it is a great pleasure for the new member for St. Boniface to deliver his first speech in the House and that it should be about the budget. Allow me to say, Mr. Speaker, that the fact that I have remained quiet for days while the other new members have already delivered their speech does not mean that I will remain so in the future. It must be remembered, Mr. Speaker, that my predecessor is the senator from St. Boniface, Mr. Joseph-Phillippe Guay, and my performance must be better than his own. However, at this time I want to pay him a tribute and say that during my two election campaigns, I have noted how well known and admired he was by every resident of St. Boniface.

Mr. Speaker, it is quite obvious that I am older than the other new members in the House. Indeed, I belong to the generation of the hon. member for Winnipeg North Centre (Mr. Knowles). I am also a grandfather.

Mr. Knowles (Winnipeg North Centre): Hear, hear. And my neighbour too.

Mr. Hare: Yes, that is right. I would also like to tell you a very short story to explain why I speak like the member from—

[*English*]

—"the safest Liberal seat in the west".

My background has been primarily in the food and agricultural industry. Although I began many years ago in the academic and scientific research field, most of my 20 years in business has been in management, particularly in the budgetary and sales aspects of marketing.

After many years in the pharmaceutical, food and grain industry, I started my own business in agribusiness consulting. Our offices have been in the Winnipeg Grain Exchange for the past eight years. Our clientele has included food processing, chemical, and agricultural supply companies.

I represent a very small company. The employees are non-union. Although much of our work is in consulting, we are involved in sales of ingredients and inputs for the feed and farm industry.

Early in the 1970s when I started my own business we were going along rather smoothly, but shortly I found there was a rapid increase of government intervention. This involvement appeared to increase from year to year. We had more and more forms to fill out. There were more taxes to pay. It reached the point where our little company had the honour of having our own financial inspection of the books by government accountants, and that was a two week stint.

We noted a growing number of government offices surrounding us in the Grain Exchange. There were two floors of

Manpower offices. Ministry of Transport people appeared on all sides. None of these people appeared to be working very hard with their long coffee breaks and long lunch hours. We noticed this as we were hurrying from one appointment to the other.

At the same time, the government was encroaching into individuals' lives more and more. The very size of government increased all around us. Taxes kept going up to the point where I felt I was carrying the whole load of government on my shoulders.

At this time, in the early days of his mandate, the Prime Minister (Mr. Trudeau) philosophized that if a person did not want to work, we really ought not force him to do so against his will, and so was born the costly social programs of the late sixties and early seventies such as LIP, YIP and other give-away programs. The role of unemployment insurance was no longer insurance as we know it, but in fact high level welfare. Young persons were given to feel that the money tree was there for the picking. My own sons, growing through their teens, told me of schemes whereby they could detour around work and still live rather well. Hon. members can rest assured that they were given short shrift by me with those ideas.

Along with this government intervention, other aspects of the economy were making me queasy. There appeared to be little forward planning by government, and the Auditor General inferred that the government was losing control over its spending. Inflation and unemployment seemed to rocket upwards.

At about that stage, with all those indicators giving me strong nudges, an otherwise apolitical businessman became fed up to the teeth. I felt that the younger generation was quickly losing the finer spirit that our forefathers needed to hew out their livelihood in the Canadian wilds, yet Canada possessed unlimited undeveloped resources, resources that would require a heavy dose of the old pioneer spirit, both physically and mentally, to bring them to market stages.

Here was a country with a paucity of population relative to size, lands as yet unexplored, and it was regressing into a country that within a short while would be unable to carry out its own development, all because of the application of artificial socialistic strategy. We needed that pioneer spirit and the rugged determined character in our young folks in order to maximize our potential. It was my feeling that as the character of the young people went, so would go our country.

I well knew that one person could not make much impression on the total process, so the next step was taken, involvement in the political process. To keep the story short, we did not make much headway in the 1974 election. However, in 1978 with tremendous effort by a lot of people and a fast running campaign, we presented the viable alternative to the citizens of federal St. Boniface in the hastily called six weeks by-election.

Such an upset as was achieved, along with the other nine by-election wins, I believe justified my position as a candidate for the past five years. At least I know that the voice of the people is truly being heard throughout the land. Come next summer, the final awakening of the Canadian public will occur.

Since my background is in business, particularly business management, I state here that the present management practices of government as shown in the recent budget are deplorable.

[*Translation*]

Mr. Speaker, the reason for my intervention is that I think sound and generally accepted management principals should be applied in a country such as Canada. Without sound management, a company cannot be viable nor progress. Any profitable company establishes its objectives and a plan for action well before proceeding with each phase of both short-term and long-term development. Its marketing plan is complete and is prepared with all details including time and financial indicators. That is the practical application of the concept of marketing. This concept does not relate only to products for sale but to the whole process of production, transformation, transportation, promotion and to the economic factors or, in other words, to the planning process as a whole. The idea is to direct the various products towards the appropriate markets. It implies the analysis of potential markets as well as the internal movement of all information.

[*English*]

The budget brought down this week again illustrates the poor management abilities of the present government. As a businessman I can say there are many key problems under our present economic conditions that the budget did not touch. I would like to relate these briefly and present some of the reasons why they have not been taken care of now.

The first is the high cost of money. As a small businessman, this affects the development of my company and my ability to obtain working capital. Second is the impact of unemployment insurance and its effect on the high turnover rate of labour at the lower levels. It is almost impossible to get and maintain working people. Third, there is a lack of high quality and skilled labour. Fourth, there is a lack of incentives for entrepreneurial action. There is very little reason for me, as a small businessman, to keep on going, encourage larger growth, and continue to pay taxes, when I could do almost as well by taking a government job or going on welfare.

● (1652)

The whole thing has resulted in lack of confidence in the government because of its short-term, band-aid, month to month policies. All these things are adding to the cost of production and limiting our ability to produce low cost products allowing us to compete in the domestic and international marketplace.

Let me apply some of my thinking to an area with which I am more familiar—the food and agricultural sector. There are many things wrong in this area in Canada and I would like to point out a few items, and perhaps in future debates get down to detail. One of the greatest impacts on our cost of living is

the price of food. Everyone is hit hard when food prices rise. Thus the optimization of our food industry is essential if we are to have any aptitude in the maintenance of low food prices. The fact that Canada is so large makes the transportation of our food products an important aspect of cost. Yet I see many things which make me shudder when I review the food policies in effect at this time. This is particularly true of my own location, the prairies and western Canada. I wish to refer briefly to a few instances but I shall not take the time to go into detail.

I refer to improprieties which relate to our high cost of food. Optimum management would not allow such things to occur resulting in the poor situation which exists in our economy. First, I would turn to the grain movement process. In the normal elevators of western Canada we have almost no cleaning operations in the prairies. Only in the newer and larger elevators do we find grain cleaning facilities. Thus the dockage or screenings which in some cases amount to some 15 or 20 per cent of crops such as rapeseed is shipped from the prairies to storage elevators in Vancouver, Thunder Bay, Prince Rupert or Churchill, where the grain is cleaned to international specifications. This represents a waste of transportation capacity at a time when railway cars are in short supply, and adds substantially to costs.

As to livestock production, I find that when I speak about agriculture in western Canada people in the east are astonished by how things progress. First we grow calves in B.C., Alberta, Saskatchewan and Manitoba, and ship them to the eastern provinces. Then we grow feed grains—barley, wheat, etc.—on the prairies and then ship these crops to eastern locations. Farmers in eastern locations then raise calves for beef production using western grain. When one considers the shortage of transportation and the high cost of transportation, this is certainly not an economical process to follow.

I briefly mention the quota aspect of grain production. Under our Canadian system the average increase in wheat yield per acre has only been fractional over the past 25 to 50 years. On the other hand, corn production in the United States under the open market system has increased by four times. The potential for grain production in western Canada has only started. If we were able to optimize productivity by more intensive farming, our production could increase by a factor of two, three or four.

Another area in which the economy has gone awry is in the export of our commodities. Canada over many years has been an exporter of commodities. Why is this so? We ship raw grain, minerals, coal etc. out of Canada when we should be doing the processing and developing our industries, particularly secondary industries, on the prairies.

I would like now to pay attention to my own constituency of St. Boniface where there are many problems, some of which have to do with its particular relationship to the city of Winnipeg. It is also true, as I have heard stated here, that where there are problems there are opportunities. St. Boniface is one of the largest feed and livestock manufacturing areas of western Canada. Why then are we losing some of our meat packing industry to the east? Why is it that although we have some of the cheapest land in Canada for the production of agricultural products, our livestock production is not increasing in the way it should? Why is food production going out of the west where it can be produced at the least cost? The marketing programs required for increased sales and production and getting the food industry in the west progressing the way it should are not in place.

I would like to point to the downtown St. Boniface area which, as many hon. members know, is very close to the downtown area of Winnipeg, joined only by one or two bridges. In the downtown centre of Winnipeg the excavation work for the joining of the four corners of Portage and Main will be completed in but a few weeks. About three or four blocks to the east, in St. Boniface, you cross the bridge and enter into what is almost a slum area. The money which has been put into development has been expended on the west side of the Red River. The St. Boniface area is in great need of development if it is to be brought up to standards of manufacturing which it can attain.

The fact that St. Boniface has historically been the site of the greatest French-Canadian culture of western Canada is not being utilized to the best advantage. The old cathedral of St. Boniface, which was burned a few years ago, has been restored to some extent, but the whole area of St. Boniface, with its French flavour, has not reached the potential of which it is capable. There has to be some development to make St. Boniface truly the centre of French Canadian culture in western Canada.

There are two or three industries in my riding to which I should like to pay attention. One of them has been the object of some interest over the past few years. It is the Freshwater Fish Marketing Corporation. I believe all hon. members know there have been many problems in the management of this operation in the past few years. There has been a good deal of fish spoilage in the accumulation process by the Fish Marketing Corporation, resulting in the loss of many hundreds of thousands of dollars. The fishermen are very unhappy at the prices they are receiving, to the extent that some of them are going around the Fish Marketing Corporation and bringing their fish directly into the city of Winnipeg to sell their product. Pickerell is fetching only $1 per pound, whereas on the open market it is selling at $3 and $4 a pound.

I turn now to an important part of western Canada's income earning capacity—the grain industry. Over the past five or six years we have produced many large railway hopper cars to handle grain transportation in western Canada. When I was involved in the 1974 election campaign the government was in the process of looking at this question of hopper cars, and at that time we made a strong point to utilize the CN yards in Transcona as a location for the manufacture of some of these cars. After all, the grain industry is in the west. The locations of these manufacturers of the grain hopper cars, however, are in Ontario, Quebec, and the maritimes. There should be a manufacturing location in western Canada, such as Transcona, which has all of the facilities. There would certainly be some

capital involvement, but it would be an ideal site for such an industry to develop, and would establish a firmer base for the CN railway repair program.

● (1702)

In conclusion, I have presented several aspects of the Canadian economy that require better management. There are many others that I have not brought up, but the budget of last week will not solve many of these problems. This budget, like all the recent budgets, is not based on sane, sensible, business oriented decisions. It is more of an after-the-fact budget with all of its band-aid approaches, when major surgery is required. How much longer can the Canadian people endure the arrogance of the present government? How much longer can we stand the flip-flop thinking, as it primarily relates to maintaining the Liberals in power?

[*Translation*]

Mr. Claude-André Lachance (Parliamentary Secretary to Minister of Justice): By way of an introduction to my remarks, Mr. Speaker, I wish to extend my congratulations to the Minister of Finance (Mr. Chrétien) for introducing a budget which, contrary to what some expected and others feared, is a responsible document which reflects the difficult times we are facing, the long term preoccupations in the mind of a minister who does not intend to play tricks on Canadians or make rash promises, the concerns which are based on the extensive consultations which the minister has held with the various levels of activities in Canada, whether with his provincial counterparts, his colleagues in cabinet, the representatives of the money market, the business community, the unions and labour force.

In short, Mr. Speaker, the Minister of Finance has again taken steps to consult every productive sector within our society with a view to coming up with a document not only outlining the structural and conjunctural problems faced by our Canadian economy, but also guiding the economy and the economic agents in order that they take a better orientation for the better days which could not but come during the next few months and the next few years. Now, Mr. Speaker, I think the minister must be commended heartily for this budget which, as every commentator pointed out, is an honest and responsible budget showing on the part of the government its intention to accomplish serious things with the economy and also its long term concerns, and in that respect I think the minister must be commended for his budget.

Having said that, I should like to transcend the detailed provisions in the budget, although I will refer to them a little later, to deal with a tremendous problem which is of great concern to me as a member from the province of Quebec; it is the endemic difficulties faced by the Quebec economy over the last fifteen years or so as shown by the gradual but persistent decline of Quebec's share in the Canadian economy and particularly in the manufacturing sector. That situation particular to Quebec, even though it can result from more general problems and from the over-all situation of the Canadian economy, might be more difficult to resolve. It will be difficult to remedy those structural deficiencies only through indicative actions, tax legislation or even monetary policies that can be provided in a budget. Indeed, the government, which is well aware of those problems, has undertaken consultations with all levels of economic activity in an attempt to find solutions to those structural problems, and I will return to that point later.

Coming back to the budget itself, I would simply like to say that, contrarily to what some defenders of extreme expansion or some defenders of extreme restrictions say, the economists, those people who were already watching the economic indicators, were fully aware, even before the budget was tabled, that the Minister of Finance was facing a dilemma. On the one hand, his margin was obviously very narrow; and on the other hand, the Economic Council of Canada and other organizations directly involved in economic issues strongly suggested that the government should continue to emphasize expansion through tax legislation.

● (1712)

I should like to refer to the monthly business review published by the Bank of Montreal for the month of October 1978 in which were pointed out the difficulties which the Minister of Finance met magnificently. I quote:

> The government therefore faces a dilemma: a huge dificit, and the need to contain the growth of the money supply in order to resist inflationary pressures, make tax reductions untimely; on the other hand, reducing the tax burden would be desirable to stimulate the economy.

All that to say, Mr. Speaker, that once again the two main opposition parties missed the boat. On the one hand, serving some sort of "pudding" to which we are starting to get used, though I hope Canadians never do, the spokesmen for the official opposition, through an alchemy the recipe for which we have yet to get—and again, I hope they give it to us some day—would like us to both contain expenditures and reduce revenues while stimulating the economy and giving back to private enterprise the role of leader it did not manage to assume in the past; in short, they serve some sort of "pudding" which really defies analysis. Anyway, economic commentators, after the speech of their leader, pointed out all sorts of incongruities which I leave to others the care of analyzing in detail.

On the other hand, we have the spokesmen for the New Democratic Party who, through a turn of mind I cannot fathom either, would have us—and Canadians believe that by stimulating the Canadian economy to death, and in particular, by increasing even more our current budgetary deficit, we could, even over the short term, reduce that deficit within two or three years while at the same time creating employment.

Mr. Speaker, I should like to point out to you, though you surely are aware of it as well as I am, that this government is concerned about the creation of jobs. It has allocated hundreds

of millions of dollars to this end, and I fail to see how a policy such as the one advocated by the NDP could cure the cyclical problems on the one hand, since these are often beyond our means of action, and on the other hand, and what's more important, cure the structural problems facing the Canadian economy.

Moreover, I would like once again to point out to members of the opposition that they who are changing their tune according to the fashion of the day and especially according to editorials of the day before, should perhaps take a look at the publication prepared by the Economic Council of Canada and entitled *Horizon 1982*. This document pointed out a number of objectives the government should examine closely in order to find a remedy to these problems they enumerated and that I mentioned before. In particular, it said, and I quote:

In general, we propose that governments should move rather carefully to maintain adequate growth in aggregate demand, while moving more vigorously to encourage needed structural change through incentives and improved mechanisms for consultation on basic economic issues.

The council then gave some recommendations, concerning in particular international competitiveness, which made the government put a lot of emphasis on the promotion of Canadian products in foreign countries, either by the government itself or through trade missions, sometimes under the chairmanship of government officials but also, as in the case of the recent trade mission to China, under the chairmanship and leadership of Canadian industrialists.

I am surprised that some opposition members have denounced this intensive action undertaken, for example, by the Export Development Corporation, whose role is precisely to encourage the development of foreign markets. This recommendation came from the Economic Council of Canada and I think that the government has followed up well on it.

Industrial adaptation, which was the second recommendation formulated by the council is a problem which, once again, is of concern to many Canadians; it concerns industrial markets and the government, I should say governments, since this issue was the subject of two federal-provincial conferences in less than a year, the one in February and the one held last week, and, as I said, I will come back to this problem which is the main topic of my speech today.

Unemployment was the subject of the third recommendation. While the Economic Council itself recognized that it would be extremely difficult to solve this problem unless we completely mess up the economic equilibrium and promote or create galloping inflation by instituting oversized job-creation mechanisms, this very Economic Council however mentioned some regional unemployment disparities which have to be dealt with. In this regard, I quote again its report:

The problem is rendered more difficult by the uneven pace of regional economic growth and the persistence of chronically high unemployment and underemployment in many areas of the Atlantic provinces and Quebec and in the rural and northern regions of Canada.

[Mr. Lachance.]

Mr. Speaker, I simply want to indicate that the budget presented by the Minister of Finance contains a provision which should allow us to correct some of the deficiencies identified by the Economic Council, particularly regarding the investment tax credit. I would like to congratulate the minister for having done away with that unhealthy attitude which prevented us from basing our fiscal policies on regional disparities and for having at last allowed for an investment tax credit taking into account the needs of the various areas of the country. These new investments eligible for tax credit generate jobs, and they do; according to the recommendations of the Economic Council this new tax credit will be raised from its present 10 per cent to 20 per cent in the Atlantic provinces and in the Gaspé Peninsula and, under the Regional Development Incentives subsidies will rise from 7.5 per cent to 10 per cent in other designated areas and from 5 per cent to 7 per cent in the other regions.

Mr. Speaker, I think this measure will have very important repercussions on the expansion in those regions that in the past for various reasons did not enjoy the same growth rate as other regions of the country.

I could go on enumerating the recommendations made by the Economic Council of Canada in the publication *Horizon 1982* and we would come to the conclusion that, although this council is of course only one adviser to the federal government among many others, it took into consideration views from experts, and without indulging into the excesses suggested on the opposition side whether by the New Democratic Party or by the Progressive Conservative party, succeeded in giving the Canadian economy this growth rate, which, while being clearly slower than expected, brought along an increase in employment which was not sufficient but which was greater than in any other OECD country and could partly dampen the rate of inflation. Members on the opposition side always convey the bad news. I shall simply refer once again to the businesses review of the Bank of Montreal, the document I quoted from earlier which gives the good news for the last few months and which stated in particular that while the rate of unemployment is relatively stable because of the constant increase in inputs, there was a job creation rate of more than 3.5 per cent, which is a very high increase. There was a drop of 1 per cent in the price of food, the over-all index has remained stable since October, the number of housing starts increased to a yearly rate of 225,000, industrial production went up by 1.1 per cent in July, a very high yearly rate of 14 per cent, which brought the index up by at least 5.4 per cent, and so on.

● (1722)

Is this the example of a government announcing the failure of our economy, or rather is this the result of the progressive and reasonable initiatives taken by the government in the last several years to try to make the best out of a situation which is very difficult since it affects the whole world, and more particularly all the industrialized countries? To illustrate this

point, I shall simply say that it is not for nothing that the prime ministers of all these countries have gone through the trouble of meeting three times now to attempt to find solutions to these problems, which are not national in scope, but rather international.

Having said this, I would now like to talk about the economic situation in Quebec. As an introduction, I would like to quote a very short article by Michel Bélanger, the president and chief executive of the Provincial Bank of Canada, which was published in February 1978 in the publication *Commerce*. Here is what he said:

The Quebec economy is vulnerable.

The Quebec economy, which is an integral part of the Canadian economy, has evolved more or less at the same pace and its over-all growth this year will probably be about the same as the national average. Of course, we have the same problems as every other area of Canada and our weaknesses are more of a structural nature. The important role of labour intensive consumer goods industries, which are particularly sensitive to wage increases, makes the Quebec economy vulnerable to international market conditions, because to the pressures exerted by labour costs must be added the effect of the lowering of customs duties in accordance with the liberalization of exchange. This is why there have been many layoffs in these sectors.

Mr. Speaker, this problem is very serious, because when we refer to the soft sectors about which there has been a lot of talk recently, especially in view of the problems caused by the provincial sales tax reduction, we are speaking about those sectors which are directly affected on the one hand by the tariff barriers, and on the other hand by the increase in production unit costs, and I am thinking about the textile, clothing, footwear and furniture industries, which play such an important role in the economy of Quebec that if they disappear, hundreds of thousands of jobs will be directly affected.

Mr. Speaker, you will certainly remember that recently, in June 1978, the Economic Council of Canada published a study entitled: Study of Canada relations with developing countries with the following subtitle: For a common future. This is a very disturbing document as it predicts for our future, and not really in the short term but rather in the long term, that those same sectors I just mentioned might soon, in a quickly developed economy like Canada, become a burden that we shall have to carry everywhere in our exchanges with our partners, in multilateral negotiations, in the distribution of investment incentives for Canadian purposes, at the research and development level, and that because of the very nature of those labour intensive industries and also the fact that in developing countries those industries are given the priority as the cost of labour, the production factor, is lower there than in Canada, those industries might considerably suffer from a general industrial development policy on a world wide or Canadian scale and, particularly, in the general context of tariff barriers and tariff reductions.

The Council recommended in that study that:

The federal government should inject a large amount in an industrial adjustment program undertaken in cooperation with concerned provinces, particularly Quebec and Ontario.

Secondly, upon the improvement of the economic situation that might be defined for instance on the basis of an established national unemployment rate level—Canada would phase out the special protection (special quotas and other quantitative restraints on importations) given to vulnerable industries.

Under these two simple recommendations lies a structural revolution of Quebec's economy which has not been matched in recent Canadian history and in that province itself. We are in fact talking about more than 150,000 jobs and the council spoke then about a fund of more than $3 billion which represents a considerable amount of money which had probably prompted the Economic Council to speak then of a healthier economic situation. Without necessarily sharing the views of the council which was taking as its underlying philosophy that in a world scale developmental context more chances would have to be given to the developing countries to build their own economy and to take their place under the sun and that consequently Canada had to give these countries that opportunity by gradually withdrawing from this market in order to concentrate rather on high technology industries, without necessarily completely sharing this philosophy, I repeat, I still consider that very soon, in spite of the fact that preliminary studies have been carried out, and I will come back on that topic, Canada will have to tackle the issue of progressive transfer of resources and means of production of those industries to high technology industries. In order to do so, there will have to be a very strong political will behind this move and there will have to be an understanding on the part of all parties concerned, be they the federal government, the provincial governments and obviously the industry itself. The other Canadian provinces which are less concerned by this problem will have to accept that considerable Canadian resources be rechannelled in order to help in the progressive transfer of the means of production of these industries toward higher technology oriented industries. In short there will have to be a national effort which will require a great resolve on the part of governments concerned.

That moment is getting nearer and nearer. In fact, under the GATT agreement negotiations have taken place to review the whole tariff structure. We have succeeded, Mr. Speaker, in protecting this time again the soft sectors of our industry. The question is whether we will be able to do it in the future when the pressure will become greater on the part of the developing nations on one side and on the other side mainly on the part of the high technology oriented Canadian industries which are now witnessing a drain in their resources and have to face a tariff burden a lot heavier because of these various industries which are asking for a tariff protection which is already very high. I am therefore only raising this issue in order now to deal with what is beginning to happen, what is becoming a common understanding of the different levels of government and what will soon become a more articulated policy.

At the federal-provincial conference in February last, the premiers agreed to ask the federal government to undertake sectoral studies dealing with the main economic activities in Canada. Those 23 studies have enabled us to publish a recent report dated October 15, the so-called Second Tier Report. I would like to point out, Mr. Speaker, that we find in those 23

studies 850 recommendations directed either to the federal government or the provinces and even private entreprise and what is still more interesting, those studies are not merely administrative analyses made by officials, but rather serious concerted efforts of all economic agencies. When the government is accused of doing nothing for the Canadian economy, I am rather shocked that such falsehoods are scattered everywhere.

When we know the government in less than eight or nine months set up 23 multidisciplinary task forces, Mr. Speaker, forced the 23 task forces to submit a report, the recommendations in that report were studied by an over-all committee which submitted a report, when we know that since then there has been a second federal-provincial conference of ministers of industry, is that the mark of a government that is dragging its feet? I cannot believe that! It is rather the mark of a government striving to try and solve the structural problems faced by our Canadian economy.

And we will have to go further that way. Some 450 recommendations were aimed at the national government. A number of them have already been implemented, after a mere few weeks. For example, announcements were made concerning the reduction of red tape. Recommendations concerning research and development are already included in the budget put forward by the Minister of Finance. Fiscal measures were implemented in the same budget concerning both pulp and paper industry and mining. All those recommendations stem from the 23 sectoral studies.

At the same federal-provincial conference, whose thrust was reporting progress, the provinces received the mandate of implementing 200 recommendations in their own jurisdiction. Finally, and perhaps most importantly, private industry itself now has a guideline, because its representatives on the committees developed nearly 200 recommendations to improve productivity and efficiency. And over and above that, Mr. Speaker, I believe we must now to some degree address ourselves to the long term.

If this is a serious effort at restructuring the admittedly ailing Canadian economy, because we never stopped to examine it during the last decades, and my contention is that for the first time a serious effort was made last year to make a general diagnosis of the economy, if we are serious we will have to set up a super-ministry of the economy. We will have to do as the Europeans did after World War II when, faced with the ruins of a devastating war and the prospect of seeing the old pre-war habits set foot again, people with vision like Jean Monnet and others decided it was time for a new departure in the European economy. We have seen that in France, for example, the planning board and other similar bodies have established a system where consultation with various economic agents has been institutionalized in order to modernize the European economy. This is what we need in Canada, Mr. Speaker. Of course, we are not in the same case as Europeans in 1945, 1946 and 1947 who were left in the midst of ruins and rubble.

We have an economy which still works relatively well. But must we wait for this economy to crumble down before taking action or should it not be wiser to detect immediately the cracks, and indeed if we find some faults in this economy why not consolidate immediately the foundations of our industry? I think we should rather follow the second path, Mr. Speaker, as we have seen in the work which has already been done by the Department of Industry, Trade and Commerce during the federal-provincial conferences which have taken place in February and November, with its various task forces and particularly at all levels of economic activity, at first and second levels. What we need is to carry on acting together and aim at a common goal, in an over-all effort of restructuration.

With this super ministry of the economy, let us call it that way, we could call it a sort of planification board, owing to this super ministry of the economy, Mr. Speaker, we would be able to give an over-all direction and to help various economic agents co-ordinate their efforts which would give our Canadian economy a sound basis for the future.

The Acting Speaker (Mr. Ethier): Order, please. Before recognizing an other hon. member, I would like to inform the House of the questions to be raised tonight at the time of adjournment.

PROCEEDINGS ON ADJOURNMENT MOTION

[*Translation*]

SUBJECT MATTER OF QUESTIONS TO BE DEBATED

The Acting Speaker (Mr. Ethier): It is my duty, pursuant to Standing Order 40, to inform the House that the questions to be raised tonight at the time of adjournment are as follows: the hon. member for Victoria (Mr. McKinnon)—Administration of justice—RCMP investigation of Boeing contract—Request for progress report; the hon. member for Bellechasse (Mr. Lambert)—Labour conditions—Inquiry as to financial measures taken to reduce number of unemployed; the hon. member for Broadview (Mr. Rae)—The Canadian economy—Request House be informed of reasons for raising interest rates.

● (1732)

GOVERNMENT ORDERS

[*English*]

THE BUDGET

FINANCIAL STATEMENT OF THE MINISTERS OF FINANCE

The House resumed consideration of the motion of Mr. Chrétien that this House approves in general the budgetary policy of the government and the revised amendment of Mr. Stevens (p. 1249).

Hon. Alvin Hamilton (Qu'Appelle-Moose Mountain): Mr. Speaker, my first words must be words of congratulation to the preceding speaker. Over the years I have heard many speeches

in this House, some good and a lot more not so good. Let me say that the hon. member for Lafontaine-Rosemont (Mr. Lachance) has demonstrated what should be a lesson to a good many of us. His speech showed that he had been doing some reading of the Economic Council of Canada reports, the Bank of Montreal reports, and ITC task force reports. Above all, it showed that he had done some thinking about them and reduced that thinking to some positive ideas and directions that the government should take. On behalf of the ordinary member of parliament I should like to express my appreciation. I think the hon. member is a credit to his constituency and to his father who preceded him.

I should also like to remark on the opening speech of the hon. member for St. Boniface (Mr. Hare). He is a man with considerable experience in business and trade in the west. He, too, has brought out some of the problems people there are facing. I think he is going to make a contribution to the factual input that has to go into the policies of any government. I think the country is being well served by the calibre of members who have come to this House in the last few years.

Recently, a very able and experienced man by the name of William Simon, who was secretary treasurer of the United States under President Nixon and President Ford, wrote a book called "It is Time to Tell the Truth". I should like to recommend it to everyone in Canada. It is a terrible indictment of politicians, civil servants, bankers, newspapers, the electronic media—he names names and is careful to name each one who is honest and who speaks up for the truth, just as he names those who do not. I recommend the book to all Canadians. What he describes in his own country, the United States, applies with devastating truth to the current situation in Canada.

There are people in this country who are trying to tell the truth; there are many more in high places who are not. Some of these people are genuinely, sincerely ignorant. Some are unable to remove themselves from the partisanship of their party. Some are smart and know what is happening, but are frightened to express different views from the current mythology of their profession. To me, these people are no longer intellectuals but are part of a brown-nosed pyramid seeking to ooze their way up in this pyramid, to win places of power and prestige. My parliamentary word for this latter group is "nit-wits".

Last week one more instance of this sad sickness that has such a hold on some of our senior civil servants, was demonstrated. On Friday, the Minister of Finance (Mr. Chrétien) delivered his budget speech. I should like to quote from page 13 of that prepared speech as follows:

> I have also concluded that it is essential to amend the Income Tax Act to change the treatment of income debentures and term preferred shares.

That means nothing to 99.9 per cent of us. What a mess it is. The quotation continues:

> These securities are currently treated as equities for tax purposes, even though they are essentially debt obligations. As a result, income earned on such securities by banks and other financial institutions is tax-exempt. For the most part they are used for the financing of a relatively small number of multinational and large Canadian corporations. Their use has resulted in a very substantial loss of revenues to the federal and provincial governments. This has been of concern not just to me but also to my provincial colleagues.

When you think that statement through, Mr. Speaker, and realize the significance of what lies under it, you find that, in plain terms, there was an inequitable tax loophole for large corporations that the government was plugging.

The minister tells us that the government has had this under consideration for some period of time, yet, during that time a deputy minister sat on a board of directors of a large commercial company while it was arranging a massive rip-off of the public treasury. His responsibility was to sit on the board of that company and protect the public interest, yet all he did was report to the government that this scheme was being hatched and helped the minister get it approved by the government before the budget was introduced.

They even went further and put words into the minister's mouth to make absolutely sure that the new budget would not apply to this company now in the top big ten of the oil industry in Canada.

● (1742)

And again at page 13 of the minister's budget speech he said:

> The proposed amendments will generally apply to any such securities issued after tonight. They will not apply to issues outstanding or committed. Nor will they affect the tax treatment of common and ordinary preferred shares.

What reads as an innocent statement in the budget is the amount of truth which the government is giving to the people of Canada on how long it took them to plug this rip-off of the public treasury and the taxpayers. At the same time that it was planning to stop this loophole, representatives sat down with members of a commercial company, including a high-placed official from the board of directors, and planned to hold the budget up until this plan went through. How can one find a parliamentary word to describe that type of game?

An hon. Member: It could have been retroactive.

Mr. Martin: Mr. Speaker, the hon. member for Qu'Appelle-Moose Mountain (Mr. Hamilton) would not want to indicate something that indeed was wrong. The minister made it quite clear that his decision regarding budget matters was finalized on Saturday morning. There are many commercial transactions going on all over the country—

Mr. Hamilton (Qu'Appelle-Moose Mountain): Mr. Speaker, I am sorry that the parliamentary secretary interfered because he ties himself up with this horrible thing that has happened, this immorality. The minister is an honest man, and in this whole thing he appears as a cuckold. If you do not understand that word, look it up in the dictionary. It is parliamentary. The deputy minister was exposed by his minister as being one or more of the following: (a) incompetent; (b) disloyal to the principles of the government; or (c) carrying improper orders from the government. Which one of those things he is I do not know, but that is enough. Neither the minister nor his parliamentary secretary should insult this

country by saying they are protecting the secrecy of the budget. Any competent civil servant knows how to delay matters if the government does not want something done when it is against the public interest. If that civil servant is protecting the public interest, he could suggest all sorts of devices, such as committee meetings, or other delays until after the budget is over.

It is time to tell the truth, Mr. Speaker. The government knew that this tax loophole was there and it was not in the public interest. It was planning to plug the loophole, and yet at the same time it was planning and working to perpetrate a scheme on hard-pressed taxpayers. It ordered that the shareholders of Pacific Petroleums be paid off at $20 a share above market price. Heaven knows that the PC party has tried for years to have Canadians own the majority of shares in all Canadian companies.

We have our policies ready, but never, never did we plan to ask Canadians to pay more than the market price of any shares. We appreciated foreign investment when we needed it. But as Conservatives, we did not like foreign investors so much that we would ask Canadians to pay 50 per cent more for shares than they are worth. Phillips Petroleum, the U.S.A. company, must be laughing all the way to the bank on this one.

This type of immorality makes it difficult to show any form of charity to this government. The Minister of Finance knows that over the years some of us—and I include myself—have tried very hard to do the same thing as the hon. member for Lafontaine-Rosemont did, and that is to give him evidence that there are other sources of authority besides these nit-wits who advise the Minister of Finance to do these horrible things to our country and to the people of this land. As the minister knows, when we debated Bill C-7 about a month ago, I put on the record for the umpteenth time that we were suffering not from a demand-pull type of inflation which is sending the prices up, but from cost-push inflation. I listed the causes, as I have done many times in the House. First is the cost of government, second, the increase of the money supply. If one charts the increase it will be found that it corresponds exactly with rising prices. Third, are the interest rates. I can recall when 3½ per cent and 4 per cent was looked on as high interest rate by the government. The bank rate has now risen from 7 per cent to 10.75 per cent in the last few months. Land costs around our cities are forcing up prices so that the worker has to ask for more and more money just to buy a home.

Labour-management confrontation is a tremendous cost to the country. We borrow obsolete techniques to work out difficulties between labour and management. Everybody suffers, particularly the consumer. Another example which I gave in my speech a month ago is the lack of fundamental knowledge which advisers to the government have of how to utilize this great opportunity which the financial system of the world gives to Canada at this hour, namely, the fluctuating value of the dollar. It is our system of helping a country that has gone down, for whatever reason, to get up and get going again. Instead of letting this force work, we have these nitwits in Washington and Ottawa advising their respective governments to put up interest rates, and, in the case of Canada, to borrow abroad and join a gambling game on the value of our exchange.

I was looking at an article which appeared in the *Globe and Mail* the other day. This paper used to represent the business section of Canada. The headline reads "Chrétien's paranoia". I do not know whether or not that term is parliamentary. This is the minister's paranoia with regard to the exchange rate. It is not Chrétien's paranoia. A lawyer from Shawinigan does not pay much attention to the exchange rate. He has been taken in by these people who look at the exchange rate as simply something that is causing bad headlines, not realizing that the exchange rate is the way the system works to help any country out of its trouble.

It means to our exporters of basic materials and finished materials that they should get out into the market and balance the international balance for us. This is the elementary truth. This country is not weak, it is strong, but for a group of nit-wits putting on the brakes every time the country tries to get out of its trouble, and we were coming out of our trouble these last six months.

● (1752)

The government did not listen to the Economic Council of Canada and all its recommendations over the last five years to move away from the type of budgeting it was following to potential budgeting. The country was still trying to get up and get going. For five years we have been at a stagnation level.

The floating dollar is the best system, under the present world financial system, to help countries like Canada out of their trouble. Instead, we are borrowing money, undertaking obligations abroad, and raising the interest rates because the Americans are raising interest rates. This is bad. First, it interferes with the forces at work that would save us. Second, it is a beautiful chance for the speculators to make money hand over fist out of the Canadian people.

Years ago we thought that an exchange fund would help us stabilize our money and help us get over these dips in our economy. However, that was when dips in the economy were only there for a few months. Now the dips have been there for four or five years.

When you have been gambling on your own exchange, you are not gambling with a few guys buying and selling your dollars. You are gambling against all the Euro dollars of the world, all the money that the multinationals have floating around looking for quick profits. You are gambling against the $100 billion to $200 billion in petro dollars. There is no way we can compete with that. We should have learned that 15 or 18 years ago when we were clobbered in 1962 with just a small sum of Euro dollars.

It is horrible to sit and watch a country make the same mistake twice, but it is the same nit-wits giving advice now as then. I wish to give hon. members some idea in figures of how large is this liability in our world trade, including tangible and intangible items. It is over $100 billion a year. In most

business transactions, the terms are for 30, 60, 90, 180 and sometimes 210 days.

The biggest racket in the world today is to live and profit on the other person's nickel. Translated into business terms, that means delaying making your payments for as long as possible and hoping the other guy will pay his debts to you as quickly as possible. Vice versa, if we pay as quickly as possible, and our debtors take as long as possible to repay us, there is a long period of liability. I wish to show how big that is.

If our total trade is $100 billion and our trade deals are on a 30-day basis, in mathematical terms you have a $10 billion liability at any given moment of buying and selling dollars. Suppose the average length of time for a transaction settlement were 90 days, the hypothetical liability would be roughly one quarter, or $25 billion. More and more people are going for 180 days. Arithmetically, the liability then is $50 billion.

Even a little country like Canada, with its trade figure of around $100 billion a year, using a hypothetical example, cannot begin, with a $5 billion or $10 billion reserve fund, to cope with these tremendous demands that might occur if you take the widest extremes in the terms of trade.

This is known to Germany. They had their currency raided, as did France and Italy. The United Kingdom had its currency raided over and over again. The United States could not stand up. Why should Canada try to get into this type of racket? Other nations have experienced the reality.

I am not going to be entirely negative. I can recommend certain corrective actions. First, all these nations are aware of our trouble. The conference at Bonn illustrated that. Why not do the practical thing and establish bilateral defensive agreements with each one of our trading partners roughly equivalent to our potential liability in trade between our two countries? If you did that with your four or five main trading partners, you would not have to worry too much if there were a shortage one way or another in the daily demand on the respective currencies.

The second proposal regards export taxes. If you do a study of the export taxes applied to Japanese, European, Canadian, American and other goods, you will find that our exports are carrying a bigger load of tax on their back going into the markets than do those of our competitors, such as Germany, for example. I suggest that we as a government should guarantee unilaterally to our exporters that our tax load on them will be no greater than the Japanese exporter has to bear, that they will at least compete equally, and thus we will destroy this temporary great imbalance in trade in our respective countries.

Third, we should keep our domestic costs down, which is similar to saying you are for motherhood.

Fourth, there should be new types of trade institutions. It is 14 years since I stood up on this side of the House and proposed a list of six different types of new trade institutions to grapple with the problem that I foresaw with the coming great increase in world trade. It would be worthwhile for serious young members of this House to read that speech made in October, 1964.

Fifth, Canada, above all nations, should be pushing very hard for an international unit of exchange. There used to be a member in this parliament years ago, now deceased, who belonged to the New Democratic Party. He was the first person I ever heard talk about this in this House. He was talking about it 20 years ago, and he was right.

Since that time we have had the special drawing rights which are a step forward. However, until all the nations of the world accept the fact that they have to put all their business into one house, have a unit of exchange which is worldwide, get rid of the dollar exchange, sterling exchange, and other national currencies, we will be in trouble. May I call it six o'clock, Mr. Speaker.

The Acting Speaker (Mr. Ethier): It being six o'clock, I do now leave the chair until eight o'clock.

At six o'clock the House took recess.

● (2002)

AFTER RECESS

The House resumed at 8 p.m.

Mr. Hamilton (Qu'Appelle-Moose Mountain): Mr. Speaker, when we adjourned for the recess I was putting before the House a number of corrective measures which could be used in substitution for these costly and, I am afraid, fatal techniques of borrowing abroad and using the interest rate as a method of protecting our dollar.

I listed the bilateral defence arrangements between our natural trading partners and I put down as number two on my list the equality of taxes on Canadian exports as opposed to those of our trading partners. The third was the need to keep down domestic costs—and the fourth was the new type of trade institutions, which was very important and which deserves a speech by itself. Fifth, I was just starting to talk about the special drawing rights or international unit of exchange. This is not a new idea, as all the quantitative analysis of the major 20 industrial countries in the last 20 years indicates. There is no currency available to the trading nations sufficient to carry the weight of all this huge world trade, and Canada in particular and all the other trading nations in general should join together to push for an international unit of exchange in the next two or three years.

The sixth corrective action could be taken if we faced up to reality and told the people of the world the truth—that all the high hopes we had during the Geneva agreement on tariffs and trade, using the obsolete tariff techniques, have ended in failure. We have developed into a rich man's club, handing out a few crumbs to the poor countries standing at the gate. Without going into that any further at this time, I would like to say I have tried on several occasions over the last 14 years to put forward a constructive theory which I call growth rate exchange. It has been used in several instances. It was used in the steel community in Europe. It was used in the automobile

agreement here between Canada and the United States. I think this is the technique which we should be employing in product after product so that there is real equality in bargaining power between the nations with certain resources they are trading off by growth rate exchanges.

The final point I wish to make in the last minutes remaining to me concerns interest rates. The government is paranoid on this score, believing firmly that it must protect the dollar by using the device of raising interest rates since this will be better for the country than letting the dollar float freely. They are frightened because if the dollar goes down one point—one cent—cost of living in Canada will go up one-tenth of a point. So it takes a change of ten cents in the international value of our dollar before our cost of living goes up 1 per cent. But if you look at the comparative cost with which interest burdens this country, you realize once again, under this correlative analysis approach to all capital intensive enterprises, be it buying a home or a farm or building a $2 billion enterprise, that 75 per cent of the cost at present interest rates is made up of interest charges and that if you increase those interest costs by 50 per cent, as we have done in the last eight months, you add on to the cost of producing goods in Canada much more than you add on to the cost of goods bought by consumers through a drop in the international value of our dollar. The proportions are immense and amount to many billions of dollars over the cost to this nation in a one-year period.

I cannot develop this theme at great length at this time but I am simply saying, as bluntly and as candidly as I can, that to move along the road of raising interest rates as a device to keep our dollar from dropping is going to be costly for the people of Canada over the next year or so. And please God we can get out of this suicidal mania we have for using this technique which does so much harm to the people of this country, not only with respect to their cost of living but also to their ability to compete with trade rivals all over the world.

Interest costs are going to be much greater than the cost of letting the dollar float freely. The advantages of letting the dollar float freely are that you get rid of speculators because they speculate one against the other—they do not speculate very much, they stabilize the dollar for you—and you do not interfere with the great forces which exist in a free society of correlations, helping a nation that has a currency which is below the usual level to get on its feet again. I cannot emphasize that point too much.

In conclusion, I have tried here to put forward, on top of my criticism of the government and its advisers, my view that the use of the road of interest rates and borrowing abroad is going to be very hard on our economy over the next few months.

● (2012)

I predict that if we get these interest rates off our back within the next year, the dollar will come to about 90 cents through the very efforts being made by our producers to sell abroad and to produce goods at home. I predict that industries such as forestry, mining and the valued added industries, will all join in that growth. This is the way the minister could balance his budget and get rid of the deficits.

For five years now we have been in this stagnation—

The Acting Speaker (Mr. Ethier): I regret to interrupt the hon. member, but his allotted time has expired. He may continue with the unanimous consent of the House. Is there unanimous consent?

Some hon. Members: Agreed.

Mr. Hamilton (Qu'Appelle-Moose Mountain): I had just completed my last sentence, but I would like to repeat it loud and clear. I would predict that if we prevent interest rates from rising for another six or eight months, the economy will stage a recovery, after five years of stagnation, and that by the end of this coming year our currency will achieve an international value of 90 cents. I believe that this is about the best level for our dollar for the best operation of our system at the present time. There would be more people working, more tax revenues coming into the coffers of the government, and it would alleviate our deficits abroad and at home.

This type of proposal is not without some merit or rational support in the economic analysis which I have given in my speech. I know that it is too late now for the government to change this budget, but I do hope that in the budget they must now be preparing for next spring, the government will not push our economy too hard and will give us a chance to live and to let this country do the job for which it is well prepared and which it is willing to do.

Some hon. Members: Hear, hear!

Mr. Ross Milne (Peel-Dufferin-Simcoe): My first remark tonight, Mr. Speaker, is one of congratulation to my colleague, the hon. member for Westmount (Mr. Johnston). I thought that his speech yesterday in the budget debate was not only one of the best speeches by a new member, but certainly one of the better speeches I have heard in this House. He is a welcome addition to this place.

I would like to indicate now my support for the budget, for the Minister of Finance (Mr. Chrétien) and the government's fiscal policy. It is an extremely responsible budget and one that will be beneficial to the economy over the medium and long term. I am one of those who are of the opinion that what is required at the present time is confidence in the economy and the business sector. I believe that this relates to the stability of the dollar, which I am pleased to see has occurred to some extent in recent days.

I do not think that the dollar would be in its present state of stability if the Minister of Finance had adopted some of the suggestions put forth by the opposite side for large spending programs resulting in a large increase to the deficit, which would have made the problem to which the previous speaker referred much worse.

The budget was consistent with what has been a relatively long period of government fiscal policy in this direction, which

started with the Macdonald budget in March, 1977, through three budgets brought down by the present Minister of Finance. It is consistent with the initiatives taken by the Prime Minister (Mr. Trudeau) on August 1, the President of the Treasury Board (Mr. Andras), the Minister of Industry, Trade and Commerce (Mr. Horner), the Minister of State for Small Business (Mr. Abbott), research and development under the Minister of Supply and Services (Mr. Goyer) and the consensus drawn from the premiers across Canada. I would also like to mention in that regard the very excellent work done by the member for Scarborough East (Mr. O'Connell) in putting together many of the initiatives which have found their way into government policy.

I would like to contrast that consistent approach to fiscal responsibility with some of the comments we have heard from the opposite side since this debate began. I read the press, and have been in the places across this country where members from the official opposition have been speaking on the banquet circuit. They have been making comments which are really quite detrimental in terms of the kinds of cuts they would advocate. They have been talking about slashing the public service on the one hand, and on the other they come into this House and plead almost daily for more spending and that none of these programs be cut. Indeed, this afternoon, in a committee of this House which I attended, I believe all of the speakers from the opposite side wanted the ministry involved to restore all of the cuts which have taken place. I cannot understand how they can argue for significant cuts, and then as soon as they are applied, join hands and argue it should not happen.

I would like to contest some of the comments made yesterday by the Leader of the Opposition (Mr. Clark). I do not think that he intended to mislead the House, but I believe he did take some liberty in some of the viewpoints he put forward. By carefully edging around some hard facts and accusations, he may have left impressions which I think should not stand on the record. He indicated there may have been some patronage associated with the farming out to the private sector of research, and that this government may have destroyed the initiatives taken by the Diefenbaker government in research and development. He also took insupportable positions in terms of the growth of the Prime Minister's office and the Privy Council office. I would like to draw hon. members' attention to some of the remarks made by the Leader of the Opposition as reported in yesterday's *Hansard* at page 1287. He is talking there about patronage in terms of farming work out rather than doing the job within the public service. It reads:

> First of all, there has been a very insignificant cut, certainly not as significant as is possible, in the practice of contracting out. This is a very dangerous practice, dangerous to our system of government because it allows a government that wants to, to get around the protection against patronage, to get around the protection against incompetence that is built into the Public Service Commission—

Further on he says:

> It is also very, very clear that there has been an immense capacity for abuse not only of spending but of controls to ensure that there is protection against patronage. That capacity was there, and I suggest that if this was a government that was very seriously concerned about practising restraint we would have had some significant cuts in the practice of contracting out.

If the Leader of the Opposition is alleging that there is patronage associated with the contracting out policies of the government, then he should be very specific and bring forward instances, rather than make comments such as that. Just prior to making that comment, *Hansard* reports him as saying:

> —proposals such as the phasing out of forestry stations, the phasing out of weather ships on the west coast, the phasing out of weather forecasting which could have meant a matter of life and death in the province of my colleague from St. John's.

The Leader of the Opposition complains about lack of restraint, and when the government restraint program does wash across some of these other areas which have been handed over to the private sector, he raises a similar type of complaint. I am surprised that he would take such a strong stand against the private sector.

He made another comment yesterday, and it may be that he did not consult the public accounts for the past year or, the supplementary estimates for 1978-79. I am referring to the ludicrous charge he made that spending on the Privy Council office increased by 86 per cent in the first six months of this year over the first six months of last year. He also stubbornly maintained that the Privy Council office and the Prime Minister's office had hired respectively 80 and 54 new people last year. When this baseless accusation was first made in this House a couple of weeks ago by, I believe, the hon. member for York-Simcoe (Mr. Stevens), the Leader of the Opposition must have either been away, not listening, or maybe both, because at that time it was explained that budgets and expenditures are compared on a yearly basis, not just a half yearly basis. That was brought to the attention of the House in the response of the Prime Minister to the question raised by the hon. member for York-Simcoe (Mr. Stevens). According to the public accounts for last year, the total expenditures for the Privy Council office, if services provided by other departments are included, amounted to approximately $26.5 million. According to the blue book of Estimates and Supplementary Estimates A, the comparable figure for this year would be approximately $28 million. That is an increase just under 6 per cent, not 86 per cent. How on earth can a person who is asking the country for confidence in him come up with 86 per cent rather than the correct figure of 6 per cent?

● (2022)

Perhaps I can shed some light on this matter. The cost of various bodies not in any way part of the Privy Council office are charged to the budget of PCO. These bodies include the Canadian Inter-Governmental Secretariat, the Chief Electoral Officer, the Commissioner of Official Languages, the Economic Council of Canada, and the Public Service Staff Relations Board. Surely there is no lack of understanding, on this point, for when he compared the figures for the first six months of this year to those for the first six months of last year, the hon. member for York-Simcoe indicated that he referred strictly to the day to day operating expenses of the Privy Council. A comparison of these figures—not forgetting that such compari-

son is really spurious—shows that there were substantial increases and entirely new expenditures which had nothing to do with the operating cost of the Privy Council Office, even though they are charged to the PCO in the public accounts. However, the hon. member would have us believe that these expenditure items show an outrageous growth in the size of the Privy Council office. Items which had nothing to do with the operating cost of PCO were the Task Force on Canadian Unity, the Royal Commission on Financial Management and Accountability, the commission of inquiry concerning certain activities of the Royal Canadian Mounted Police, the office of the Special Representative for Constitutional Development in the Northwest Territories, the Northern Pipeline Agency, and the Institute of Research on Public Policy. Some of these items did not appear in the expenditures for the first six months of last year. Also, we might add a billing of approximately $1 million for the *Canada Gazette* in the first half of this year rather than the last half of 1977-78.

The only item which shows any substantial increase in the first six months of this year, and which might properly be called an operating expense, is salaries and wages. That increase was approximately $600,000 or an increase of 10 per cent over the first six months of 1977-78. The increase was 10 per cent, not 86 per cent. What was the reason for that increase? It was attributable largely to the establishment of the Office of Unity Co-ordination which is now in place.

This brings me to the second unaccountable error in the comments of the hon. Leader of the Opposition yesterday. Perhaps it was not an error; I could have misunderstood him. I thought he said that last year the PCO had taken on 80 new people, and that the Prime Minister's Office hired an additional 54. Actually, there are 90 man-years in the Prime Minister's office today, which was the case last year. In fact, there has been no change and no increase whatever in the last three or four years in the number of positions in PMO. Perhaps the Leader of the Opposition counts the people going in, but does not count those coming out. Surely he should be sincere enough to say that only the people on staff at any one time should be included in a calculation.

As I have indicated already, in the period under comparison there was an increase of 22 man-years in the federal-provincial relations office. Under a Conservative government part of the costs associated with that office could be charged directly to the provinces. A similar increase would not be required since it would be necessary for the provinces to hire quite a number of people in order to handle all areas of federal jurisdiction which would be transferred to the provinces.

We should be much more optimistic in our outlook on the economy than we have been. Daily I have listened to questions raised by opposition members during oral question period. Also, I have read their comments in the press, as well as comments made during speaking engagements. On listening and reading these comments, one would get the impression that the economy of Canada is in desperate shape. But since the time the OPEC nations advanced the price of petroleum by a factor of approximately four, which dramatically influenced the economies of all countries if not of every individual, Canada is the only industrialized country with no negative growth.

[Mr. Milne.]

We have heard repeatedly that our economy is not doing as well as the economies of other countries. However, I should like to point out that the United States had two years of negative growth since 1973; Japan and Germany, which many people draw to the attention of the House as economies to be envied, had one year of negative growth, and the United Kingdom had three years of negative growth. Also, in that period the gross national product of Canada grew in real terms by more than 12.5 per cent. Only Japan has a record which can come close to that.

A significant number of members have talked about our good record in job creation which is not equalled by any other industrialized country. I do not mean to imply that our unemployment rate is satisfactory, but surely we must give credence to the fact that more new jobs per thousand people have been created in Canada than in any other country. As a matter of fact, Canada is the only country which has had no decline in employment over the past four or five years.

When one compares Canada to other OECD nations, our economy rates three points above that of the United States and eight points above that of Japan. Last year Canada achieved an all-time record by creating over one-third of a million jobs. If I were to take issue with the Minister of Finance on any point, it would be that his prediction in the budget of one-quarter of a million new jobs in the coming year is perhaps too low. When one looks at the expansion of the work force in Canada, one sees that it has increased at the rate of approximately 2.7 per cent annually. The United States average was less than half of ours, or 1.3 per cent; in Japan it was 1.4 per cent; and in Europe, only Sweden had a rate of less than 1 per cent. The labour force in Germany is smaller today than it was in 1970; it dropped from 26 million to 24.5 million. We should acknowledge that more people are working today than ever before. That is true in my constituency, and I am sure it is true in virtually every constituency across Canada.

We should be proud of the fact that our economy can absorb the new people who want to come into the labour force, many of whom are second and third wage earners in households. It is understandable that so many of these people want to enter the work force. During a high inflationary period, people have rising expectations. When the economy levels off somewhat, it is difficult for them to satisfy their expectations or indeed to meet them. Thus, more second and third wage earners in households are entering the labour force. The problem would be substantial if the economy were not able to absorb these large numbers of people.

● (2032)

While the number of people who are unable to become attached to the work force is high, I think it is good we have been able to absorb the number we have absorbed. The hon. member for Fort William (Mr. McRae) put on public record some two or three weeks ago that for the period 1965 to 1977,

on a comparative basis, we had about 146 people in Canada working in 1977 for every 100 working in 1965. That compares with 130 in Australia and 128 in the United States. However, in most other industrialized countries the size of the work force has changed very little. In fact, as I said a minute ago, in the case of West Germany, the size of the work force in 1977 was actually smaller than it was in 1965. I think we should be fairly optimistic in those terms.

I do not want to deal entirely in statistics, Mr. Speaker, but I would like to refer the House and people interested in the economy to the Toronto *Star* of Monday, November 20, specifically to an article in the financial section headlined "Money and markets". It contains the comment that considerably more growth in the economy is expected in 1979. Let me summarize what the author of that article indicates. Jobs in Canada will increase by at least 4 per cent, which I think is low; I feel our growth rate will be more in line with the prediction of the Minister of Finance (Mr. Chrétien). That article predicts on a comparable basis that growth in the United Kingdom will be about 3.3 per cent; in the United States, 3.6 per cent; in France, 2.7 per cent; and in West Germany, 3.5 per cent. Again, when you look at those countries you will see they make up the majority of the stronger industrialized countries, yet none of them will have growth that will compare with Canada's, if these figures are accurate.

The other point I want to put on the record as strongly as I can is my support for some of the structural items in this budget. It seems to me the budget supports, as have previous budgets, efforts to become more self-sufficient in food and, more important, to become even more self-sufficient in energy, and to support and advance the position of the manufacturing sector which, if one looks at the creation of jobs, is without question the greatest creator of jobs whenever there is expansion.

It seems to me what we have is a country blessed with a tremendous number of resources. We have probably the most highly educated work force in the world. We have support policies that have come in through this government in the past two or three years, particularly in terms of support for small business and a better tax position for business in general. In fact, the president of the Canadian Federation of Independent Business now suggests that perhaps business in this country, particularly small business, has as good or a better tax position than any other country.

We have a research and development policy which I do not think many other countries can equal. Our labour rates, thanks to the kind of policy that has been followed in the past three years by this government, would indicate now that the increase in labour costs is growing much more slowly than in the United States. We have a dollar which gives us a real advantage in terms of exports.

I commend the Minister of Industry, Trade and Commerce (Mr. Horner) for giving leadership in his sectoral reports. If people have not read the consensus of those reports, I suggest it is worth their while to do so, because it really indicates for the first time that there has been a very substantive meeting of minds between business leaders in this country and some of the leaders of the larger unions. It is significant in this regard that when they came and sat around the table, after some initial difficulty, the business people were not asking for more support, more subsidies and higher tariffs, and labour was not asking for raises that would endanger the well-being of employers. They were looking at where the strengths of this country are and how they could best maximize them.

In terms of the energy situation, I think I should refer back to Mr. Macdonald's budget of two years ago in May by which resource exploration was allowed as a 100 per cent cost write-off. This was the beginning of a pretty important policy which has resulted in a fairly significant increase in the inventory of energy we have available to us today.

I am anxiously awaiting, as I am sure other hon. members are, the National Energy Board report, because I think it will probably show that we have improved remarkably our inventory position of natural gas and oil.

I would think the measure in this budget to allow a better tax benefit for mining development costs will have a very important effect on the tar sands. I take it, from what I have been able to understand, that this measure will apply to the tar sands. The tar sands will be defined as a mining operation, and I certainly think it should be.

As a matter of fact, the materials handling aspect of the Syncrude plant will move more material in one year than all other mines in Canada put together. This is an enormous mining operation. What we need is a good deal more development in the tar sands. Surely with this type of incentive, the private sector will be encouraged even more to participate.

It would seem that if we are to meet the kind of energy needs that we will face in this country in the future, we should be hearing the announcement of the start of a new tar sands plant every three years. When you consider that they require in the neighbourhood of a $3 billion or $4 billion investment, you will see that this will certainly require the assembling of a good deal of technology, training of manpower and money. This will be important, as indeed it will be in terms of developing new uranium mines. I think the location of them has been identified in many cases, and it will also be important in terms of having a better and more healthy coal mining operation.

With our energy needs of the future, surely oil from the heavy oil deposits, oil from the tar sands, uranium and coal from mines will be the basis on which our energy equation will operate, to a large degree.

This measure which has been granted the mining industry, as applied to the development of energy, will be one of the important incentives. I hope it is and I hope that other countries will follow the resource policy of this government. I do not suppose it is for me, standing where I am, to suggest that to other countries, but it seems to me that, in terms of the dollar, one of the difficulties in the United States results from the amount of energy they are purchasing from outside the country. That has had a somewhat weakening effect on that

economy, and that, in turn, has not done anything to strengthen the Canadian dollar.

I congratulate this government for having the kind of policies it has had for the development of energy resources. Had we not had these policies over the past two or three years, when the tax system really responded to the needs of the industry to improve the inventory, this country would be faced with the necessity of purchasing a much larger proportion of its energy, and that would have a very weakening effect on the future prospects of our economy.

That is why I am so astounded by the position taken by the opposition, particularly the Leader of the Opposition, in response to the government's initiative in terms of Petro-Canada. Having listened to the Leader of the Opposition pontificate his viewpoint in this regard, I must observe that I have not seen very many of his supporters from Atlantic Canada or, indeed, from some areas in Ontario, applaud his approach. It seems to me that most of the applause for his position has come from one part of the country. I have been watching for some members from Atlantic Canada to get up and tell this House they feel as strongly that the Conservative party is right in condemning the government for acquiring a handle on the energy business through Petro-Canada.

It seems to me there are two or three things required in this country in respect of energy policy: One is to have a pricing structure, and another is to have a taxation structure. In addition to that, surely we need some kind of mechanism that sets a time frame within which these projects must be commenced, so that in terms of manpower, money and demand this will be synchronized.

Sometimes this will happen through the private sector and sometimes it will not. Sometimes some of these projects, which will be very important to future needs, will falter as, indeed, the Syncrude plan was in danger of doing. It just seems to me that there are so many reasons why the establishment and perpetuation of Petro-Canada, and the expansion which has taken place in the last two weeks, is a correct government decision that I have real difficulty in understanding the viewpoint of the Leader of the Opposition (Mr. Clark).

● (2042)

In the years I have served in this House during this term I have associated myself fairly closely with the energy question. I have participated on the standing committee in a fairly major way in terms of looking at energy policy in Canada, and I think that if the remarks of the Leader of the Opposition are to be directed at anyone, surely they should be directed at the premier of Alberta. The Alberta Energy Corporation would not have been able to involve itself in many energy projects without the involvement and encouragement of that government. Therefore, it seems to me that when they make these disparaging remarks about their friends who sit on their left over there, they should really be directing such comments to their own province of Alberta.

The objective of Petro-Canada, of course, is different; it is to get involved in the kinds of things it would be difficult for the private sector to do. Perhaps I should not say difficult to do, but things that the private sector might not voluntarily do. I refer to continually putting millions and millions of dollars into exploration in the high Arctic islands, realizing that delivery of natural gas and oil, if they should find it, may be some years away. As a matter of fact, millions of dollars have been put into the Beaufort Sea and Mackenzie Delta, where delivery even of that resource, along with the resource of the tar sands and heavy oil, is still some time away. We certainly need this kind of corporation for that.

I am also waiting in the House to hear the hon. member for Lanark-Renfrew-Carleton (Mr. Dick) applaud when the Leader of the Opposition and the hon. member for York-Simcoe say derogatory things about Petro-Canada. I understand from something which came across my desk the other day that the hon. member for Lanark-Renfrew-Carleton is one of the directors of the Committee for an Independent Canada. I would like to know how he really feels when his leader who sits in front of him stands up and welcomes the multinational companies' operations in Canada as a good thing. You can almost hear them applauding down the street, him being a director of that organization and his leader being completely opposed to the Petro-Canada acquisition. It certainly seems odd to me.

I see, Mr. Speaker, that you are about to rise and I just want to conclude by saying that I wish I had time to talk about research and development. Since I do not have time, I will leave it to other speakers, but I categorically deny the statement the Leader of the Opposition made yesterday when he indicated—

The Acting Speaker (Mr. Ethier): Order, please.

Mr. Don Mazankowski (Vegreville): Mr. Speaker, I listened with interest to the remarks of the hon. member for Peel-Dufferin-Simcoe (Mr. Milne) who just preceded me. He made reference to the sectoral task force reports which have been published by the Department of Industry, Trade and Commerce. He recommended that all hon. members take the time to read these reports. Perhaps he would be well advised to instruct some of the members of his own cabinet to read the reports, because if they had, perhaps they would have developed a different stance with respect to some of the policy initiatives which were outlined in the budget. I refer specifically to the report by the sectoral task force of the Canadian tourist industry, wherein it states at page 28 that the airport user-pay policy makes air transportation in Canada non-competitive with that of the United States and is detrimental to Canadian tourism development. That statement was made before the increase in the air transportation tax levied as a result of the minister's budget last Thursday. If the Minister of Transport (Mr. Lang) has not read that report, perhaps he should; and if he has read it, perhaps he should pay some attention to the contents of the report.

In his opening remarks in introducing his budget last Thursday, the Minister of Finance (Mr. Chrétien) stressed that it is important in this country that we create a climate—or an

atmosphere, I believe was his exact word—of stability and certainty. He also pointed out that that was a common theme which was advanced to him as he travelled throughout the country discussing the budget with various leaders in industry, with economists, provincial politicians and members of labour.

He also indicated that they felt very strongly about the fact that we must take initiatives at this time to restore some semblance of confidence and stability. That desire has been prevalent for quite a number of years. It has been known for some time that there has been a pressing desire to restore our economic climate to some state of confidence and stability. While we recognize that that is a laudable requirement, it must nevertheless not be overlooked that this confidence crisis which we seem to be facing has been caused in almost every respect by the mismanagement of this government.

The Minister of Finance in his speech also tried to lead us into believing that at long last he has mapped a course on behalf of this government which will lead us out of the economic doldrums. He stated very bravely, as reported at page 1205 of *Hansard*:

> So tonight I have brought down a budget to build further confidence and to ensure continued competitiveness.

Those are indeed laudable objectives, objectives which I think every member of the House would support. But we have to ask ourselves whether or not these objectives are achievable by this government. Personally I doubt it, because it does not seem to be the nature of this government to be able to grapple with the things that need to be done. At the present time they are too preoccupied with an election and are addressing their priorities toward improving their electoral fortunes.

Implicit in the budget as well was a call once again to all Canadians to respond, to rally as good citizens behind the government. There is some difficulty there, Mr. Speaker, because Canadians are being asked to rally and respond to a government which is worn out, which is beleaguered and which is tired. While this kind of rally is probably necessary in the national interest, I submit it will not be forthcoming under the present circumstances because Canadians have been stung all too often by this government and simply do not have any confidence in this group. For this government, sir, has lingered on far too long. It is on borrowed time. It is stale. It is beleaguered, as I said earlier, and it has developed a kind of fortress mentality geared to survival at any cost. In the process, Canadians of every walk of life have lost their confidence and their trust in this administration. Very simply put, Canadians do not believe this government any longer and they do not trust it. That is the number one issue in this country today.

And why should they, sir? Let me review their record briefly. It was this government that said in 1974 that it would not impose wage and price controls. It did in 1975. This is the same group that promised to reduce inflation to 4 per cent by 1978. It is 1978 now, and inflation is at 9 per cent. It was this same government whose leader in 1975 all but abandoned the free market economy declaring that in the future, government would intervene more, that government would be more authoritative. It is interesting to read some of the statements uttered by the Prime Minister (Mr. Trudeau) at that time. An article in the *Ottawa Citizen* of January 20, 1976, notes some of them. On the issue of big government he said:

● (2052)

> 'The state is important, the government is important. It means there's going to be not less authority in our lives, but perhaps more.'

The same article, referring to big business and big labour, quotes him again:

> —the government is going to take a larger role in running institutions, as we're doing now with our anti-inflation controls, but as we'll presumably be doing even after the controls are ended—'

That was also on December 28. In fact, a great deal of uncertainty and instability was created in the Canadian economic climate.

In his television address on August 1, 1978, we see a complete flip-flop when the Prime Minister said:

> We will remove the intrusions of many government policies and regulations from individuals and businesses; in some cases this will mean returning functions to the private sector, in others it will mean removing the heavy hand of government and its drag on personal initiatives.

We saw that elaborated a bit more in the Speech from the Throne when two objectives were outlined. One was to impose severe restraints on government spending and the other was to encourage vigorous expansion of the private sector. Canadians are asking themselves how these two opposite positions can be balanced. What philosophical shade of the Prime Minister are we to believe?

While this new initiative toward the private sector is being advanced, this government sanctions and, in fact, encourages the biggest coup ever staged in this country—the takeover of Pacific 66 by Petro-Canada. They have joined the big boys in the oil patch, committing the Canadian economy to an expenditure of $1.4 billion. That is a huge financial drag on the economy of Canada. There is also the purchase of Nordair for $28 million. Of course, we are going to turn that over to the private sector within a year. We all remember the commitment made by the Minister of Energy, Mines and Resources (Mr. Gillespie) when the takeover of de Havilland and Canada Air were initiated in 1974, and he said it was not the view of the government that de Havilland by itself or Canada Air should be operated as a Crown corporation. That was in 1974; the company is still intact.

We have just witnessed an unprecedented government intrusion in the private sector on the most massive scale ever witnessed in this country. There is no question about that.

This is the same government that made an oil pricing agreement with the province of Alberta and before the ink was dry, tried to break the agreement.

This is the same government that, in its commitment to the private sector, has unilaterally set out to withdraw the Public Utilities Income Tax Transfer Act. That is clearly a very regressive measure. In response to that action, the Edmonton Chamber of Commerce wrote to the Prime Minister on October 4, 1978, as follows:

The Edmonton Chamber of Commerce views the repeal of this act as retrogressive and such repeal would place the private sector of the utilities, electrical and natural gas industries in an unequal position with the tax free municipal and provincially owned utilities.

Later in the same letter they wrote:

This is another illustration of the lack of permanence and stability so vital for a viable and effective private sector.

Who has created the uncertainty, Mr. Speaker? Who has created the instability? Who has undermined confidence in this country? These are the very actions that serve this purpose.

This is the same government that promised in 1974 to revamp the grain handling system from the granary to the ship in the harbour. I am glad the Minister of Transport (Mr. Lang) is here tonight. He used that expression time and time again in the west. Today our system does not have the capability to move to export in excess of 21 million tons of grain, the figure we achieved in 1972-73. The situation in this country today is nothing short of chaotic—a paralysis in the grain handling industry with sales lost, deferred, and the system plugged. In spite of the minister's efforts to "strain the system" as he puts it so glowingly from time to time, we are not able to achieve the level of 21.4 million tons that we achieved in 1972-73.

This is the same government that promised that not one rail line would be abandoned against the wishes of producers. I should like to quote the Minister of Transport in regard to that, as reported in the Winnipeg *Free Press* on June 11, 1974, as follows:

Otto Lang said 'as long as the Liberal party forms the government and as long as producers wish to continue to deliver to the elevator of their choice, not one rail line will be abandoned.'

But what happened, Mr. Speaker? I should invite the Minister of Transport to visit the constituency of the hon. member for Marquette (Mr. Stewart). He would witness a very sorry scene there. The farmers in that area are hostile and are reacting. I understand they are burning an effigy of the president of the Manitoba pool, they are so unhappy with the decision brought down by the Prairie Rail Action Committee. This is outright hostility toward those hollow promises.

The chairman of the Prairie Rail Action Committee is a professor of economics in Regina. An article in the Manitoba *Co-Operator* reports as follows:

Anderson said the basic rail network, originally laid out and guaranteed by the federal government to the year 2000, 'is itself an irrational collection of lines derived from a series of politically expedient decisions.'

He said that events show that there is still too much mileage in the basic network and this means continued high rail costs.

If we are to believe the advice the minister is receiving from the chairman of the Prairie Rail Action Committee, we can assume that many more rail lines will be abandoned before this minister and the chairman of the Prairie Rail Action Committee are through in western Canada.

I could go on to talk about inaccuracies with respect ot budgetary deficits and growth targets, the inaccuracy in projections with respect to unemployment, but I think I have said enough to show there is a very, very marked credibility gap with this government.

● (2102)

Why should Canadians trust the government? The illustrations I have advanced simply mean one thing, they prove that this government does not keep its word. It is a government which has tinkered with the economy, it has tinkered with the books and it has tinkered with parliament. It is a government which shifts from left to right in its policies. It is a government which has lost control. These are the facts and the realities of the situation. I submit that confidence will not be restored by this budget. Confidence in this country can only come from a new government. I know the members opposite are very sensitive. They must be sensitive because we have been pointing out the waste, the extravagance and the mismanagement of this particular group. We are not the only ones. Yes, now there is the press. The press are the bad guys. The press and the opposition are the ones who have caused all the problems. They are the preachers of gloom and doom. And then we come to the provinces. Everybody seems to be against this government. The Toronto *Sun* says this about the government and the Prime Minister.

An hon. Member: The Toronto *Sun*?

Mr. Mazankowski: Yes, it is a fairly popular newspaper and its circulation is increasing all the time. Here again the Prime Minister is blaming everybody but himself. The Toronto *Sun* says this:

Trudeau and his policies have divided, undermined and alienated Canada. Few have started out with the trust and goodwill he had ten years ago; few have misused power and responsibility more crassly. Trudeau has been a one-man wrecking crew—

Trudeau insists he is "the best man" for Canada. Untrue. The record indicates he is the 'worst' man for Canada—and possibly the 'worst' Prime Minister in our history. The sooner Clark gets his job, the sooner Canada will recover.

Some hon. Members: Hear, hear!

Mr. Mazankowski: I want to deal with one aspect of the budget which will create and cause a great deal of consternation—

An hon. Member: Constipation.

Mr. Mazankowski: Consternation, sir. Maybe you have never heard of the word before. I know that there are a few afflicted with that other word which you have just used.

Some hon. Members: Oh, oh!

Mr. Mazankowski: This has to do with the reduction in the manufacturers' sales tax from 12 per cent to 9 per cent. It concerns a statement made by the Minister of Finance which points out that the Minister of National Revenue will not entertain any applications for refunds of that tax—that is the difference between the 12 per cent and the 9 per cent—in respect of goods on which the 12 per cent tax has been paid.

This government is supposed to be the saviour, the friend of the small business community. There is certainly a lack of common sense and a blatant disregard for the small business community in the application and the manner in which that tax will be administered. I can assure you of that, sir. The minister is asking that all those involved ensure that this saving is passed on to the consumer, yet at the same time he is asking the retail dealers in this country to absorb that 3 per cent. I have to say this in all sincerity and I make it in the form of a representation. I ask the Minister of Finance and this government to reconsider that position because it will represent a huge loss on the larger commodities in the hands of the small private entrepreneurs. I have had a number of phone calls today in this regard, and I suspect there will be many more.

I have a wire in my hand which I will put on the record. I think it summarizes a view that is probably widely held in this country. This telegram comes from the general manager and principal dealer of Parkland Chrysler Ltd. in Lloydminster, Alberta. It states as follows:

Regarding the federal budget announcement of the reduction in federal sales tax from 12 per cent to 9 per cent on Thursday, November 16 we join with FADA—

FADA means the Federation of the Automobile Dealers Association. The telegram goes on to say:

—in protesting the lack of rebate to dealers. This decision alone will cost our small dealership approximately $18,000.

I implore the minister to reconsider his decision, which would be only just and fair, and to entertain applications for refund of that 3 per cent tax differential. It will serve as a very serious blow and hardship on many small dealers.

We have talked about the importance of stability and certainty. We have talked about the necessity of having a co-ordinated approach to the administration of federal government programs. I want to deal now with the application of the new airport tax. I believe this is a clear, classic example where we have an unco-ordinated, disjointed approach by the federal government in its attempts to pursue an objective, and the objective is to improve Canada's tourist industry. This particular measure imposes a disproportionate burden upon the regional and third level air carriers. The percentage, in terms of the application of this tax, will be roughly in the area of 3 per cent on a transcontinental flight, while it will be 15 per cent on a small third level or regional flight. I think it is grossly unfair and simply flies in the face of the recommendations that have been advanced by the task force on tourism.

The air transport association of Canada has clearly outlined its position which, I believe, puts the whole question in perspective. I quote from a message by the Air Transport Association which was sent to the Minister of Finance (Mr. Chrétien), the Minister of Transport and the Minister of Industry, Trade and Commerce (Mr. Horner) from the president and chief executive officer of the Air Transport Association of Canada.

We believe the extension of the air transportation tax to be contrary to the thrust of other budget measures aimed at providing tax relief and encouraging industrial effort. Not only is the increased tax contrary to the general thrust of your budget, it is also contrary to the strong recommendations of the government's own task force on tourism which advocated tax relief in the interest of lower prices in transportation and tourism. The increase in the air transportation tax will add to the difficulty of Canadian carriers to compete with American carriers, and could lead to some diversion of travel to departure points located in the U.S.A. We see no evidence of real effort to reduce Transport Canada expenditures and regret that your efforts to reduce government spending did not find $72 million there.

We also view with concern the announced intention to convert the air transportation tax at a later date to a user charge as this will remove it from public view and the close scrutiny of parliament and allow the imposition of charges involving large arbitrary sums at the discretion of the Minister of Transport and his officials which is questionable in principle.

Mr. Hnatyshyn: That said it all.

Mr. Mazankowski: As my hon. colleague, has suggested, it said it all.

There are a number of other matters on which I would like to have touched. I wanted to develop the matter of the Public Utilities Income Tax Transfer Act. I wanted to talk about the uncertainty that is created by the enlargement of the bureaucratic web, which has created uncertainty, confusion, and downright hostility in many areas. However, time does not permit.

I do want to conclude by saying a few words about the grain industry and our inability to pursue the market potential that is available to us, and the impact that it does have upon our economy. The hon. member for York-Simcoe (Mr. Stevens) pointed out very capably last Friday that there are many areas where we have missed golden opportunities as a resut of the misguided priorities of this government. One is in the field of pursuing our potential in the world grain export market.

● (2112)

On the prairies today there is frustration, hardship and downright anger as a result of our inability to deliver. We are losing sales every day. This is hurting Canada's reputation. We are losing our prominence as a renowned supplier of grain on the export market. It is costing each and every Canadian a lot of money.

If we look at the grains industry in terms of what it means to the Canadian economy, we find that traditionally our grain exports have been in the order of $2.5 billion. They constitute in excess of 60 per cent of our total agricultural exports. Hence, this is a major contributor to Canada's trade picture, particularly with regard to our balance of payments.

Directly related to the $2.5 billion of world exports we make annually, for every $1 of grain that is exported, $2 is generated directly through expenditures on inputs such as machinery, fertilizer, fuel, oil and the various input supplies that go to produce that product. When that $2 filters through the economy, it creates an induced multiplier impact of $5.5. That creates jobs, builds plants, builds homes for factory workers, gives them the capacity to buy cars and improves our technology. It stimulates investment, and we need stimulation at this time, particularly with our plants running at about 85 per cent capacity.

In addition, this original $1 for the sale of export grain ultimately generates $1 to $1.50 worth of revenue to the federal government in the form of taxes. We find that $2.5 billion worth of grain export sales adds $5 billion directly to the farm input sector, it creates $13.75 billion worth of economic activity, and it provides $2.5 billion to $3.5 billion in terms of revenue to the federal government. That is on the positive side.

In this last crop year, we missed opportunities for sales of some four million tons of grain.

Some hon. Members: Oh, oh!

Mr. Mazankowski: That is true. If you can prove it is not true, stand up and give me that proof.

An hon. Member: You give the proof.

Mr. Mazankowski: I have the proof. Canadian Wheat Board spokesmen—and I trust them more than I do the hon. member—have indicated that we have lost sales of four million tons of grain. That represents about $500 million which the producers have lost. In addition, the farm input sector has lost $1 billion, and the total economy has lost some $2.75 billion in economic spinoff.

We lost the sale of four million tons of grain last year. So far this year we have been told by the Canadian Wheat Board that 2.3 million tons of grain have been deferred for later delivery. That is worth $350 million. The members of the wheat board say those are potentially lost sales.

We can no longer carry on without a strategic plan to improve our capability and capacity to remove grain. It is disappointing, disturbing and unhealthy to the farm economy. It is unhealthy for the general economy.

I see my time is up. I hope I will have an opportunity at some later date to develop this further.

Mr. Paul E. McRae (Fort William): Mr. Speaker, it is always a pleasure listening to my very good friend and respected colleague. I do not think there is anyone on that side more respected by those on this side than the hon. member for Vegreville (Mr. Mazankowski). However, we do differ on some points from time to time. Before expressing my thoughts, I would like to deal with a couple of the points he mentioned.

The hon. member referred to the oil price agreement between Alberta and the federal government. That should be considered carefully. In that agreement it is stated that the Canadian price should not go higher than the U.S. price so that we are not put in an unfavourable competitive industrial position with the Americans because of our oil. I would have preferred the government to have priced the oil in the same way as the Americans did, with one price for new oil and another one for old oil. Under those circumstances, the province of Alberta would suffer a good deal more than it does at present.

I would like to deal briefly with Petro-Can. I cannot understand why the opposition is making such a fuss about the acquisition of Pacific Petroleums. Over 95 per cent of our oil resources are foreign-owned and controlled. This is a very dangerous position, particularly in view of the fact that our conventional supply is likely to peter out over the next ten to fifteen years.

Mr. Friesen: Mr. Speaker, I would like to ask the hon. member how acquiring Petro-Can has increased the oil supply in Canada.

Mr. McRae: Mr. Speaker, there are many ways one can do that. I do not intend at this point—

Some hon. Members: Oh, oh!

Mr. McRae: All right, I will deal with it briefly. We need to have some holdings which we can develop. There are some heavy oil holdings which may or may not be developed. Protecting that supply is very important. As this industry is almost totally controlled outside our boundaries, it is time we started moving in this direction.

There is a third point that is important. Most Canadians do not believe the industry. There is a lack of credibility about the industry. Therefore, it makes sense for the government of Canada to have a piece of the action and to keep an eye on what is happening. The monitoring factor is relatively important.

I now wish to deal with specific parts of the budget. First, I will deal briefly with the Canadian economy in general and how it relates to the economies of other nations. There is a kind of negative attitude which was mentioned by the hon. member for Vegreville as well as the Prime Minister (Mr. Trudeau), although in a somewhat different way, regarding our economy. This attitude is harmful to Canadians. It is harmful to their attitude toward their government and the country. I will give an example.

The borrowing bill has been before the House for about a month, since October 20 I believe. Much has been said about the growth of the national debt. It is said it is growing at a horrendous rate and that we will be bankrupt in a short time. However, no real analysis has been made of the debt.

Debt, whether national or private, is relative to something. If I owe $5,000 today and ten years ago I owed $2,000, who is to say at what time I am better off financially? That would depend on my income, assets, and so on. These are factors which must be taken into consideration. If we look at the growth or lack of growth in our national debt, we must do that in terms of the gross national product. Let us look at this briefly in terms of the GNP. The net national debt in 1952 was 51.7 per cent of the gross national product for that year. The net national debt in 1962, the last full year in which the Conservative party was in power, was 33.4 per cent of the GNP for that year. In 1972, the net national debt was down to 19 per cent of the GNP for that year. In this portion of 1978, the national debt amounts to 18.7 per cent of the GNP. That is a meaningful way of approaching the issue. The debt has not gone up in terms of the gross national product. Indeed, it has

declined. The average for the 25-year period from 1952 to the beginning of the present year is 30 per cent. This year, next year and the year after we shall be well below the average for those years I have mentioned.

• (2122)

I am trying to show that the state of the Canadian economy is not nearly as bad as many members on the opposition side would have us believe. There is no doubt that all industrial countries are experiencing great difficulty at the present time. There has been a massive growth in problems of the kind all governments face. We are talking about inflation rates of 1.5 per cent or 2 per cent up to 1950. Now we see inflation rates of at least 5 per cent.

All governments are also facing massive energy problems, coupled with an unprecedented outflow of dollars to purchase or ensure supplies, and the techniques normally used in such circumstances do not work as well as they used to. To show how well Canadians are doing, we must compare ourselves with the other industrial nations with which we trade.

An hon. Member: Such as Uganda?

Mr. McRae: I am going to compare our performance with that of 15 industrial nations outside the Communist world: the United States, West Germany, The Netherlands, Australia, Norway, Belgium, France, Japan, Switzerland, Denmark, United Kingdom, Sweden and Finland. There are a series of indices we could use. It is difficult when you compare these indices at the end, totalling them, but I will deal with that when I get there. The first index I will use has to do with the rise in employment, the number of jobs created. In those 15 countries, in the years 1970-1977—I could take the years between 1974 and 1977 and obtain approximately the same result—Canada was first among the 15, with a 27 per cent growth in the number of jobs. Let us not forget that in the same period there had been a much larger growth in the size of our labour force than was experienced in any of the other countries. For every hundred people in the labour force in 1965, there are 146 today whereas the average for the other six members of the summit group is only nine. I do not have the figures for all those countries in terms of unemployment, but we would certainly be below the average in that respect. On the other hand, our problem is about 500 per cent more acute than those of the other six members of the summit group.

Take another index. The United States department of agriculture carried out a study of food prices. It chose a basket of representative types of food, and shopped in all those countries. This was the result: the least number of dollars was needed to buy this sample basket in the U.K. Canada was second, Australia third, the United States fourth, and so on. Prices were converted into U.S. dollars. It was a very significant result, in my view.

Take the over-all cost of living, again measured in U.S. dollars. Taking the U.S. dollar as 100 cents, the cost of buying the same amount of all goods was $1.02 in Canada, $1.04 in the United Kingdom, and so on. We were second, the United States being first.

The next point has to do with inflation, that is, loss in purchasing power. It is measured on the basis of the same unit. This time it was the Canadian dollar, and of all those countries we come fourth in this period from 1970 to 1977. Our dollar is worth 60 cents, in West Germany the figure is 68 cents, in the United States, 64 cents and in Switzerland, 67 cents. Canada is fourth, with 60 cents. That is the way the purchasing power of the dollar is shrinking.

Take an index where we do not fare very well, that is, the balance of payments. In this group we come tenth out of 15. West Germany is first, followed by Japan. United States is eighth, very close to us. We do have a balance of payments problem. On the other hand, on the commodity trade side, the balance between exports and imports, Canada is third. We come out with $4.60 per capita, West Germany with $12.54, Australia with $7.31 and Canada was third.

In terms of housing starts, using 1970 and a base of 100, Canada is second with 126, Belgium is first with 152 and the United States third with 116.

Now take a very large item, the gross national product. Taking these 15 major countries, Japan is first with an average rise in the GNP per year of 7.36 per cent; France is second with 4.75 per cent; and Canada is third with 4.55 per cent. In the last year, (1977-78) Canada would be second with only Japan ahead of us.

In another area, hon. members on the other side are constantly going after the Minister of Industry, Trade and Commerce (Mr. Horner). He is defending himself ably, though. There is a reason: our industrial production has shown a larger increase than any of those countries. The country that is first, Norway, does not appear high up on any of the other lists. The second country is Canada, and the third is the United States. The increase for Canada is 32 per cent; Norway, 38 per cent; and the United States, 27 per cent.

• (2132)

United labour costs have declined for the period 1970 to 1977 in Canada by 5.6 per cent, and in the United States by 18.5 per cent. Canada is second, and the other 13 countries have done worse than we have, because their unit labour costs have risen faster than ours. Another point is the rise in real disposable income, the amount of income left after taxes. Here Canada is first. The graph is a little obscure, but it deals with a 2 per cent increase over this period. Japan was second.

If we put all these things together and if we give 15 points for each index to the country which has the most and then range down the list with one point going to the country with the least, when we total the points, we find that Canada gets 144 and comes first. This is not an accurate way of doing it, but it is the only way I know that can be done. The United States is second with 125 points. I am sure that if we were to do this, including the unemployment figure as one of the indices, Canada would still be well ahead of the other countries. During the period from the Arab boycott in 1974, to the

end of 1977, Canada would still be first. This is all plotted, but I do not have time to go through it.

Once again, the total points for each country are Canada, 144; the United States, 125; West Germany, 121; the Netherlands, fourth; Australia, fifth; Norway, sixth; Belgium, seventh; France, eighth; Finland, ninth; Japan, tenth; Italy, eleventh; Swizerland, twelfth; Denmark, thirteenth; United Kingdom, fourteenth; and Sweden, fifteenth.

There is something wrong when the bulk of the Canadian public believes that we are in such a terrible state, because if these OECD figures are true, then the rest of the world must be in unbelievable shape. This is the kind of misunderstanding that is fostered by the opposition. To some extent it is understandable because their purpose here is to oppose, but it is also taken up by the press. The press should be more aware in looking at this situation. But we on this side are also at fault because we have not explained the situation. We have not explained the relative position of Canada with the rest of the world in a careful way.

I am pleased to have this opportunity to put these facts before the House, and I hope that at least some Canadians will begin to see that our relative position has been very good and that we have fared rather well relative to other industrial countries. Canada is still the best country in which to live, and our economy has moved better than any other economy among these countries.

Very briefly, I would like to deal with some of the points in the budget. Many good economists today are saying that we are probably doing the best we can. Considering the general direction of the economy, the budget steps are probably as good as one can expect. I know that the other side will give me an argument, and legitimately so, about job creation. However, I do not think that there is any human way, short of doubling the deficit, that we can create a more substantial number of jobs than this government has created in the past seven or eight years. Canada is still ahead of everybody else, and we still have the problem of massive growth in the labour force—a problem that is unique to Canada—amounting to 500 per cent greater than any other country in the summit group. I do not have the figures for all 15 countries, but I do for the top seven, and we have a 500 per cent tougher job than the others.

The figure put out by the Economic Council of Canada that Canada's growth rate of 5 per cent—which is what everybody on the other side says we should have, even though the rest of the world will not achieve more than a 3 per cent or 3.5 per cent growth rate next year, except for Canada—will bring the unemployment rate down to 8 per cent. If the growth rate were to rise to 6 per cent, it would only reduce unemployment to 7.6 per cent.

There are answers, and redistribution of work is one of them. However, I do not think that we will solve the problem by dropping another $2 billion into the demand side, which is one of the alternatives proposed by Her Majesty's Loyal Opposition. This is the same $2 billion we talked about back in the 1960s when we had a gross national product of $45 billion. Now we have a G.N.P. of $120 billion, and we are still using the same $2 billion, which amounts to less than 1 per cent in its effect on unemployment today, and was about 4 per cent in the 1960s. I think that this kind of stimulus would only have a marginal effect.

The minister has rightly assumed that there will not likely be more than a 4 per cent to a 4.5 per cent growth in the economy next year. We are not likely to achieve a much higher rate of inflation next year than 6.5 per cent, perhaps 6 per cent toward the end of the year. The assumption is that we have done relatively well in all areas except in food, in spite of the condemnation of controls, and the food index should show an improvement.

The opposition has ignored some of the things in the budget. At one time we had a budget which would indicate a certain tax cut or increased exemptions. This is now automatic, and each year there are several billions of dollars going to the demand side. This year the exemption will be 9 per cent. If one looks at the revenue curve and the expenditure curve, one sees that they have paralleled each other over many years until 1974 when the government brought in this indexing system. Since that time the revenue curve has almost levelled off, and the expenditure curve has continued to rise. This is a problem with which the government must wrestle.

One thing in the budget which is rather important to me, and, I am sure, to all the members from northern Ontario, the Atlantic provinces and Gaspé, is the increase in the investment tax credit. This is a fundamental change which occurred last year. Also it is being brought into the Unemployment Insurance Act. Instead of devolving power to the provinces, as the hon. Leader of the Opposition (Mr. Clark) would do if his party were in power, we decentralized some of the power. Not only do we decentralize people, we decentralize policy.

● (2142)

We have told the people of northern Ontario that they will receive an investment tax credit of up to 10 per cent, and up to 20 per cent in the Atlantic provinces. It is a change in the operation of government. Also, it applies to the regionalization of the Unemployment Insurance Act. These are answers to some of the problems articulated by hon. members on the other side. We are not turning the government of the country over to the provinces. We are attempting to make it work better as a national government.

I should like to refer to another aspect which affects northern Ontario. Because of the present value of our dollar at 85 or 86 cents, the woods industry, pulp and paper, logging, timber, and so on, is in very good shape at present. Most of the communities in northern Ontario dependent upon the lumber industry are doing well. In fact, Thunder Bay has the lowest unemployment rate of any Canadian city. That has been the case for over a year. This fact is attributed directly to the state of the dollar and the fact that this industry is involved in the export business.

Communities involved in the mining industry have not had the same success. I am pleased that the budget contained a write-off increase from 30 per cent to 100 per cent for mining

development. Also there were increased write-offs for town sites, social purposes and so on. Because of depressed prices of various minerals on world markets, the mining industry is depressed. These extra write-offs certainly will help communities in northern Ontario.

In conclusion, given the state of the Canadian economy, the relative good performance of our economy, the best of all industrial nations in the world, and the difficulties faced by all 15 industrial countries, the budget is extremely appropriate to the nature of the country and the nature of our times.

Some hon. Members: Hear, hear!

Mr. J. Robert Howie (York-Sunbury): Mr. Speaker, it is a privilege to take part in this budget debate because it gives me an opportunity to commend the minister for some measures he has taken, to offer constructive criticism, and to express my disappointment at some measures which have not been included.

I like the $500 employee expense deduction which will confer upon working Canadians some of the tax benefits already enjoyed by professional and business people. The decrease in the manufacturers' sales tax will help to stimulate the economy to the extent it is passed on to consumers. The increased tax incentives for research and development and the increase in the investment tax credit will be beneficial to Canadian business, particularly small business. The improvement in resource taxes is long overdue.

However, the over-all impact of the budget falls far short of Canada's needs. The Minister of Finance (Mr. Chrétien) seems to be telling us in many ways to expect another year of economic stagnation, as well as a further deterioration in the federal government's fiscal position. Of the $1.3 billion loss to the federal treasury, it would seem that only $300 million will be returned in increased tax revenues. Clearly the economy needs greater stimulus.

I am disappointed the federal government did not choose to adopt our proposal for deductibility of mortgage interest and property taxes from personal income taxes. This proposal in itself would have given the Canadian economy a bigger boost than the entire budget.

There are over 7 million households in Canada and 4.6 million home owners. This reflects the strong desire of Canadians to own their own homes. But in 1975, the last year for which income figures are available, only 9 per cent of Canadians could afford to buy the average new house which was then priced at $42,800. It is socially desirable that Canadians who wish to own their own homes have a reasonable opportunity to do so. These measures would make the Canadian income tax system at least as attractive as that in the United States.

A key difference between the two systems is that the Americans are able to deduct both mortgage interest and property taxes from their annual income. This results in a major reduction in the financing of home ownership for Americans. While the American system allows for mortgage interest and property tax deductibility in all residences, the plan which we propose would allow deductibility on principal residences only. This program would provide a major stimulus to the economy by returning significant amounts of after tax dollars to Canadian consumers on a permanent basis.

The depressed rate of consumer spending is a critical weakness in the Canadian economy at present. In fact, a recovery in consumer spending, a stimulus to the building industry, and an increased accumulation of private pools of capital are central to a revitalized economic growth. Clearly these measures would allow more Canadians to purchase their own homes by returning significant amounts of money to them. The effect of increased home purchases will be a major stimulus both to the Canadian home furnishings and construction industries which are almost wholly domestic.

On November 14 of last year, I placed a question on the order paper concerning the revenue loss of tax deductions of interest payable on mortgages on residences. The answer from the Department of Finance indicated that the department had analysed this proposal. The revenue loss would depend upon the structure of the measure and what sort of limits were applied. It could be as high as $1.5 billion per year. On the question of permitting income tax deductions of municipal property taxes, again the Department of Finance indicated that it had analysed the proposal, that the revenue loss would depend upon the structure of the measure and what sort of limitations were applied. It could be well over $500 billion. Thus, we have an indication of the cost of these measures from the government. One measure to reduce the cost is to phase the program over a four-year period. Another restriction measure is to place a limit of $5,000 per year on the allowable interest deduction and a ceiling of $1,000 a year in respect of property taxes.

The benefit to an average Canadian can be measured by taking as an example a family of four with one working spouse, two children, a home with a $30,000 mortgage and annual property taxes of $500. This is not an unusual Canadian situation. It is a good example. This family would gain $197 in reduced taxes in the first year of the program, and $756 when the program is fully in place. This would be a real stimulus to consumer purchasing. It would put more Canadians to work in the building trades and sell more Canadian materials. It would create more Canadian taxpayers. It would help our economy to move forward again. It would help renew consumer and investor confidence.

This program of mortgage interest and property tax deductions, like the programs the minister proposed, can be financed by increases in the gross domestic product and hence our revenues, without increasing taxes, or by identifying programs of a lower priority where expenditures can be eliminated. The government has announced a restraint program. We will be watching to see if it continues restraint in a meaningful manner. The projected deficit of 34 per cent in federal revenues is a record for Canada and one of the highest in the western world. It is a record which is not really wanted. But like the ghost of Christmas past, it has come back to haunt the current Minister of Finance and to restrict severely the area in

which he can manoeuvre in his very serious battle against both inflation and high employment.

● (2152)

I would like to leave some thoughts with the minister in his search for restraint. I suggest that he take another look at the $1.4 billion we pay out to consultants, in an attempt to determine if some of these services could be supplied by other departments of government. Information advertising expenditures have increased remarkably over the years to somewhere around $180 million.

I know that Crown corporations have a necessary role to play in the structure of government, but I do believe that periodically they should justify their continued existence as government agencies. That is not to suggest that they have to go out of business, but once their role exceeds the necessary function of the government, it seems to me the government would be quite justified in giving the private sector of our economy an opportunity to assume the risk of owning and operating the business by purchasing it from the government. We have long debated the merits of Petro-Can, Eldorado Nuclear, Canadair and Northern Transportation Limited. Without repeating the arguments pro and con, I would be inclined to add to the list the Canadian Commercial Corporation.

One feature of the budget I find highly commendable is the special provisions to encourage research and development by small Canadian businesses. Such businesses qualify for the low rate of corporation tax and will get an investment tax credit of 25 per cent of their research and development expenditures, irrespective of their location in Canada. This measure, coupled with the proposal to double the basic rate of investment tax credit for research and development from 5 per cent to 10 per cent, which is set at 20 per cent in the Atlantic provinces and the Gaspé, is a good measure.

I thought the 25 per cent tax credit for research and development was an excellent idea, and I said so in this House on June 21 last when I spoke in respect of Bill C-56. I would like to say so again today. My colleague, the hon. member for Capilano (Mr. Huntington), was one of several members who did considerable work on research and development issues which were debated in the last budget debate and under Clause 6 of Bill C-56. With background help, various substantive amendments were made which would have improved all industrial aspects of research and development in Canada, and would have put in place very real incentives which would have worked to smooth out this area of need in the Canadian economy. These amendments were passed on to the government during committee of the whole debate on that bill, and they were suggested as being superior to the measures which the government had proposed at that time.

One other measure which was proposed by my colleagues and myself at that time, and which I would like to recommend for the consideration of the minister now, is that in arriving at the definition of a small business in order to stimulate research and development, we consider the amount of research and development carried out by a small business. I suggest that for purposes of this tax credit, any business in Canada which does less than $1 million worth in research and development in a fiscal year should be considered a small business.

The present federal government tax incentive program is inadequate in the following respects: The incentive is based on incremental research and development expenditures only; the consolidation of capital with current expenditures penalizes firms making substantial capital outlay for R and D purposes; the incentive discriminates severely against the smaller firms whose net cost of R and D could be 70 per cent higher than for larger firms, and the incentive is not available to firms not having a taxable income, for example in the start-up phase of new technology-based firms.

When the minister has an opportunity to refer back to the debate I have mentioned, as reported at pages 6626 to 6632 of *Hansard*, he will find some very helpful suggestions along these lines made by colleagues.

I would like to suggest that any review of industrial support policies should involve the full participation of industry. New incentive programs should minimize elaborate administration. For example, where applicable, self-administered tax credits are preferable to grants which require lengthy and complex applications and detailed monitoring. The contracting out of government R and D projects, which have been a step in the right direction, should be intensified.

Federal procurement policy should aim to stimulate promising Canadian companies. The procurement policies of local and provincial governments, as well as publicly supported institutions, should be similarly co-ordinated. The federal government should take the lead by making this a condition of various incentives and cost-sharing programs. International trade and technological agreements should make special provisions to strengthen Canada's industrial capacity. Opportunities for co-operative activities should be sought out and supported. Fragmentation and polarization of the activities of various groups, whether in industry, government or universities, must be overcome. Eventually, incentive programs and other related activities that are designed to affect industry should be developed in the context of a comprehensive industrial strategy which would support the emergence of strong, stable Canadian companies and rationalize Canadian industrial capacities to meet industrial competition. This latter thought has been expressed and underscored by Dr. Kates and the Science Council.

It is imperative that we create a more attractive climate for technological innovation in Canada, if the research and development performed by a parent company in respect of the output of Canadian subsidiaries is to be expanded in Canada.

Our tax incentives must be strong enough to make it attractive and profitable to perform the research and development in Canada, and as a precondition to receiving any such incentive, R and D must in fact be done in Canada.

The bottom line is that it is not enough to have the best tax incentive system in the western world. Our ministers, deputy

ministers, assistant deputy ministers and department heads have to get on their bicycles and travel to the board rooms of the parent companies of Canadian subsidiaries and sell our program. We have to give the private sector the confidence that our government understands that research is a long-term proposition, and convince them that the incentives will remain in position and be constant for at least ten years.

In the past 15 years we have witnessed a number of major unrelated programs involving tax incentives put forward and then cancelled by the present government. It is small wonder that the private sector takes no confidence in this performance and is not prepared to commit its funds to a program of long-term scientific research and innovation.

Prior to 1962, Canadian firms could deduct 100 per cent of their current capital expenditures for tax purposes. In 1962, an amendment to the Income Tax Act added a new section, section 72(a), which provided an additional tax deduction of 50 per cent of the increase in research and development expenditures for capital and current costs over the 1961 level. This special allowance was replaced about five years later by the Industrial Research and Development Incentives Act, and late in 1975 this program too came to a grinding halt, but it was not immediately replaced. The make or buy policy was then in force and the PAIT program was also in place, but neither of these could be classified as a tax incentive.

Last year the tax investment credit was announced. Earlier this year the government moved the clock back to 1962 by returning to the special tax deduction allowance feature for income tax purposes. Now the government has had the wisdom to take a step in the right direction with the current proposal of a 25 per cent tax credit.

The Acting Speaker (Mr. Turner): Order, please. In accordance with Standing Order 40, a motion to adjourn the House is deemed to have been made and seconded at this time. Therefore, the question is that this House do now adjourn.

PROCEEDINGS ON ADJOURNMENT MOTION

[*English*]

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

ADMINISTRATION OF JUSTICE—RCMP INVESTIGATION OF BOEING CONTRACT—REQUEST FOR PROGRESS REPORT

Mr. Allan B. McKinnon (Victoria): Mr. Speaker, I rise tonight because of an unsatisfactory answer I received yesterday to a question I put to the Solicitor General (Mr. Blais). I asked the Solicitor General, as recorded at page 1263 of *Hansard*, what progress had been made with the investigation into kickbacks that were paid in Canada by the Boeing Aircraft Company concerning deals whereby Canada bought aircraft from Boeing.

There were five companies in Canada that did buy aircraft from Boeing, and this might have happened to any one of them. These included the Department of Supply and Services of the Canadian government, Air Canada, Eastern Provincial Airways, Nordair and Transair.

Somewhere in Canada there is a crook who has gypped Canada. Some 20 months after the first clear indication, and four months after absolute declaration that there is a crook in our midst, nothing seems to be happening. Progress is far too slow. India has out-distanced us in this. I would like tonight to point out why we should have moved considerably faster.

First of all I would like to read from a complaint by the Securities Exchange Commission of the United States which commenced a suit against the Boeing aircraft company requiring it to conduct its business so it was no longer fraudulent. On examination of the documents provided by Boeing we find the following stated:

• (2202)

In some instances, Boeing used dual consulting contracts with identical terms except for the compensation payable to the consultant. One contract provided for nominal compensation to the consultant while the second contract specified payments of additional compensation to the consultant—

I suggest there is no way that the Securities and Exchange Commission could look at these dual contracts without realizing that they were made out to the same person. There is no way they could make that statement unless the same person's name appeared on both contracts. If it did, the Securities and Exchange Commission of the United States must know the person to whom those dual contracts were made out.

Further on in the same complaint the Securities and Exchange Commission had this to say:

Certain of these disbursements were improperly described as commissions on the books and records of Boeing. All of such payments were made to nominee and conduit accounts in Switzerland.

Once again, if they knew to what consultant they were made out, they must have had the consultant's name.

If I have established that the Securities and Exchange Commission knew the name of the consultant who took double payments, then why should Canada not have made faster progress than it has? I refer to a news release dated March 15, 1977 when Canada signed an agreement with the United States. In the news release which accompanied the agreement issued by the then Minister of Justice and Attorney General of Canada (Mr. Basford) this passage appears:

The agreement provides that following requests for assistance, the United States Department of Justice and the Department of Justice of Canada will assist each other in making available relevant information and material pertaining to the sales activities in Canada of The Boeing Company—

In the first paragraph of the agreement itself appears the words "with respect to alleged illicit acts pertaining to the sales activities in Canada of The Boeing Company." This quite clearly establishes that illegal acts had been taking place as

early as 20 months ago. Paragraph 2 of the agreement goes on to state:

—the parties shall use their best efforts to make available to each other relevant and material information, such as statements, depositions, documents, business records, correspondence or other materials—

I submit that should include the name of the culprit.

I should like to point out that during this time Canada has asked the United States department of justice about this and has received co-operation, at least according to the Minister of Justice who answered me on this matter about a month ago. I therefore cannot understand the delay in laying charges against the culprits.

I particularly want to point out that it is quite clear from the evidence before us that these complaints were filed by the SEC before the United States district court for the District of Columbia. The district court of the District of Columbia records are available to the United States department of justice. Since they are made available to the department of justice of the United States, according to our agreement they should be delivered to us if we ask for them. If we have not asked for them, we should do so immediately. If we have asked for them, then the name should be in the hands of our government. I want to know from the minister why nothing has been done and why we cannot seem to make any progress whatever.

A month ago the Solicitor General's parliamentary secretary said that we would have the information soon. Yesterday, he was not as promising. He gave no date and said that he could not guarantee when the final report of the RCMP would be in his hands. I should like those two questions answered tonight, Mr. Speaker.

Mr. Roger Young (Parliamentary Secretary to Solicitor General): Mr. Speaker, yesterday the hon. member for Victoria (Mr. McKinnon) asked a question of the Solicitor General (Mr. Blais) concerning an ongoing RCM Police investigation into the Boeing Company's contract transactions. As the hon. member is very well aware, it is not now, nor has it been, the practice of the government to divulge detailed particulars of the results of ongoing criminal investigations in the House of Commons. This is necessarily so, as all hon. members will know, because of the danger of impairing these investigations.

● (2207)

I can state for the benefit of the hon. member that the RCMP investigation has been going on for a considerable period of time and that the Solicitor General (Mr. Blais) is optimistic that it will be completed soon.

[*Translation*]

LABOUR CONDITIONS—INQUIRY AS TO FINANCIAL MEASURES TAKEN TO REDUCE NUMBER OF UNEMPLOYED

Mr. Adrien Lambert (Bellechasse): Mr. Speaker, on November 7 I asked the Minister of Finance a question concerning the measures he intended to submit to the House in order to reduce the number of unemployed.

Mr. Speaker, this question as reported on page 866 of *Hansard* was the following:

According to a recent article Canada is in the leading position on the world wide level as far as unemployment is concerned. This is not in accordance with the statements made by the Minister of Finance. The article says that Canada has a record 8.5 per cent of unemployed.

I asked the minister what he intended to propose in his budget to try to further develop the use of our manpower in order to increase our gross national product to become as prosperous as the other industrial countries in the western world. The minister said that he required a complete budget to give a thorough answer to my serious question and that he regretted that our unemployment level was so high. He added that in that last 12 months we had created 362,000 new jobs in Canada and that our performance as far as job creation was concerned was not equalled by any country in the world.

Mr. Speaker, it is not a pleasure for me to tackle this question nor is it my intention to embarrass the government. We hear so many complaints that there is no point in raising questions likely to put the government in trouble. What we want in this parliament is that the government face up to its responsibilities and solve the situation in a clever and efficient way.

Mr. Speaker, I would like very briefly to prove the seriousness of my question, with some figures on the level of unemployment in eastern Quebec. Especially in my own area of Bellechasse. Unemployment in Bellechasse is not due to its having a Social Credit MP, because there is just as much in any other constituency in the province of Quebec and the rest of Canada. It is because we have the same system as everywhere else.

The head of Montmagny's Manpower Centre, Mr. Claude Boileau, whose photograph appeared in the local newspaper *Peuple Courrier*, was quoted as saying in July that the level of unemployment is nearly a quarter of the work force. Later, figures were published concerning communities under the jurisdiction of the Montmagny Manpower Centre. The total population is 23,401, the labour force is 7,090 and the number of unemployed 1,663. The number of unemployed female is 492, on a total 2,155. This is becoming serious when there is a 7,090 work force. Another table shows there are 1,346 men receiving unemployment benefits and 317 people receiving other help, for a total 1,663 people out of 7,090 capable of working. This means there are a number of other people that are without revenue or live off welfare.

● (2212)

The situation is therefore, disquieting, and we must absolutely see to it that the number of people looking for work be reduced. Some will say, and perhaps they are right, that there may be some people who have not worked for such a long time

that they have lost the desire to work and no longer understand that work is normal and that it is a tool which must be used to earn a living and to transform in detail what God has given us to meet the needs of men. God could have created everything ready for consumption, but He wanted men to join Him in His work of creation. This is why He has given us this tool of work. The public authorities, the governments, must find the means to close the gap when the private sector cannot absorb all the manpower available. This is the role of the government, to intervene through public works to absorb this manpower, to maintain this desire to work and to give those who want to work the possibility of supporting themselves honourably.

Mr. Speaker, the federal government has established various programs, including Canada Works, within its field of responsibility. Some projects submitted under this program may not be very good and some may be quite bad. However, I believe that the quality of projects has improved a lot in the last few years, and I want to pay tribute to the people of my constituency who go to the trouble of submitting useful projects. However, when these projects are implemented, they should not cause us problems such as that which occurred last week with a project in my constituency when the mayor offered his services free of charge to help the residents of the municipality. He was provided with the funds required to implement a project which would have enabled him to build sidewalks and repair his municipal workshop. And three days after the work started an inspector from the Quebec Construction Office came and ordered him to stop the works and told him he would be penalized and fined unless he had a good member of parliament to defend him. So the mayor, a very intelligent man, told him: It is incredible, you set the fire and then you say: If you have a good member, he will put it out.

Mr. Speaker, that kind of situation is not acceptable in a Christian and civilized society. I think that an agreement should be possible between federal and provincial authorities so that we can really work and ensure public services and employment opportunities for the people.

Mr. Speaker, I brought that matter to the attention of the Minister of Employment and Immigration (Mr. Cullen) who committed himself to communicate with the Quebec labour minister. So I hope that consultations have begun and that they will have positive results so that such situations will not reoccur.

Mr. Speaker, here is the most efficient measure that the government can take to lighten the unemployment burden: public works. As recently as last week, I received representations from municipalities asking that retaining walls be built along the St. Lawrence River because every year the water eats away part of the riverside properties.

[*English*]

The Acting Speaker (Mr. Turner): Order, please. I regret to inform the hon. member that his allotted time has expired.

[*Translation*]

Mr. Alan Martin (Parliamentary Secretary to Minister of Finance): Mr. Speaker, I am somewhat embarrassed in answering my friend, my colleague from Bellechasse (Mr. Lambert), as I have before me an answer written in the other official language, so I must answer in that language and I hope he will excuse me for that.

[*English*]

As the hon. member has indicated, unemployment in Canada has recently been at a level of 8.5 per cent of the labour force. However, it should be noted that in October the unemployment rate dropped to a seasonally adjusted rate of 8.2 per cent, the lowest rate registered in over a year.

Because our labour force has been growing much more rapidly than in other industrialized countries—since 1970 about 3½ per cent a year, compared to 2 per cent for the U.S., under 1 per cent for the U.K., France and Japan, and a decline for Germany—unemployment has reached very high levels, despite the rapid increase in the number of Canadians who are working. Employment increased by more than 3.6 per cent in the last year, and 362,000 more Canadians are working today than one year ago.

One of the main reasons for the fast growth of the labour force is the rapidly growing participation of Canadian women in the labour force.

• (2217)

Another important reason for the growth of the labour force has been a surge of young people coming into the labour market. This surge is not expected to last. The population in the 15 to 19-year-old age group is expected to decline after 1979. However, the immediate challenge has been to create enough jobs for all our young people and to alleviate other structural unemployment problems.

In the field of manpower-training and job creation, the government has recently announced an employment strategy for 1979-80 which continues the key objective of increasing the employment and employability of all Canadians, while shifting the emphasis to helping industry train and employ Canadians, and particularly young job seekers.

A main feature of the 1979-80 employment strategy is the development of a strategy to increase youth employment, particularly in the private sector, at a cost of $225 million. The summer youth employment program will be expanded, which includes programs such as Young Canada Works, Summer Job Corps, and so on. Expenditures will be increased on year round youth employment and employability programs, Youth Job Corps—a new program—job experience training, and so on, from $14.5 million this fiscal year to nearly $110 million in 1979-80. It is expected that the JET program alone will provide private sector employment and experience to over 63,000 youth in 1979-80.

The Acting Speaker (Mr. Turner): Order, please. I regret to interrupt the parliamentary secretary, but his time has expired.

Adjournment Debate

THE CANADIAN ECONOMY—REQUEST HOUSE BE INFORMED OF REASONS FOR RAISING INTEREST RATES

Mr. Bob Rae (Broadview): Mr. Speaker, my questions arise out of questions I asked in the House on November 6 concerning the rise in the interest rate announced the day previous to my questions. In asking my questions, I brought to the minister's attention the fact that the rise in the interest rate represented something far more serious than the government appreciated at that time.

In considering the financial measures brought in by this government, we have to take all things in context. For example, we have to take the budget in context, not only of the cutbacks announced on August 1 by the government, but also in the context of the rise in the rate of interest which has taken place since January of this year.

This rise brings us to the unprecedented point where our interest rate is at 10¾ per cent. Our concern is that the impact of this increase and the effect it will have right through the economy has not been sufficiently appreciated by the government in bringing down its budget.

In his evidence on November 6, the main rationale expressed by Governor Bouey was that he was preoccupied with the concern that unless we did something about our interest rates to keep them at a higher percentage than the American rate, Canada's dollar would decline and we would be in a very dangerous position. He described it as depreciating our way into inflation. The governor referred to the British disease. Members of the official opposition referred to the danger of Canada catching the British disease. That disease manifests itself if a currency depreciates too quickly and the cost of imports go way up. That will have an effect on inflation right through the economy.

In attempting to avoid catching the British disease, we are subject to another disease which can be called the Canadian disease. The Canadian disease in respect of the economy and high interest rates is our dependence on the U.S. If the Americans take a decision with regard to American interest rates, that decision is based on a set of decisions which apply in the United States. However, the same concern as would lead to a decision being taken in the United States with respect to its economy, may have nothing to do with the decision taken with respect to our economy. So in effect we are taking a decision over which we have no genuine control as a result of a decision made in the United States. I do not say this out of any knee-jerk anti-Americanism or anything of that kind. That is not the case on my part. My concern is that in responding to what basically it sees as external requirements, the need to guarantee that the Canadian dollar does not fall below 85 cents, the government is tying itself to a high rate of interest for a considerable time—I suggest it has no idea when interest rates will go down in the United States.

● (2222)

Answering my question, the minister said he would take into account the problems of the interest rate when he brought down his budget. I see no evidence whatever that the budget will be able to provide an antidote to these serious inflationary measures affecting the economy. Therefore, without being a prophet of gloom or doom, the question I direct to the parliamentary secretary is this: if the government intends to carry out a policy of high interest rates, can he not tell us what policies it intends to carry out at the same time to make sure we do not sacrifice our internal strength, our industrial strength and our economic health to the need to protect our foreign exchange markets?

This is a dilemma. It is one which the government has not faced straight on. It seems to me we are sacrificing much of our industrial health to maintain the standard of the dollar and in following this policy, in attempting to avoid the British disease, we are in danger of getting the Canadian disease. Many military men are accused of fighting wars that are already over, instead of addressing themselves to the circumstances of today. In the same way, economists would be well advised to fight the current war instead of seeking to apply solutions which are now outmoded. I fear there will be serious deflation as a result of the government's determination, I would say blind determination, to keep our interest rates one point ahead of rates in America.

Mr. Alan Martin (Parliamentary Secretary to Minister of Finance): Mr. Speaker, in beginning my response I should repeat the comment made by the minister at the time he replied to the hon. member for Broadview (Mr. Rae). He stated clearly that it is the Governor of the Bank of Canada who establishes the interest rate. It is not the Minister of Finance (Mr. Chrétien) who makes that decision.

The decision to raise interest rates required a balancing of judgments of the consequences of raising them against the consequences of not raising them.

The bank and the government would have preferred not to have been faced with the need to make this difficult decision, but the move by the U.S. authorities forced us to consider the consequences for Canada of higher interest rates in the U.S.

If the higher interest rates in the U.S. were likely to lead to an outflow of capital from Canada, a resumption of the decline in the value of our currency and an increase in the cost of imports and domestic production, this would be damaging to domestic stability and our capacity to employ Canadians. These consequences would develop quickly but linger to plague our economic performance for some time. In arriving at a decision they are to be compared with the restraining effects of higher interest rates. It is not possible to predict when circumstances may change, but when they do, we can contemplate lower interest rates again.

● (2227)

Higher interest rates are certainly an element of increased cost to business. The risk was that without an increase in interest rates we might get other costs rising and built more permanently into the cost structure of Canadian industry.

The policy of the government continues to be to seek to establish the conditions for further declines in our prices and

[The Acting Speaker (Mr. Turner).]

costs so as to consolidate our improved competitive position in order that we may, with renewed confidence, increase our share of world markets and our ability to satisfy our own needs. That is the surest way to increase the employment of our growing labour force. It is our judgment that the action taken on Sunday night—to which the hon. member has referred—in the face of the U.S. move, is much more consistent with this objective than a policy of no action would have been.

The Acting Speaker (Mr. Turner): The motion to adjourn this House is now deemed to have been adopted. Accordingly, this House stands adjourned until two o'clock p.m. tomorrow.

Motion agreed to and the House adjourned at 10.28 p.m., without question put, pursuant to Standing Order.

APPENDIX

(*See p. 1324*)

CRITERIA USED BY STANDING JOINT COMMITTEE ON REGULATIONS AND OTHER STATUTORY INSTRUMENTS

Your Committee submits again to both Houses of Parliament the criteria it will use for the review and scrutiny of Statutory Instruments:

Whether any Regulation or other Statutory Instruments within its terms of reference, in the judgement of the Committee:

1. (*a*) is not authorized by the terms of the enabling statute, or, if it is made pursuant to the prerogative, its terms are not in conformity with the common law; or

(*b*) does not clearly state therein the precise authority for the making of the Instrument;

2. has not complied with the provisions of the *Statutory Instruments Act* with respect to transmittal, recording, numbering or publication;

3. (*a*) has not complied with any tabling provision or other condition set forth in the enabling statute; or

(*b*) does not clearly state therein the time and manner of compliance with any such condition;

4. makes some unusual or unexpected use of the powers conferred by the enabling statute or by the prerogative;

5. trespasses unduly on the rights and liberties of the subject;

6. (*a*) tends directly or indirectly to exclude the jurisdiction of the Courts without explicit authorization therefor in the enabling statute; or

(*b*) makes the rights and liberties of the subject dependent on administrative discretion rather than on the judicial process;

7. purports to have retroactive effect where the enabling statute confers no express authority so to provide or, where such authority is so provided, the retroactive effect appears to be oppressive, harsh or unnecessary;

8. appears for any reason to infringe the rule of law or the rules of natural justice;

9. provides without good and sufficient reason that it shall come into force before registration by the Clerk of the Privy Council;

10. in the absence of express authority to that effect in the enabling statute or prerogative, appears to amount to the exercise of a substantive legislative power properly the subject of direct parliamentary enactment, and not merely to the formulation of subordinate provisions of a technical or administrative character properly the subject of delegated legislation;

11. without express provision to the effect having been made in the enabling statute or prerogative, impose a fine, imprisonment or other penalty, or shifts the onus of proof of innocence to the person accused of an offence;

12. imposes a charge on the public revenues or contains provisions requiring payment to be made to the Crown or to any other authority in consideration of any license or service to be rendered, or prescribes the amount of any such charge or payment, without express authority to that effect having been provided in the enabling statute or prerogative;

13. is not in conformity with the *Canadian Bill of Rights*;

14. is unclear in its meaning or otherwise defective in its drafting;

15. for any other reason requires elucidation as to its form or purport.

A copy of the relevant Minutes of Proceedings and Evidence (*Issue No. 1*) is tabled.

HOUSE OF COMMONS

Wednesday, November 22, 1978

The House met at 2 p.m.

● (1407)

ROUTINE PROCEEDINGS

[*English*]

THE CANADIAN ECONOMY

REQUESTED COMMITTEE STUDY OF TAKEOVER BY PETRO-CANADA OF PACIFIC PETROLEUMS—MOTION UNDER S.O. 43

Mr. Joe Clark (Leader of the Opposition): Mr. Speaker, I rise, under the provisions of Standing Order 43, on a matter of urgent and pressing necessity. My motion concerns the refusal of this government to bring before parliament all aspects pertaining to the state takeover of Pacific Petroleums by Petro-Canada.

I therefore move, seconded by the hon. member for Northumberland-Durham (Mr. Lawrence):

That the annual report of Petro-Canada, together with the subject matter of the takeover of Pacific Petroleums, be referred immediately to the Standing Committee on National Resources and Public Works.

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

Some hon. Members: Agreed.

Some hon. Members: No.

* * *

TRANSPORT

PROPOSED LEASING OF GRAIN ELEVATOR AT PRESCOTT, ONT.—MOTION UNDER S.O. 43

Mr. Tom Cossitt (Leeds): Mr. Speaker, I rise on a matter of urgent necessity concerning the fact that the government has called for proposals for the leasing of the grain elevator at Prescott, Ontario, rather than continuing on the present basis under which it is operated by the government at a substantial profit.

I would move, seconded by the hon. member for Grenville-Carleton (Mr. Baker):

Whereas the government has not made clear its full intentions, and whereas members of local 583 of the United Food Processors Union at the Canada Starch Company in Cardinal, and public service employees at the elevator itself, have expressed deep concern about the impact this situation will have on their job security, this House requests the Minister of Transport to immediately clarify the matter in a way that will not affect job security in these areas, and also that he guarantee the Prescott grain elevator will not be leased to foreign interests, particularly United States interests which reportedly have some advance arrangement with the government which can only be considered highly improper.

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

Some hon. Members: Agreed.

Some hon. Members: No.

* * *

[*Translation*]

AGRICULTURE

REQUEST FOR INCREASE IN SUPPORT PRICE OF MILK—MOTION UNDER S.O. 43

Mr. Adrien Lambert (Bellechasse): Mr. Speaker, pursuant to the terms of Standing Order 43, I request the unanimous consent of the House to present a motion dealing with an important and urgent matter.

Because, when he announced the dairy policy of the government for 1975, the Minister of Agriculture (Mr. Whelan) stated that the support price of industrial milk would be revised periodically to take into account increases in the cost of production of 4 per cent or more; because production costs have risen to an extent that would justify a higher support price; I move, seconded by the hon. member for Richmond (Mr. Beaudoin):

That this House urge the Minister of Agriculture to authorize an increase in the support price to be paid fully and directly to dairy producers, that it be recommended to them that they spend a few cents per additional hundredweight on publicity urging the people to consume more dairy products.

Mr. Speaker: According to Standing Order 43, such a motion cannot be put without the unanimous consent of the House. Is there unanimous consent?

Some hon. Members: Agreed.

Some hon. Members: No.

[*English*]

PARKS CANADA

PROTESTED REDUCTION OF TOURIST SEASON AT FORT LOUISBOURG, N.S.—MOTION UNDER S.O. 43

Mr. Andy Hogan (Cape Breton-East Richmond): Mr. Speaker, I rise, under the provisions of Standing Order 43, on a matter of urgent and pressing necessity. In view of statements of the Minister of Industry, Trade and Commerce (Mr. Horner) urging Canadians to take domestic vacations, and in view of the fact that Parks Canada has cut down the operating season for Fort Louisbourg by four weeks, I move, seconded by the hon. member for Northwest Territories (Mr. Firth):

That the Minister of Indian Affairs and Northern Development immediately restore the full tourist season at the fortress to promote tourism and local employment, and his department begin immediately on the restoration of the Royal Battery as requested by the Louisbourg and District Planning and Development Commission.

Mr. Speaker: Such a motion can be introduced for debate at this time only with the unanimous consent of the House. Is there unanimous consent?

Some hon. Members: Agreed.

Some hon. Members: No.

ORAL QUESTION PERIOD

[*English*]

CONFLICT OF INTEREST

GUIDELINES FOR MINISTERS

Mr. Joe Clark (Leader of the Opposition): Mr. Speaker, my question is directed, I suppose, to the Acting Prime Minister, pro tem, who I think is the minister of everything across the way. My question relates to an answer given by the Prime Minister yesterday to my colleague, the hon. member for Grenville-Carleton, who was inquiring about any guidelines that might exist in relation to the role of deputy ministers who serve on Crown corporations.

The Prime Minister indicated that the purpose of the presence of the deputy ministers or other representatives of the government on Crown corporations was to ensure that they represent the interests of the government. What is of concern is the possibility that their presence may confer some special advantage upon a Crown corporation; that is a matter which is of concern both to the public and to the public service. In light of the possibility of some special advantage being conferred upon Crown corporations which is not available to their competitors, because of the presence of deputy ministers, I wonder if the government is now considering the preparation of any guidelines to cover the conduct of deputy ministers in that kind of situation? If the government is considering such a preparation, could we have an undertaking now that these guidelines will be presented to the House of Commons?

[Mr. Speaker.]

Hon. Otto E. Lang (Acting Prime Minister): Mr. Speaker, of course, it is the nature of some Crown corporations that they are in a very special position in the economy as instruments of government policy in order that certain things can be accomplished which would not happen otherwise in the private sector through the ordinary operations of the free enterprise system. In that sense, a very close relationship, obviously, is a rather natural thing.

● (1412)

It has been our broad practice to distinguish between those corporations which are in that position, where they are relying very heavily on ongoing votes of money from this House for their continuing work, from those others where they have a greater amount of independence and are more in the straightforward competitive field. I am thinking now of the moves we have made in relation to CN and Air Canada.

Generally speaking, I would say that as we see a Crown corporation move into the second category, we tend to move away to independent boards of directors as well and sever that closer connection except through the appropriate forms of capital budget approvals and such estimates as may be required in this House for specific projects which they undertake at our request.

Mr. Clark: Mr. Speaker, I take it, then, that there are no formal guidelines and, indeed, that the informal guidelines, if they exist at all, are very general. If that is incorrect the minister might want to correct it when he rises.

My specific question now is, is it the practice of the government, in relation to a Crown corporation such as Petro-Canada, to restrict in any way the activities of any deputy minister who might be present on the board of that Crown corporation to a role that would narrowly ensure that the specific purposes of the Government of Canada are accomplished by this Crown corporation? If so, is that restriction conveyed by way of any guidelines or any kind of communication?

Mr. Lang: Mr. Speaker, the question is essentially too general in its nature. The reason for not having a specific or single set of guidelines is that each of those Crown corporations may be quite different from the others in the exact purpose they are to serve, and in the exact relationship between the Crown corporation and the government. Therefore, if the hon. Leader of the Opposition has a specific question about a specific relationship, it would be better directed to the minister with the responsibility for the Crown corporation, or at least to the minister whose deputy minister is serving on that board.

Mr. Clark: Mr. Speaker, the reason I am addressing these questions generally is because there is an increasing policy on the part of this government to become active in more and more

areas of the economy. I am interested in the general policy that applies in this situation.

Can the Acting Prime Minister tell this House, in relation to this general policy, whether there are any restrictions on deputy ministers who serve in a capacity as members of the board of Crown corporations as to the transmission of inside information pertaining to the policies of the Government of Canada to other directors of the same Crown corporation?

Mr. Lang: Again, Mr. Speaker, I would say that that question is put too broadly. There may be times when a specific form of government information is needed and is exactly part of the way in which the corporation would carry out its mandate.

That has no reference whatever to the recent debate about Petro-Canada. It is not this government's view that greater intervention is required in general by the government in the private sector; but nonetheless, notwithstanding our broad belief that the private sector is the basis and the mainstay of our development in Canada, it continues to be our belief that it may be necessary occasionally to take steps where we or Crown corporations are involved. I would think that the acquiring of a big oil company from otherwise foreign interests is a very good step indeed.

Mr. Clark: Mr. Speaker, the Committee for an Independent Canada does not agree with that, and the minister has overlooked the fact that 30 per cent of the shareholders of Pacific Petroleums are Canadian citizens.

In light of the fact that there are a wide number of concerns resulting from the discrepancy between the view as stated by the minister, and the government's practice in acquiring airlines one day and oil companies the next day, I wonder if the Acting Prime Minister would be prepared to give this House an assurance that the government would make an immediate reference to the appropriate standing committee of the House of the annual report of Petro-Canada, with specific reference to the possibility of that committee having a mandate large enough to look into the several questions arising from the proposed acquisition by Petro-Canada of Pacific Petroleums?

Would the Government of Canada make that reference immediately, so that the Parliament of Canada can look quickly into the implications of an arrangement which causes very real concern across this country?

Mr. Lang: Mr. Speaker, I will certainly convey that request to the government House leader. I am sure it has been noted by the ministers responsible for this area.

I would say, again, that the Leader of the Opposition is quite wrong to take note of the purchase of Nordair as some acquisition by the government that is in some strange way inconsistent with our policy. That was made for a very specific reason having to do with the whole restructuring of airlines. As the hon. member knows, it was Premier Lougheed, a Conservative, who acquired an airline, apparently intending to keep it, and only agreeing gradually to dispose of it after I talked to him about the matter.

DEPUTY MINISTERS ON BOARDS OF CROWN CORPORATIONS REPORTING BACK TO MINISTER

Mr. Allan Lawrence (Northumberland-Durham): Mr. Speaker, I have a supplementary question for the Acting Prime Minister. Obviously, if the purpose of having senior civil servants and deputy ministers on these corporations is to solidify and to be an implementation of public policy, at the very least the top civil servants or the deputy ministers on the board have to report back to the minister. There is at least an expectation that they will report back.

Surely there is some general policy. Is there some general policy, is there some directive, is there some guideline in respect of the manner of reporting back to the minister by the deputy minister, especially in the sensitive post of Deputy Minister of Finance in a time of budget-making? Are there guidelines? Is there policy in respect of that particular matter?

Hon. Otto E. Lang (Acting Prime Minister): Mr. Speaker, I did indicate that the various corporations involved are so different in their make-up and the nature of their role in the private sector, or in the economy generally, that that question cannot be answered in a general fashion. If the hon. member would like to put it in committee in relation to each of the corporations in question, I am sure he can be answered fully then.

REPORT OF DEPUTY MINISTER TO MINISTER OF FINANCE

Mr. Allan Lawrence (Northumberland-Durham): Mr. Speaker, it is unbelievable that there is no general policy. May I now put a question to the Minister of Finance? How did, when did, and what did the Deputy Minister of Finance report to the Minister of Finance just prior to the budget, in respect of the Petro-Can, Pacific Petroleums deal?

Hon. Jean Chrétien (Minister of Finance): Mr. Speaker, I was informed at the time by my deputy minister of the desire of Petro-Canada of the acquisition of these corporations. In relation to the retractable term preferred share system, I should like to give information to the House that this system was used by Petro-Canada two years ago when they acquired Atlantic Richfield of Canada. they negotiated the same type of operation when they tried to acquire Husky.

When people are trying to convey the impression that they could have been informed by my deputy minister, in fact this technique was known by Petro-Canada for two years and had been used two years ago. The hon. member should not be afraid that the Deputy Minister of Finance had given any indication before the budget.

* * *

PUBLIC SERVICE

RIGHT OF EMPLOYEES TO RUN FOR PUBLIC OFFICE

Mr. Edward Broadbent (Oshawa-Whitby): Mr. Speaker, may I put a question to the Secretary of State. On November

16 I asked the minister about the firing of Mr. Garth Brewer by the Department of Revenue because he had decided to become a candidate for the New Democratic Party in the recent election in New Brunswick.

In his letter to me, which arrived this morning, the minister seemed to give his full support to the commission's decision that, by becoming a candidate, his function in the civil service would be impaired. Considering that the Liberal candidate in the riding of Winnipeg North is on leave from a senior position in the minister's own department which involved making recommendations on grants to ethnic groups, would the minister agree that such a position is at least as politically sensitive as that of a clerk in a Customs department in New Brunswick? If so, what action does he plan to take to see that Mr. Brewer is treated justly?

Hon. John Roberts (Secretary of State): Mr. Speaker, I am slightly surprised at the interpretation the hon. member places on my letter. It is not for me to support, endorse, criticize or deny the decision of the Public Service Commission. It is really my function simply to report, which I was seeking to do without editorial gloss, the news which had been conveyed to me by the Public Service Commission.

If the hon. member interpreted my letter as either an endorsement or criticism of the Public Service Commission, he is mistaken in this regard. He has asked me to intervene. I gather from his comments he is asking me to take some course of action, perhaps to overrule the Public Service Commission or have their opinion changed. I do not have that power, so I would not intend to follow the advice of the hon. member in that regard.

● (1422)

I can add, however, that if he were to think there was some sort of calculated plot against the New Democratic Party there is, in the Post Office, a Mr. Serle who applied for and was granted leave to seek the NDP nomination for Brandon-Souris, Manitoba. Mr. Serle has not yet taken his leave; he is waiting for the writs to be issued. In that case, at least, the solicitation of an NDP nomination has not, as a result of the Public Service Commission or the department's actions, been denied. So the case which he has raised is one that you can see was considered by the Public Service Commission as an individual case. The conclusion that they came to is their conclusion and I simply reported it to the hon. member.

Mr. Broadbent: Mr. Speaker, a question of fundamental rights is really involved. I raised the Liberal candidate's position, not to disagree—because we fully support that man having the right to run—nor to raise the general question about discrimination against candidates in my party. I am talking about a particular man who was denied. The minister said in his letter:

The department, therefore, took the necessary action to deal with this offence.

It is for this reason that I said to the minister that he seemed to agree with the commission. Since other courses of action were open to the commission, short of dismissal, it was not necessary for them to take this action. Would the minister intervene, as a minister of the Crown who has some responsibility in this area, to ensure that this man gets his job back? It is absurd to pretend that the function he has in the civil service would be impaired if he became a candidate for any political party.

Mr. Roberts: Mr. Speaker, I will consider the hon. member's representations, but I must say my response at this moment is that my responsibility is to report. It is not to make my own assessment of the justice of the case and to intervene with the Public Service Commission to impose my assessment on them. I believe that is not the role of the Secretary of State in his relationship with the Public Service Commission.

I will reflect on the hon. member's remarks, but it would be wrong for me to mislead him by saying that it was likely, as a result of that reflection, that I would take the course of action he has recommended.

Mr. Broadbent: Mr. Speaker, my final supplementary question is this: since there is no provision in the law that permits another appeal by this individual, I ask the minister to consider very carefully what he has just said, which seems to lead to a negative conclusion. Considering this man is not doing a job that any reasonable person could consider to be politically sensitive, and considering that there is no other recourse open to the individual, he has lost his job, and there was no criticism about it before, will the minister intervene on his behalf and urge reinstatement? Also, will he consider amending the laws that now exist to avoid such cases in the future?

Some hon. Members: Hear, hear!

Mr. Roberts: Mr. Speaker, I assure the hon. member, as I did in my previous answer, that I will consider it very carefully. I do not want to mislead him by saying now that there is a course of action which I am disposed to take, that is to say, the one which he recommended. There is perhaps an alternative which I will also look into, that of the Human Rights Commission being seized of the issue.

I must say to the hon. member honestly that on the basis of the exploration which I have so far undertaken, while I would consider seriously what he has recommended to me, I cannot say at the moment that I am disposed to follow the recommendation that he has made.

* * *

● (1427)

[*Translation*]

AGRICULTURE

REQUEST FOR INCREASE IN SUPPORT PRICE OF MILK

Mr. Adrien Lambert (Bellechasse): Mr. Speaker, my question is for the Minister of Agriculture and relates to the dairy

industry. As in the case of many other matters, this question must be raised from time to time.

The heads of the federation of Quebec agricultural producers are now meeting with federal members of parliament to inform them of their grievances concerning the indexation of industrial milk support price. Could the minister tell the House whether he has received representations to this effect from the authorities for this federation? As far as the Canadian Dairy Commission or the Department of Agriculture are concerned, were these representations examined in order to determine by how much production costs have gone up and to raise the support price accordingly, if need be, in a reasonable proportion?

[*English*]

Hon. E. F. Whelan (Minister of Agriculture): Mr. Speaker, the formula that is used for pricing and triggering the support price for industrial milk products showed that it should be triggered, I believe, around October 1. The statistics we use are from Statistics Canada. It takes about three months to have them finalized, so that you can tell when the price should be triggered.

However, the Canadian Dairy Commission has authority to recommend to the Minister of Agriculture certain changes at any time they see fit. They recommend that at the present time we not go ahead with a price increase because it would not necessarily be beneficial to the producers of the product, as consumer buying would probably back off if the product were priced too high. In turn, they would stockpile more industrial products. We have a surplus, although not a big one, at the present time. Therefore, they would not be enjoying the extra income some think they would be receiving.

We have a new program advertising industrial dairy products which is just getting off the ground. We are satisfied that this will be beneficial. I understand the Canadian Dairy Commission will be making a written recommendation to me within the next few days on just what action we should take.

[*Translation*]

Mr. Lambert (Bellechasse): Mr. Speaker, in view of the minister's answer, I would like to ask him if, following the recommendations of the Canadian Dairy Commission, a price is set and an increase decided?

Can the minister take the necessary action, even if that means amending some regulations, to ensure that the increase is passed on directly and totally to producers and that the producers, on their part, agree to put a few cents a hundredweight at the disposal of their organization or the Canadian Dairy Commission to help finance publicity aimed at encouraging Canadians to consume more Canadian dairy products?

[*English*]

Mr. Whelan: Mr. Speaker, we are running an advertising program with the dairy producers and processors to do just what the hon. member is asking be done. I generally follow the Canadian Dairy Commission's recommendations. As I said, they are concerned about a drastic increase in the price of industrial products which would turn off the consumers. At this time, I do not know what their final recommendation will be to me. However, I am sure it will be for the benefit of all concerned, both the consumers and the producers.

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ADMINISTRATION OF JUSTICE

SENTENCE IMPOSED ON KEITH RICHARDS FOR POSSESSION OF DRUGS

Right Hon. J. G. Diefenbaker (Prince Albert): Mr. Speaker, my question is directed to the Minister of Justice. On October 24, Keith Richards was convicted of possession of heroin. He is famous for being connected with The Rolling Stones. He had previous convictions for the same offence a week before coming to Canada the last time. He was given a suspended sentence of one year and was admonished to improve his general situation with respect to drugs.

I endeavoured to move a motion in the House the next day calling for action to be taken to appeal that ridiculous and preposterous sentence. It was turned down by the Minister of Justice, who was vocal on that occasion, and other Liberal members. At that time—

Some hon. Members: Order.

Mr. Speaker: If the right hon. member has a question, would he put it forthwith, please.

Mr. Diefenbaker: I always have to make it clear. Apparently I cannot do it, Mr. Speaker.

Some hon. Members: Order.

Mr. Speaker: The right hon. member has already had a rather generous preamble. Would he put his question.

Mr. Diefenbaker: Mr. Speaker, it is most unusual that I am treated generously by you.

Some hon. Members: Shame.

● (1432)

Mr. Diefenbaker: If that's the way you want it, all right.

Mr. Speaker: Order, please. The hon. member for Peace River.

* * *

NATIONAL SECURITY

ACCESS TO GOVERNMENT DOCUMENTS BY PERSONS CHARGED UNDER OFFICIAL SECRETS ACT

Mr. G. W. Baldwin (Peace River): Mr. Speaker, I have a question for the Solicitor General which relates to the rather

ridiculous affidavit filed by the minister under section 41(2) of the Federal Court Act denying access by Douglas Creighton and Peter Worthington of the Toronto *Sun* to 548 documents which reputable counsel says are necessary to their defence against charges under the Official Secrets Act.

Since this government action and that of the minister is in violation of ordinary principles of criminal law and could lead to a possible miscarriage of justice, and since it also indicates vindictiveness and bad faith on the part of the government on this particular issue, will the Solicitor General review his decision and withdraw his affidavit?

Hon. J.-J. Blais (Solicitor General): Mr. Speaker, the hon. gentleman knows full well that the charge was laid under the Official Secrets Act, and no comment is to be made by me on a matter which is *sub judice*. I wish the hon. gentleman would abide by the same principle.

There were two affidavits filed. One related to section 41(1) of the Federal Court Act and dealt with some 16,500 documents which are made available to the court in order that the court may determine the validity of the grounds I have advanced in terms of the documents themselves, in terms of their sensitivity and in terms of the necessity of not producing those documents during the trial.

As for the 548 other documents which are the subject of the second affidavit, Mr. Speaker, the reason for that affidavit being filed is simply that it relates to documents obtained from third country agencies and the hon. gentleman knows, or ought to know, that the security we maintain with third country agencies must be respected and is dependent upon the confidentiality of information received.

Mr. Baldwin: Mr. Speaker, on the question of *sub judice*, I am dealing with bad executive action, not questioning what is before the court. Having in mind the admission of one former solicitor general that he signed a letter containing inaccurate information, and bearing in mind it is very doubtful that this Solicitor General examined every one of those 548 documents, would he not withdraw his decision and allow the court to examine the documents and make its own decision?

Mr. Blais: The major portion of those 16,500 documents, as I have already indicated to the hon. member, are subject to section 41(1); the court will have access to those documents and will review them. I have spent the better portion of 17 hours going through every file containing those documents, and I stand by the affidavits I have filed.

Some hon. Members: Hear, hear!

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HOUSE OF COMMONS

PRESENCE IN GALLERY OF SECRETARY OF STATE FOR THE UNITED STATES OF AMERICA

Mr. Speaker: Before continuing with the question period, may I invite all hon. members to join with me in signalling the presence in our gallery of a very distinguished visitor in the person of the Secretary of State for the United States of America, the Honourable Cyrus Vance.

Some hon. Members: Hear, hear!

* * *

NATIONAL SECURITY

ACCESS TO GOVERNMENT DOCUMENTS BY PERSONS CHARGED UNDER OFFICIAL SECRETS ACT

Mr. Speaker: The hon. member for Peace River for a final supplementary.

Mr. G. W. Baldwin (Peace River): My final supplementary is directed to the Prime Minister. As this instance of government secrecy follows on the heels of the refusal of the Prime Minister to live up to his undertaking to Mr. George Bain of the Toronto *Star* to make available to Mr. Bain certain documents in the Treu case, will the government get off their collective, asinine fear of secrecy, words which the Prime Minister well understands, and bring in strong freedom of information legislation first promised in this House by Mr. Mitchell Sharp in February of 1976 and, by so doing, pension off this ridiculous section 41(2) of the Federal Court Act and the discredited part of the Official Secrets Act which we have been talking about?

Right Hon. P. E. Trudeau (Prime Minister): Mr. Speaker, there seems to be a lot of confusion in that question. I do not know whether I can draw all the threads of it together, in spite of the hon. member's asinine considerations.

Some hon. Members: Oh, oh!

Mr. Trudeau: He referred to a promise I made to George Bain. That promise had to do with saying we had no objection if NATO had no objection. They were NATO documents which somebody had worked on. I still have no objection if NATO wants to produce them, and if Mr. Bain wants to address himself to NATO I see no objection to that.

An hon. Member: He did.

Mr. Trudeau: Well, he did? Then complain to NATO. I don't know what NATO will say. They are not our documents, Mr. Speaker, they are NATO documents and it is NATO which asked certain individuals to work on them. I have no objection if NATO wants to respond to the advocate of Mr. Bain sitting on the opposition benches here.

As far as section 41(1) is concerned, I know the hon. member has stated before that he thinks this section should not exist. That is a matter of disagreement. We think the government cannot discharge itself of its obligation to protect documents which, as the Solicitor General has said, were given to us in confidence by other countries. When they make us party to their information and security operations, such documents are given to us on the understanding that we will not make

them public. I am surprised to hear the hon. member say we should go back on our word and just treat these matters very lightly, as I know the hon. member would.

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SOCIAL SERVICES

FUNDS TO PROVINCES FOR SOCIAL WELFARE PROGRAMS

Mr. James A. McGrath (St. John's East): Mr. Speaker, my question is directed to the Minister of National Health and Welfare. Now that the minister has held the meeting with her provincial counterparts, a meeting to which she had to be shanghaied in order to get her to attend, and now that the block funding proposal as presented in a bill before the last parliament is dead, can the hon. lady tell the House whether she has set a ceiling on the amount of funds to be transferred to the provinces under the Canada Assistance Plan for social welfare programs and, if so, what is the amount of that ceiling? Would she also tell us whether she consulted with the provinces before setting that ceiling?

[*Translation*]

Hon. Monique Bégin (Minister of National Health and Welfare): Mr. Speaker, I do not agree with what the hon. member has just said in the preamble to his question. Following consultations with the provinces, I have decided to wait until the conference of finance ministers is over to discuss this matter on a more solid basis. I had a fine meeting with my provincial counterparts yesterday and the day before. We dealt among other things with the postponement or in fact the temporary cancellation of block funding and we agreed on the necessity to control the immediate expansion of the social service sector. As the hon. member has just indicated, no ceiling has been set.

[*English*]

Mr. McGrath: Mr. Speaker, given the penchant of this minister and of this government to act unilaterally, and given the fact that the provinces have been trying to have this meeting since September 1, since which time two bills have been presented to us, specifically the unemployment insurance legislation which is of special concern to the provinces, as the minister well knows, because it will transfer some of the responsibility for unemployment to the provinces, thus adding to the welfare burden, will the minister consult with the provinces either bilaterally or on a multilateral basis, especially with provinces such as New Brunswick which has already told the minister it will be obliged to pay an additional $8 million in welfare on account of the changes in the Unemployment Insurance Act and the decrease in the amount of the equalization payment?

Miss Bégin: Mr. Speaker, I would remind the hon. member that the Canada Assistance Plan is made up of two sections, the largest being a federal payment of about $1 billion a year which goes to personal welfare. This is a cost-shared program on a 50-50 basis which we intend to continue, fully honouring our commitment. I remind the hon. member that the restraint program put to the Canadian nation by the federal government last summer was accepted by all my provincial colleagues, and their own governments have set the tone by agreeing with the Prime Minister last February. They have the same problem we do: there is no more money in their budgets than there is in ours.

● (1442)

We are all honouring the CAP commitment to provide personal welfare to protect Canadians who are having difficulties because of unemployment or for other reasons. As a result of the reduction in the monthly family allowance, some of the richest provinces will lose small amounts of revenue because family allowances are taxable. But I remind the hon. member that the huge additional child tax credits and the increased guaranteed income supplement will be spent in provincial economies. More money will therefore be made available to them as a result of the federal sales tax cut.

Mr. McGrath: Mr. Speaker, the minister did not really address my question. There is concern in the provinces where unemployment is highest and, consequently, where welfare is highest. This applies particularly to the five eastern provinces. Given the fact that in their presentation yesterday, the ministers lumped the UI proposals, the family allowance proposals and block funding all together—because obviously these things are of concern to them—will the minister consult with the provincial ministers, either on a bilateral basis or meet with them in the Atlantic provinces and Quebec, where unemployment is most concentrated, to discuss ways and means of offsetting the additional burden which will be placed upon them by the proposals which are now before the House in the bill sponsored by her colleague, the Minister of Employment and Immigration, dealing with unemployment insurance? Will she deal with that, because she knows that this will mean a substantial additional burden on many provinces and municipalities?

An hon. Member: You voted for it.

Miss Bégin: Mr. Speaker, I would like to make it quite clear that if the welfare rolls of the provinces become larger—we have estimated the cost will increase by $50 million—the UI program is being tightened up and there will be a saving of over $700 million to the Canadian taxpayers. We are going to share half of the additional welfare cost through CAP personal assistance.

When the very generous UI program was first introduced a few years ago, the provinces made a lot of money because many people were taken off their welfare rolls. I remind the hon. member that, generally speaking, the philosophy of the welfare ministers of the provinces favours tightening up the Unemployment Insurance Act much more.

Oral Questions

FINANCE

RELATIONSHIP OF NET NATIONAL DEBT TO GROSS NATIONAL PRODUCT

Mr. Paul E. McRae (Fort William): Mr. Speaker, my question is for the Minister of Finance. It has to do with the national debt, which is a meaningful subject only if it is compared with income. In 1952 the net national debt was 52 per cent of the gross national product; in 1962 it was 33 per cent; in 1978—

Mr. Speaker: Order, please. If the hon. member has a question, would he put it.

Mr. McRae: With the amount of borrowing that has been going on in the last year and which will be going on in the next year, can the minister assure us that this debt will remain well below 25 per cent or well below 30 per cent, which is the average for this period?

Hon. Jean Chrétien (Minister of Finance): Mr. Speaker, I can give the assurance to the hon. member that the present debt level in relation to the gross national product level is well below what it was in 1962, when it was 33.4 per cent. For this year it will be 18.9 per cent.

Some hon. Members: Hear, hear!

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RESEARCH AND DEVELOPMENT

FUNDS ALLOCATED BY MULTINATIONAL CORPORATIONS IN CANADA

Mr. David Orlikow (Winnipeg North): Mr. Speaker, I would like to direct a question to the Prime Minister. In view of the fact that many of the largest multinational corporations in Canada allocate very small percentages of their research and development expenditures to their Canadian subsidiaries, and since this failure has meant the loss of thousands of skilled jobs in Canada, was this question discussed with the U.S. Secretary of State in meetings in the last couple of days?

Right Hon. P. E. Trudeau (Prime Minister): Mr. Speaker, I will have to inquire. I myself did not discuss this subject with the Secretary of State of the United States. We discussed mainly international issues, disarmament in particular.

GOVERNMENT POLICY VIS-À-VIS RESEARCH BY MULTINATIONAL CORPORATIONS IN CANADA

Mr. David Orlikow (Winnipeg North): Mr. Speaker, my supplementary question is to the Minister of Industry, Trade and Commerce. Has the government any views on what the appropriate level of research and development expenditures by these multinational corporations should be in Canada, and does the government have any intention to discuss this marked reluctance of multinationals to establish effective research and development programs in Canada with their corporations; or does the minister believe that the tax concessions and write-offs offered by the Minister of Finance in his budget the other day will be enough to persuade them to invest in research and development in this country?

Hon. Jack H. Horner (Minister of Industry, Trade and Commerce): Mr. Speaker, we have stated publicly that we would like to see the private sector spend 1.5 per cent of our gross national product on research and development in this country. With regard to every application before the Foreign Investment Review Agency respecting new companies or the takeover of existing companies, we stress that a greater amount of research and development should be conducted by corporations and in some cases multinational corporations which are coming into Canada.

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[*Translation*]

CORPORATE AFFAIRS

PROPOSED MERGER OF MANULIFE-STANDARD LIFE

Mr. Roch La Salle (Joliette): Mr. Speaker, my question is directed to the Minister of Finance. Last Monday the minister confirmed that the proposed Manulife-Standard Life merger agreement had been cancelled. Now can he tell us the real reasons behind the failure of those negotiations?

Hon. Jean Chrétien (Minister of Finance): Mr. Speaker, it does not fall on me to give the real reasons for this development, it is up to the companies to give explanations to the public. I think they have issued a press release and I was told that Standard Life intends to keep operating in Montreal. When this whole matter was submitted to me, I was concerned with maintaining the rate of employment in Montreal and I thought this was the best solution. According to Standard Life, things seem to have improved and it has decided to stay in Canada. I am very happy about it.

INQUIRY WHETHER STANDARD LIFE WILL STAY IN MONTREAL

Mr. Roch La Salle (Joliette): Mr. Speaker, following the comments of the minister which we found interesting, could he tell us also whether he has been assured that the Standard Life Company estimated $200 million surplus will remain in Canada and whether it will continue to operate in Montreal with the same labour force? What kind of assurance did he receive to tell us that the company will remain in Montreal and will keep the same labour force for the benefit of Montrealers or Quebeckers working there?

Hon. Jean Chrétien (Minister of Finance): Mr. Speaker, I am pleased that the officials of the company have decided to continue to operate and I hope that the climate in Quebec will improve to enable them to operate in both official languages so that they may be in position to serve their clients throughout

Canada. As for the mandatory reserves of course they must comply with the standards set by the superintendent of insurance of Canada and they must maintain the necessary level to protect their policyholders in Canada.

* * *

[*English*]

IMMIGRATION

ADMITTANCE TO CANADA OF VIETNAMESE REFUGEES

Mr. Ray Hnatyshyn (Saskatoon-Biggar): Mr. Speaker, my question is to the Minister of Employment and Immigration and it relates to the proposed admission to Canada of the Vietnamese people on the *Hai Hong*.

Can the minister inform the House as to the authority upon which these refugees are being brought to Canada? The *Hai Hong* is assumed to have arranged its voyage with the co-operation of ship operators who have collaborated with a Vietnamese policy of allowing persons deemed undesirable to leave the country in return for their money and other possessions.

Hon. Bud Cullen (Minister of Employment and Immigration): Mr. Speaker, I doubt that anyone who is familiar with the plight of these individuals would deny the fact that they are refugees. It has been determined in a prima facie way by the United Nations High Commissioner that they are refugees. During the Second World War there were many people of the Jewish faith who paid exorbitant sums of money to get out of a particular country. I do not think anyone would deny that they were refugees. This is an escape route which has been found by some people.

I think it is reprehensible: I think very little of people who trade in this kind of human tragedy. My suggestion has been that these people should be allowed off the ship, that the ship should be seized and sold and that the money be used to look after the refugees. However, we are not going to turn our backs on these people who are in very desperate need.

Mr. Hnatyshyn: Mr. Speaker, I—and I think everyone in this House—accept absolutely the proposition that people are being victimized. However, I am concerned about the over-all refugee problem and the quota the government has on refugees, and I am concerned about the position the government is taking with respect to this particular Vietnamese policy.

This government is becoming an unwilling partner in a situation in which the Vietnamese government is apparently victimizing people. The situation is very tragic. I wonder if the minister is taking any steps regarding this apparently growing international situation. We may be faced with the very same situation again in the not too distant future.

Mr. Cullen: Mr. Speaker, this matter is obviously of concern to the Canadian government. We are concerned about the actions which are being taken, but I do not think that those who are being victimized should be punished. To the credit of the Malaysian government, I must say that that government has accepted in excess of 35,000 people who have been considered to be legitimate refugees. The Malaysian government does not want to do anything to encourage this particular trade.

● (1452)

In this particular instance, we just felt some action had to be taken. We have taken what we think is an appropriate step. Probably we could have taken more, but obviously it has acted as a catalyst: it has made Canada a leader in this particular instance. I am very pleased to see that other countries have now taken up our initiative. We are concerned, as Australians and others are, about the impact of encouraging people in this particular way. That is something we will have to look at. I think probably the United Nations is the proper forum in which to do that. Right now they are people in need, and we are going to help them.

Some hon. Members: Hear, hear!

* * *

POST OFFICE

CRITICISM OF PROPOSED INCREASE IN POSTAL RATES—REQUEST DECISION BE REVIEWED

Mr. Stan Darling (Parry Sound-Muskoka): Mr. Speaker, my question is directed to the Postmaster General. Considering the great concern the decision of the Postmaster General has engendered in the Canadian direct mail industry, and noting that various alternatives to postal services are being considered by the direct mail industry which will lead only to an even higher deficit for the Post Office, is the Postmaster General now willing to review his decision to increase postal rates? Is he looking at alternatives to reducing the Post Office deficit, including introducing a heavy dose of hea!thy labour-management relations?

Hon. J. Gilles Lamontagne (Postmaster General): Mr. Speaker, I think there is no question of reviewing our decision about postal increases. Consultation has taken place with direct mailers and I think they understand our situation very well. I think they realize, if we want to act on businesslike principles, that we had to act the way we did.

As far as labour-management relations are concerned, I think we are doing everything we can at the moment to return to a climate of stability. We had a meeting today with the union in an attempt to discuss grievances and the differences we have with them. In general, the atmosphere is much better than it was before the strike.

Mr. Darling: Mr. Speaker, my supplementary question is also directed to the Postmaster General: it concerns the postal users' conference which I attended in Toronto approximately two months ago and about which the Postmaster General has talked so profusely.

In view of the fact that postal users, the substantial ones, account for 83 per cent of the total revenue of the minister's

department, and that the input from the conference may help to provide some guidance in matters currently afflicting the Post Office, can the Postmaster General give an undertaking to the House that the proceedings of this conference will be studied carefully by officials of his department and made available, at the earliest possible time, to members of the House and others concerned?

Mr. Lamontagne: Mr. Speaker, I would like to remind the hon. member that the postal users' conference was not the Post Office conference; it was the users' conference. It was organized by them, for them and for us. We had some input. They gave us some reports on what they thought. They had working sessions and some small groups working together. If the hon. member was there and if some opinions were issued, he could have registered the opinions of different groups. The Post Office had some input in it. I can deliver to the hon. member, if he wants, some of the opinions we received from some of our users. But if my memory is correct, there was no report of the conference as a whole.

* * *

PUBLIC SERVICE

POLICY RESPECTING EMPLOYEES FOR NEXT THREE YEARS

Mr. Lincoln M. Alexander (Hamilton West): Mr. Speaker, I have a couple of questions for the President of the Treasury Board. When he introduced Bill C-12, on indexation, he indicated that in due course, or in the matter of a few weeks he would give some indication as to the special arrangements for 1979-81.

Has he given some consideration to this particular problem? Does he have an answer in terms of what the special arrangements will be, given the fact that he has some $535 million in the kitty and that the public service is quite concerned about knowing just what will happen in the next three years?

Hon. Robert K. Andras (President of the Treasury Board): Mr. Speaker, I do not know why the hon. member had to confuse us by talking about a hidden $535 million.

Mr. Alexander: I did not say it was hidden.

Miss MacDonald: He did not say that.

Mr. Andras: In March, I believe, I clearly stated that this was the potential income. If I did not hear the hon. member properly, I apologize. At any rate, as I have indicated to another hon. member, those figures are now decided. The chief actuary as made his recommendations. I have consulted with the advisory committee on superannuation. I hope to reveal the exact degree of supplementation of basic pensions related to Bill C-12 on second reading which, hopefully, we will be dealing with next week. Then we can proceed from there.

Mr. Alexander: Mr. Speaker, I appreciate the answer given by the minister, but at the same time there is another question which is equally important. Once we start talking about indexation, of course, we are concerned about the classification study, a report which was taken outside of the capital region.

As I understand it, the minister has had this study on his desk for a few weeks. Is he in a position to report whether he has taken action, in light of the fact that I have heard there is a move afoot to red circle? More importantly, the minister has given an undertaking to table this very important report, given the fact that we are dealing with millions of dollars in terms of overclassification. Is the minister prepated to table that classification study or report regarding overclassification of public servants? If so, will he do it this afternoon? Has he arrived at any solution to this very serious problem which is costing taxpayers millions of dollars?

Mr. Andras: Mr. Speaker, I will be making the results of that classification audit, inside and outside the national capital region, public within the matter of a few days. Also, I will deal with the response of the government to the findings of that audit at the same time.

DETRIMENTAL EFFECT OF GOVERNMENT POLICY ON CANADA'S SCIENTIFIC COMMUNITY

Mr. Thomas Siddon (Burnaby-Richmond-Delta): Mr. Speaker, my question is directed to the Minister of State for Science and Technology: it relates to the demoralizing effect of current government policy on the Canadian scientific community.

In view of recent statistics released by the Professional Institute of Public Servants, PIPS, to the effect that more than 250 scientists will be out of work by next April, and recognizing recent statements by the president of the National Research Council expressing concern for Canada's economic welfare if our technology continues to be imported from abroad, will the minister advise the House as to what short-term policies he proposes in order to reverse this frightening trend?

Hon. Judd Buchanan (Minister of Public Works and Minister of State for Science and Technology): Mr. Speaker, I find it rather interesting that the party across the way, which I think is advocating cutting 20,000 or 30,000 public servants, is suddenly so concerned about 250 scientists.

Mr. Alexander: Don't mislead the House.

Mr. Buchanan: I am sorry—60,000 over three years. My arithmetic was wrong. There are two points I should like to make in response to the hon. member. We have put in place certain programs to try to increase the use of government laboratories. One of these is the scientific and technological employment program, which is a program under the economic growth component of Canada Works. It encourages the private sector to make use of university laboratories for conducting research. That is useful in the private industry.

In the budget of the Minister of Finance, we put in place a 25 per cent tax credit for small business and doubled the tax

credit for larger size firms to try to increase the level of activity in research and development in Canada.

* * *

FISHERIES

FISHING QUOTAS IN NORTHWEST ATLANTIC

Mr. Lloyd R. Crouse (South Shore): Mr. Speaker, I wish to direct my question to the hon. Minister of Fisheries and the Environment. On January 1, 1979, the Northwest Atlantic Fisheries Organization will replace the International Commission for North Atlantic Fisheries as the regulatory body governing fishing in the Northwest Atlantic.

In light of the fact that this organization will be establishing regulations and setting quotas, I should like to ask the minister what steps he has taken to assure that fisheries ministers in Atlantic Canada, as well as Quebec, and representatives of the fishermen and fishermen's unions will have a chance to make some input into the establishment of quotas for fishing in the Northwest Atlantic?

Hon. Roméo LeBlanc (Minister of Fisheries and the Environment): Mr. Speaker, I do not know if the ministers of the various provinces are involved, but certainly their dputies are. I assume they communicate with each other. In fact, the provinces are fully represented on the offshore groundfish advisory committee and on all committees which deal with these matters.

● (1502)

I might underline, for the hon. member, that the stocks we are talking about today are outside the 200-mile zone, and that in fact it is very much in Canada's interest, and I think a tribute to our negotiators, that we have been able to have a say in respect of what takes place outside the 200 miles because that does have a considerable impact on the economies of these provinces, particularly Newfoundland.

Mr. Crouse: Mr. Speaker, in light of the minister's answer, it is my understanding that the NAFO convention has been signed by Canada, the U.S.S.R., Romania, East and West Germany, France, Italy, Portugal, Norway, Denmark and Great Britain. I would, therefore, ask the minister whether the United States, Spain, Poland, Cuba, Japan and Bulgaria have signed the NAFO convention and, if not, what effect will this non-compliance with regulations laid down by NAFO have on foreign fishing, not only in the areas the minister mentioned off the Flemish Cap, outside the 200-mile limit, but also in respect of established quotas within our 200-mile zone?

Mr. LeBlanc (Westmorland-Kent): Mr. Speaker, I would have to check on this, but I know that the convention has been open for signature and that some countries which did not sign indicated that really was because of problems of procedure. For example, in the case of the United States there is a procedure through Congress which has to be followed. I understand from discussions that they agree with the substance of the new convention or treaty. I know in specific cases that subdelegates told us verbally at the signing ceremony that once they had overcome procedural problems involved, they would sign, and that meanwhile they would live up to the expectations of other countries.

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POINT OF ORDER

MR. CLARK—STATEMENT MADE BY MINISTER OF ENERGY, MINES AND RESOURCES

Mr. Joe Clark (Leader of the Opposition): Mr. Speaker, I rise on a point of order relating to a comment made in the House yesterday by the Minister of Energy, Mines and Resources (Mr. Gillespie). It may well be, sir, that this could have been raised as a question of privilege, but it came to my attention only during the question period and I did not have the opportunity to give you notice. In any event, I would prefer to treat it as a simple question of disorder.

The matter arises from page 1319 of *Hansard* of yesterday in relation to an alleged question of privilege which Your Honour dismissed by indicating it was simply in the nature of debate. I do not want at this point, of course, to deal with the subject matter of that debate, which has to do with a difference of view between those of us in this party and those in the government as to the reality of obligations incurred by the people of Canada in the acquisition of Pacific Petroleums.

What concerns me is that the Minister of Energy, Mines and Resources, in reference to my party, and in reference particularly to me, made the following statement:

—that the opposition are trying to distort and trying to mislead.

Those were his words precisely.

An hon. Member: Right on!

Mr. Clark: I am sure that in spite of the rather Pavlovian reaction of some members on the other side the minister will recognize, as we all do, that from time to time in this House we state things a little more strongly than we intend. He will know, I am sure, that the imputation he has made in this statement is contrary to Beauchesne's fourth edition, Rule 154(3), and so I will not go to the extent of quoting it. I am sure he would want to take the opportunity now, as a gentleman, in the House to indicate simply that he spoke more enthusiastically than he intended, and withdraw the suggestion that we in this party are trying to distort and to mislead.

Some hon. Members: Hear, hear!

Hon. Alastair Gillespie (Minister of Energy, Mines and Resources): Mr. Speaker, I would like to reply to those words of the Leader of the Opposition (Mr. Clark). I think any reasonable person who had followed the debate, as I have tried to follow it, would come to the same conclusion that I came to. I think the kind of statement put before the House yesterday by the hon. member for Brome-Missisquoi (Mr. Grafftey) was

clearly aimed at using the television media to create the impression that the Government of Canada had borrowed funds for the purchase of Pacific Pete, funds which the Government of Canada might have used, in the words of the Leader of the Opposition, to assist the people. I think his words which appear at page 1288 of *Hansard* were:

> Surely there are a number of Canadians looking for homes who could put that money to better use.

The Leader of the Opposition picked up exactly the same theme used the day before. It seems to me there was a clear implication in those words of the Leader of the Opposition that the Government of Canada might have used those funds for this purpose, implying that the Government of Canada had borrowed those funds to acquire Pacific Petroleums.

The Leader of the Opposition knows that Petro-Canada raised the funds, and I challenge him to say otherwise. He knows, from repeated evidence that has been put before this House, that Petro-Canada, or a subsidiary of Petro-Canada, raised these funds from the banking system, using a commercial instrument to finance a commercial transaction involving a Crown corporation of the government. This was organized by that Crown corporation, Petro-Canada.

As I have read the record it seems to me I can come to no other conclusion than that the opposition was trying to mislead. Whether it has been successful—

An hon. Member: Withdraw.

Mr. Gillespie: Whether or not the opposition has been successful, I am not sure. However, if in your judgment, Mr. Speaker, the words I used are unparliamentary, of course I would be the first to wish to put the record straight. I really want to make the observation that quite clearly there seemed to be an intent to create an impression other than the fact.

Mr. Speaker: Order, please. I rise to my feet, of course, to accept the offer of the hon. minister to withdraw that line, and I presume that is what he did by his last sentence. I will give him the opportunity to make that perfectly clear in a moment.

I think what the minister has just said, and what all other members who have contributed to this in the last few days will realize, is that the rules which surround parliamentary propriety never govern what an hon. member is able to say, what they govern rather is the manner in which a statement can be made. The minister has said today that his impression was that remarks and questions by members of the opposition have been designed to create a certain impression which he has said is not in accordance with reality. That is precisely what he wanted to say, and that is the parliamentary way of saying it.

However, to say that there is an attempt to mislead or an attempt to distort, if not unparliamentary is certainly dangerously close to unparliamentary language. Therefore I welcome the offer of the minister to withdraw that language. I wish he would do so now unequivocally so we can close the book on this as a procedural matter and leave it in the realm of debate where, I said yesterday, I believe it belongs.

[Mr. Gillespie.]

Mr. Gillespie: Mr. Speaker, you have used a felicitous phrase in describing what was my concern. Certainly I have no intention, and I make this quite clear, of in any way jeopardizing or in any way abusing the rules and practices of this House. I want to make that quite clear. In addition, I realize now that I might have used other language to convey my sentiments and to say exactly the same thing. However, for judicious reasons, I am quite prepared to withdraw those words.

Hon. A. C. Abbott (Minister of State (Small Business)): Mr. Speaker, on the same question of privilege, I think the minister is being unduly generous in his withdrawal.

An hon. Member: Oh, come on.

Mr. Abbott: I would refer you, Mr. Speaker, to page 1321 of *Hansard* of yesterday, where the hon. member for York-Simcoe (Mr. Stevens)—

Mr. Speaker: Order. With due respect to anyone who wants to participate in this matter raised by way of a point of order to request the Minister of Energy, Mines and Resources (Mr. Gillespie)—

An hon. Member: By way of privilege.

● (1512)

Mr. Speaker: It was not done by way of privilege, but by way of a point of order, requesting that a given minister withdraw certain remarks that he made, and the minister has done so. I have no authority to deal with that matter in any other way. The matter is closed.

Some hon. Members: Oh, oh!

Mr. Speaker: Order.

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PRIVILEGE

MR. ABBOTT—STATEMENT MADE BY MEMBER FOR YORK-SIMCOE

Hon. A. C. Abbott (Minister of State (Small Business)): Mr. Speaker, I have a further question of privilege. It relates to a similar type of incident in which the hon. member for York-Simcoe (Mr. Stevens) stated—

Mr. Baker (Grenville-Carleton): Where?

Mr. Abbott: —at page 1321 of *Hansard*, that the Minister of Energy, Mines and Resources (Mr. Gillespie) "misrepresented the true nature" of the Petro-Canada transaction, and that "it is in truth intolerable that this government persists in misleading the Canadian public" concerning this transaction. Why, Mr. Speaker, with language like that, can the Leader of the Opposition (Mr. Clark) get up and ask that the Minister of Energy, Mines and Resources withdraw his comments? I would ask that you instruct the hon. member for York-Simcoe,

in light of this situation, to withdraw his comments made yesterday.

Some hon. Members: Hear, hear!

Mr. Speaker: Order, please. The hon. minister will realize in respect to the point raised by the hon. Leader of the Opposition (Mr. Clark) that I am not even sure that, as a result of his point of order, I had jurisdiction to compell the withdrawal of that remark. Under the circumstances it was not done on procedural grounds which would give me the authority to do that. However, the minister very happily withdrew the remark.

In respect to proceedings which have taken place earlier, without notice of some question of privilege today I believe that the Chair loses jurisdiction, as I indicated just recently to three members from the province of New Brunswick who were offended by remarks that were later gratuitously withdrawn. Therefore, if any withdrawal from those remarks is to be made, it would have to be done, not upon the basis of any procedural order from the Chair, but on the same basis upon which the minister just did so a moment ago, on his own.

Some hon. Members: Oh, oh!

Mr. Speaker: Order, please.

Mr. Abbott: On a point of order, Mr. Speaker, I fail to see the consistency between your having the good grace to listen to the Leader of the Opposition and accept a withdrawal from the Minister of Energy, Mines and Resources and my situation, when I raise an equally improper comment that was made yesterday and ask for withdrawal. You have said that I am out of order.

Mr. Speaker: Order, please. I did no such thing. I think that we had better close the book on this before we all get into more trouble.

I will take the hon. minister through it step by step, if I must. Today the Leader of the Opposition stood in his place on a point of order, and the minister made a contribution to that point of order during which he indicated his willingness to withdraw certain remarks. I then saw the minister on a similar point, which he misdescribed as a question of privilege. Had the hon. member for York-Simcoe risen to make an equal contribution, he would have had the floor, but he did not. Therefore I have no procedural jurisdiction, and the matter is closed.

Some hon. Members: Hear, hear!

Some hon. Members: Oh, oh!

POINT OF ORDER

MR. LANG—ADMINISTRATION OF JUSTICE—PROVINCES IN FAVOUR OF LINGUISTIC RIGHTS IN COURT

Hon. Otto E. Lang (Minister of Transport and Minister of Justice): Mr. Speaker, I have a point of order. On November 15 I was answering a question asked by the hon. member for Ottawa-Vanier (Mr. Gauthier) when he inquired about the implementation of a bill passed on June 23 last year with regard to linguistic rights in the courts. I had said that New Brunswick, Quebec and Ontario had in effect responded affirmatively to our suggestion of April 1, 1979, as the date for implementation. It has now been brought to my attention that the correct date which we had suggested and to which they had agreed was March 1, 1979.

ROUTINE PROCEEDINGS

[*English*]

POST OFFICE

MEMORANDUM OF AGREEMENT RESPECTING POSTAL LOSSES DUE TO DELIVERY OF PUBLICATIONS

Hon. John Roberts (Secretary of State): Mr. Speaker, in accordance with the provisions of Standing Order 41(2) I would like to table the agreement signed on September 21, 1978, between the Postmaster General and the Secretary of State concerning the transfer of responsibilities for subsidization of losses through publishers' rates.

* * *

CRIMINAL CODE

AMENDMENT RESPECTING PENALTY FOR IMPAIRED DRIVING

Mr. W. Kenneth Robinson (Toronto-Lakeshore) moved for leave to introduce Bill C-444, to amend the Criminal Code (impaired driving).

Some hon. Members: Explain.

Mr. Robinson: Mr. Speaker, the effect of the bill is to remove the statutory requirement of an automatic two weeks in jail for a second offence and so leave it to the judge's discretion with regard to incarceration or otherwise in deserving cases.

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

Order Paper Questions

GOVERNMENT ORGANIZATION

MEASURE RESPECTING RELOCATION OF DEPARTMENTS AND AGENCIES

Hon. Judd Buchanan (Minister of Public Works and Minister of State for Science and Technology) moved for leave to introduce Bill C-23, respecting the relocation of departments and government agencies and matters related thereto.

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

QUESTIONS ON THE ORDER PAPER

[*English*]

(Questions answered orally are indicated by an asterisk.)

Mr. Yvon Pinard (Parliamentary Secretary to President of Privy Council): Mr. Speaker, the following questions will be answered today: Nos. 49, 132 and 188.

I ask that the remaining questions be allowed to stand.

[*Text*]

VETERANS AFFAIRS—PROFESSIONAL SERVICES

Question No. 49—**Mr. Orlikow:**

1. For the fiscal year 1976-77, what contracts for professional services were let for studies, surveys and analyses into (a) present or future policies, programmes or information analysis and their efficiency and effectiveness (b) the examination of the administration or internal operation of the Department of Veterans Affairs?

2. How much was committed on each contract and to whom?

Hon. Daniel J. MacDonald (Minister of Veterans Affairs):

1. (a) See list below.

(b) None.

2. See 1(a) below.

1. (a)

M. Gérald Lefebvre Réseau de développement d'organisations Inc. 5055 Gatineau, Montreal, Que.	Consultation on the development and application of a methodology for a longitudinal survey of Veterans Affairs employees which will measure improvement in administrative practices.	$ 883.90
M. Yvan Joly 1532 est, Gouin, Montreal, Que.	Consulting services during the process of gathering and analyzing data on which to base strategies for improving administrative practices.	$4,123.65
Bureau of Management Consultants Supply and Services, Canada	Determination of overhead	$1,711.00

[Mr. Robinson.]

QUEEN'S JUBILEE MEDAL

Question No. 132—**Mr. Diefenbaker:**

What are the names and addresses of all Canadians who received the Queen's Jubilee Medal?

Hon. John Roberts (Secretary of State): The nominal roll of recipients of the Queen's Silver Jubilee Medal was tabled in the House of Commons on March 16, 1978—Sessional paper No. 303-7/13. At the same time lists of recipients, collected and bound by province and territory, were placed in the Parliamentary Library.

COST OF ENTERTAINMENT

Question No. 188—**Mr. Howie:**

Since April 1, 1977, what amount was spent on entertainment by the Department of Industry, Trade and Commerce?

Mr. Bernard Loiselle (Parliamentary Secretary to Minister of Industry, Trade and Commerce):

(a) Fiscal year 1977-78

Department $2,191,602 *

(b) Period April 1, 1978—September 30, 1978

Department $ 568,243 *

*This includes hospitality costs incurred by the foreign service officers abroad.

* * *

[*English*]

STARRED QUESTIONS

PROCEDURE IN DEALING WITH ORDER PAPER QUESTIONS REQUIRING ORAL ANSWERS

Mr. P. B. Rynard (Simcoe North): Mr. Speaker, I rise on a point of order with respect to starred questions and their status in parliament. I first brought this topic up in February, 1975. At that time I inquired about a question which had not been answered for approximately a month. Your answer on this point, sir, was that there was no way which you knew of by which you could enforce an answer on the particular question.

I would like to go over the history of the starred question and to say that I am fighting this case because of your position, sir, as well as the position in which it puts every member in this House, no matter on which side they sit. The starred question goes back to the time when the nation of Canada was formed. At that time the rules and regulations came from the Mother of Parliaments at Westminster.

During the Confederation Parliament of 1867 questions were put only on the order paper, and there were no oral questions or starred questions. It was not until members began to get fractious, as they do here occasionally, and were asking questions, that Sir Wilfrid Laurier, the only pure blooded French prime minister that we have had, in 1910 brought in the policy of putting an asterisk behind the question on the order paper instead of asking oral questions, because they were becoming too obstructive. The rule he introduced was that an

asterisk would be put beside the question on any given day, and the following day that question would be answered.

● (1522)

It was not until the years 1929 to 1955 that starred questions were no longer put on the order paper. It was the Liberal government under Mr. St. Laurent that saw the wisdom of the starred question and had the procedures committee meet, which you and I have asked for several times, to try to establish the status of the starred question as one of the important procedures of our parliamentary system. At that time one of the speakers ruled that a starred question had to be answered.

As you know, custom dictates what this parliament does over the years. There is an idea prevalent among the newer members of this House, however, that a starred question need not be answered by a minister and may be left to fade away. I think Your Honour will agree that far too many questions are left on the order paper today.

In 1955, in order to speed things up, the Liberal government under Mr. St. Laurent saw fit to establish the status of the starred question. When I came here in 1957 it was a very well known fact that a question was to be answered within a period of seven days or less. Otherwise the minister of whom the question was asked was to get in touch with the member and ask for more time. I understood that to be a courtesy, that the question might be deferred for an answer, but we see it happening every day now. A question requiring a little more research was starred for the minister. In the United Kingdom they have two days, but under Sir Wilfrid Laurier we had one day.

It all goes back to the efficiency of parliament. Some members recently elected may find it difficult to catch Your Honour's eye or even to get up and ask a question, so it is much simpler for them to put it in written form. Sir Wilfrid Laurier stated that one of the reasons for doing this was to give a member the opportunity to bring up something of particular concern to his riding but not necessarily to the Dominion of Canada. This is as relevant today as it was in his day.

One meeting of the Standing Committee on Procedure and Organization has been called in the last five years, Mr. Speaker. It was an organizational meeting and is referred to by the hon. member for Edmonton West (Mr. Lambert), the vice chairman of the committee, at page 4204 of *Hansard*, as follows:

> I want to put on record that the committee has not met once during this past session except for the formal organizational meeting. Not only in this session but in the long prior session, the government House leader has refused consistently to refer one item of House rules to that committee.

I went to the government House leader about this on three occasions. The first time he told me it would probably take six weeks, and the next time he said it would take a couple of weeks. I went to him again and he said he would call it within a week because there were other things that had to go on. I know, and you know, Mr. Speaker, and all members of the House know that they do not always carry out the things they want to and, indeed, it is sometimes impossible for them to do so. But it is three times—and you're out!

Be that as it may, Your Honour also asked for help from hon. members. It puts you in a very embarrassing position not to know how to rule on a particular question. It also takes something away from parliament that two prime ministers, Liberal leaders, had seen fit to introduce. For these reasons we have tried to get the matter back before the House. I would bring to Your Honour's attention that it was not until 1964 that even the oral question was accepted under the rules.

Custom dictates why these things are done. Just two weeks ago I spoke to the President of Privy Council (Mr. MacEachen), who was very courteous and told me that he would see a meeting was called to look into this, as he was not aware of the situation. Today he sent me a note saying it was unfortunate he would have to leave the House because he was meeting Mr. Vance, the Secretary of State for the United States.

That is the situation to date, Mr. Speaker. Someone is certainly dragging his feet when a member of this House does not have the privilege of asking for a ruling and for that committee to meet. I say they should all be fired, although I do not know how the House leader can be fired. I have sat in this House a good many years and found him to be a man of wisdom, knowledge, and capability. I have a lot of respect for him and I hope he will—I am sure he will—see that the committee meets.

I am not fighting this thing for myself, Mr. Speaker, but I am going to keep on until something is done, out of respect for Your Honour. I realize your decisions must be made quickly, with wisdom, with honour and knowledge, and in all conscience.

[*Translation*]

Mr. Yvon Pinard (Parliamentary Secretary to President of Privy Council): Mr. Speaker, the remarks made by the hon. member for Simcoe North (Mr. Rynard) with respect to the past look fairly accurate to me. He was quite right in his description of the historical context of the rules of this House which included provisions for starred questions, and the only reservation I might have has to do with his description of my very distinguished predecessor, Sir Wilfrid Laurier who once sat as the hon. member for Drummond-Arthabaska in this House; I agree with the hon. member that he was a very great man and the terms I would use is that he was and still is a very great Canadian, a genuine Canadian, and I think it is good to point that out and refrain from making distinctions based on one's mother tongue.

With respect to the starred questions itself, Mr. Speaker, if Sir Wilfrid Laurier was right in 1910 in introducing it in the rules, things have changed entirely today. As the hon. member pointed out, he now has the opportunity to put a question during a 40-minute period every day, and if it is not urgent he can have it put on the order paper. I do not see what difference

it makes whether the question he puts on the order paper is answered orally or just printed in *Hansard* the next day as in any case he is not entitled to a supplementary question. So the reasons which historically justified the introduction of starred questions are no longer valid today. If the hon. member has a question to ask, all he has to do is rise any day of the week and put his question to the appropriate minister. If the question is not all that urgent, he can have it put on the order paper and he will get an answer printed in *Hansard*. I do not see what the hon. member would gain if I were to rise and, instead of quite simply having the answer printed in *Hansard*, read to him an answer which he cannot debate and on which he cannot ask a supplementary question. So I think that Standing Order 39(2) could be referred to the Standing Committee on Procedure and Organization; I personally think that it is the most insignificant rule in our parliamentary procedures. And as to referring such a limited and unimportant matter in my mind to the Committee on Procedure and Organization, it seems to me that if we are to make this parliament work more effectively, as the hon. member would wish us to do, all the rules of this House should be referred to that committee. What the hon. member is actually proposing, Mr. Speaker—I mentioned this to the right hon. member for Prince Albert (Mr. Diefenbaker) who was complaining about motions introduced under Standing Order 43 last year—represents 1/116 of our problem. There are 116 standing orders making up the rules of this House. I think they should all be reviewed together so we could modernize our procedures and make parliament younger, more modern and more efficient. And in that context I agree with the hon. member that this will provide an opportunity to review Standing Order 39(2) which I find has become insignificant in the context of 1978. But beyond that, referring to that committee only scraps of the procedures of this House I say is a waste of time, we have been procrastinating for too long and time has come to proceed with an in-depth reform which will enhance the role of members of parliament and make our presence in this House more rational, more efficient and all that to the benefit of the people of Canada.

● (1532)

[*English*]

Mr. Rynard: Mr. Speaker, I rise on a question of privilege. Why does the parliamentary secretary talk in this language? A week ago I spoke to the House leader who said that this matter would go to the procedure committee. As well, why did he say last year that it was because of some Tory decisions that he could not get the procedural committee to meet, whereas today he is saying that it does not matter? Mr. Speaker was put in an embarrassing position in February, 1975. At that time he had to rule on the matter as it stood. Here the parliamentary secretary is leaving it up in the air and he is not helping any member of this House by his attitude today. I might add that I intend to carry this matter further.

[Mr. Pinard.]

Mr. Speaker: Shall the remaining questions be allowed to stand?

Some hon. Members: Agreed.

* * *

MOTIONS FOR PAPERS

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

Mr. Speaker: Is it agreed?

Some hon. Members: Agreed.

GOVERNMENT ORDERS

[*English*]

THE BUDGET

FINANCIAL STATEMENT OF THE MINISTER OF FINANCE

The House resumed, from Tuesday, November 21, consideration of the motion of Mr. Chrétien that this House approves in general the budgetary policy of the government, and the revised amendment of Mr. Stevens (page 1249).

Mr. J. Robert Howie (York-Sunbury): Mr. Speaker, when we concluded our sitting last night I had just reviewed a number of discursive measures of short duration employed by the government over the past 15 years to stimulate research and development in Canada. I concluded that it is no wonder the private sector has not confidence in the government's programs to promote research and development. Research programs by their very nature are long-term operations. While the rewards are great, the waiting time for results is frequently not short. The transfer of technology from government and university research laboratories to the private sector of our economy has not been accomplished with the efficiency and frequency that I would like to see.

Recent Canadian research has shown that the use of particular semi-conductors of electrodes in photoelectro-chemical batteries may be a promising alternative to the costly power lines presently used.

Basic research led to the development of soft contact lenses with enormous commercial potential. Scientists have found that a placenta derived substance may confer considerable protection against cancer of the breast.

Engineers have invented a device which enables a rapid and complete separation of the components of sugar cane. This could lead to a relatively low cost alcohol which can be distilled and used as a gas supplement. Many of these could be the invention of the decade. They are just a few of the recent

Canadian innovations which, if properly used, promoted and marketed, would assist our economy.

The government has before it a proposal from my own province, New Brunswick, that was alluded to at the recent federal-provincial conference of ministers responsible for science, research and development. The New Brunswick proposal relates to the basic resource of the province of New Brunswick, that is to say, forestry. The Minister of State for Science and Technology (Mr. Buchanan) made an announcement in this House last June about centres of excellence. He gave indications that the federal government would assist in the development of regional centres of excellence, both to build upon the diverse strength of Canada and to ensure local expertise and initiative.

The Canadian forestry service and Agriculture Canada are well represented in New Brunswick. The New Brunswick department of natural resources, the maritime forest rangers school, and the Fredericton area conservation school are also located in the area and are related to the forest industry. The University of New Brunswick has an excellent forestry faculty, and related faculties of engineering and science. It has ongoing programs such as forest extension, a fire science centre, and forest engineering. It is establishing new activities, such as a forest materials institute, a forest soils research centre, and a remote sensing research centre. The University of New Brunswick also has the largest wood lot of any university in Canada. With forestry as a principal dynamic in the Canadian and New Brunswick economies it is only right that these facilities should exist and be fully utilized.

Clearly a forestry complex which could focus the attention of all levels of government and the most advanced research on the problems of the forest industry, and transfer new technology quickly and efficiently to industry, would be a tremendous step forward in New Brunswick. I support this concept and this program strongly.

I believe that if the centres of excellence program is to have a maximum impact, it should focus its attention on programs like this and on areas that suffer from chronic regional disparity, rather than fragmenting its effort over a large area with less regional impact. I sincerely hope that the Minister of Finance (Mr. Chrétien) will use his good office to encourage recognition of the forestry complex at the University of New Brunswick as one of the important dynamics in moving our economy forward.

I would ask the minister also to take another look at the $5,000 tax credit my leader mentioned in his address, for investment in small business, and to re-examine our proposal to negotiate long-term tax contracts with companies locating in slower growth areas. Both these measures are predicated on new enterprises coming into being. There is no real net loss to our public revenues by simply deferring their tax paying potential for a few years to bring them into being.

I would also ask the minister to examine the success rate of the small business program which is promoted by DREE. My impression is that this is a very good program. My deepest regret is that this discrimination which this particular department of government practises against Fredericton is now about to be perpetrated on the county of Sunbury which has a very high unemployment rate.

It seems that a part of the Fredericton industrial park, the new section in fact, is located in Sunbury county, and qualifies for this program, while the rest of the park does not. I am advised of a movement to disqualify all of the park. I think that the minister will find the Sunbury portion of this park is easily identified and should continue to be included in the program that is intended for Sunbury county. This is the right thing to do, and I want to bring it to the minister's attention. Indeed, I recommend that the program apply equally throughout all of New Brunswick.

Finally, I want to point to the extreme importance of enabling the universities to produce the young scientists who are essential if we are to stimulate our economic recovery through research, development and innovation, and to get back in the world markets and to get our country moving forward again. We have a double plus with the research that we promote at the university campuses. We not only improve instruction and the level of learning, but we develop excellent young scientists for the future. The $60 million or so in research and development cutbacks announced in September that are reflected in different departments of government will have to be examined on their own merits as the estimates come before our appropriate committees.

It would be premature to make any judgment at this time, but it must be embarrassing for the Minister of State for Science and Technology to announce measures to strengthen and encourage research and development in Canada, and to meet with his provincial counterparts and still not be able to produce guidelines for a procurement policy by his own government, a policy designed to encourage the purchase of Canadian manufactured goods with a high research and development component. It must be embarrassing for him not to be able to tell the minister from New Brunswick where that province's proposals for a forestry complex stand. It must be embarrassing to have to indicate repeatedly that these programs are held up in Treasury Board. But the most embarrassing thing of all must be to see the sun set on the highly visionary but rapidly fading national research and development goal of 1.5 per cent of gross domestic product by 1983. In relation to all the other industrial nations of the western world, it was a small target, but it was a goal.

● (1542)

The new national priority for research and development in Canada is unclear. The government is continuing its ad hoc approach to financial decision making in Canada. We have a short-term budget. There are some good measures in it, but there continues to be no long-term planning, no national industrial strategy and some good opportunities have been missed.

In concluding, I wish to refer to a telegram I received today from one of my constituents identifying a problem with the budget proposal to reduce the federal sales tax from 12 per

cent to 9 per cent. It contains a suggested remedy. I will read it and credit the author, Mr. John Clark, of Fredericton. I quote:

> With reference to the recent budget whereby the federal sales tax was reduced from 12 per cent to 9 per cent it is imperative that this reduction include present vehicle inventory of auto and truck dealers. Assuming the average cost of $7,000 resulting in a tax reduction of $200 and that the average dealer has 100 vehicles in stock which is minimal then the 3,000 dealers who are members of a federation of automobile dealer associations of Canada (F.A.D.A.) would incur a loss of $60 million or more.
>
> There is precedent for this kind of relief. In 1958 the removal of the excise tax from cars included inventory and in 1974 we received tax rebates on heavy duty vehicles.
>
> Would appreciate any steps you can take to have 3 per cent tax reduction applicable to present dealers' inventory.
>
> J. T. Clark
> Past President FADA 1976-77

I commend this solution to the minister.

Hon. Daniel J. MacDonald (Minister of Veterans Affairs): Mr. Speaker, it gives me a great deal of pleasure to take part in this debate. As a Prince Edward Islander I appreciate the positive steps the Minister of Finance (Mr. Chrétien) has taken toward the preservation and expansion of industry and business in Atlantic Canada. The greatest need in that region is for a strong industrial base that will provide year-round employment and lessen our dependence on grants and subsidies from the federal government. The importance of programs like Canada Works and unemployment insurance to the Atlantic is well known to all hon. members.

No one would be happier than maritimers and Newfoundlanders to lessen the importance of these programs to our economy. The sad fact is that few large employers have found it profitable to locate outside the already prosperous areas of Canada.

There was a time when the maritimes were the economic centre of Canada. In my own province of Prince Edward Island, we at one time had a thriving shipbuilding industry. The lumber would come from our own forests, and the boats would be sailed by our own fishermen. We were self-sufficient to a far greater extent in food. One of the legacies of becoming more and more dependent on the central government was a general decline in self-sufficiency.

Maritimers are a proud people. It is not easy to accept assistance from what we call the "have provinces" when the desire is to be self-reliant and productive. It is difficult to watch each new generation leave to find work in Toronto, Calgary or Vancouver, when we know we have the natural resources, the manpower, and what should be an ideal location for carrying on trade that should make the maritimes a centre of commercial and industrial activity.

I see now a new era beginning very soon, however. There are very positive and concrete reasons for this. As I mentioned, the incentives for increased investment and research and development included in this budget should prove a tremendous boost to the economy of Atlantic Canada by encouraging the establishment of permanent industries which will continue to expand and provide year-round employment opportunities.

[Mr. Howie.]

The budget also contains provisions for an increase from 30 per cent to 100 per cent in the write-off for development in the mining industry. This, coupled with the extension of the incentive for oil and gas exploration, should go a long way toward ameliorating our energy supply problem. There is an abundance of coal in Cape Breton, and positive signs of the existence of significant offshore oil and gas deposits. These factors provide a further encouragement for industrial growth.

The development of the region is dependent on a secure source of energy. Atlantic Canada has that energy. In addition to coal and oil, possibilities exist for massive hydro development at the Bay of Fundy and Gull Island. As well, a system of inter-connected power lines, such as that recently laid between New Brunswick and Prince Edward Island, will provide further security of supply.

The oldest industry in the Atlantic region has again become the most promising for the future I believe our fisheries are on the threshold of an era of fantastic growth and prosperity. The main reason for this change was the government's declaration of the 200-mile limit. The other reason has been the very responsible and successful policy of my colleague, the Minister of Fisheries and the Environment (Mr. LeBlanc), who has demanded that care be taken to nurture the fish stocks back to a healthy, exploitable population before beginning a program of greatly increased fishing activity.

I know the pressure the minister has been under at times to relax that policy for certain species of fish, but his wisdom has been proven by the success of his program to rebuild the Altantic fishing industry. Our main concern now will be to ensure that it is the fishermen themselves, as well as the rest of the Atlantic region, who benefit from this huge potential growth in the fisheries. This means encouraging the orderly development of a strong, independently owned fishing fleet, continued surveillance over the 200-mile limit, and programs to increase the value of the fish catch. This can be done by expanding processing facilities so that an increased amount of processing can take place in the Atlantic.

Also, there is a need for expansion and improvement of fish marketing efforts and increased exploitation of under-utilized species. I can best describe my optimism concerning the future of the fishing industry by comparing it to the discovery of oil in Alberta, only our oil is swimming in the ocean.

One development of which I am particularly proud is the move of the headquarters of the Department of Veterans Affairs to Charlottetown. This, of course, is in keeping with the government policy of decentralization, the reasons for that policy being well known. They bear repeating, however, for they demonstrate the commitment by this government to positive action to counter regional disparity. That attack on regional disparity is certainly a primary consideration in a relocation of this magnitude.

● (1552)

It should also be remembered that by decreasing the concentration of public servants in this part of the country, we are responding to a widespread feeling that the federal bureaucra-

cy, by being cloistered in the national capital region, is insensitive to the needs and concerns of Canadians from coast to coast. The proportion of public servants in the Ottawa area is up to twice that of federal employees in the capitals of other western nations. This policy of decentralization, therefore, has my unqualified support. It is only fair and just that Canadians in all parts of Canada—and we all pay federal taxes—should benefit as greatly as possible from the presence of the federal government throughout the land.

With particular reference to the move of DVA headquarters to Charlottetown, the benefits which will spread to all parts of the province are very significant and exciting indeed. For just the construction phase of the relocation, our studies indicate that the direct impact will be to create approximately 300 jobs. About $5 million will be paid in wages and salaries for those jobs.

During the operating phase we estimate that the number of jobs available for Islanders to compete for will be from 350 to 450. The wages paid to Veterans Affairs employees on the Island should total approximately $10 million per year. Of this it is projected that about 70 per cent, or $7 million, will be spent by those employees on various commodities every year, with most of that, presumably, being spent on the Island. The impact of this spending by DVA employees will, it is estimated, mean the creation of approximately 250 new jobs over and above those new jobs within Veterans Affairs headquarters. In addition we have estimated that the total indirect income generated will be in the area of $2.8 million.

Additional local employment and income are expected to be generated by the ongoing expenditures necessary for the operation of the departmental headquarters. It is anticipated that approximately 77 new jobs will be created, and that additional income of about $675,000 will be generated as a result of annual head office expenses of $1.8 million.

Including this indirect employment, along with the number of employees who will be working at DVA headquarters, we arrive at a total figure of around 1,000 new jobs being added to the Prince Edward Island work force. The total additional income created by the move has been estimated at about $15 million per year.

In a province with a total population of just over 120,000, an employer providing 1,000 jobs is obviously going to have a major impact, not just on the economic life of the province but also on the social and cultural areas. For a city of its size, Charlottetown already boasts considerable cultural amenities and educational facilities. The involvement of Veterans Affairs staff in the various activities of the community will be most welcome.

I see this relocation of a federal head office as one of the keystones of the economic development which is about to take place in Prince Edward Island. It is a non-polluting industry which will not have a negative impact on the high quality of life on the Island. The department will require the services of diverse professional, clerical and other support staff, thereby providing opportunities at home for our youth now enrolled in college and university. It is an incentive for our young people to remain and help with the developing of our other resources. That will mean putting the emphasis on those areas in which we do our best, and ensuring that the maximum added value is placed on our products before they are exported.

Farming and fishing will remain the economic mainstays of the Prince Edward Island economy. The increasing sophistication of these industries demands the continued updating of our knowledge in those fields, and I am hopeful that the research and development incentives which have been so substantially increased in this budget will be used to full advantage to benefit those two very important areas.

Liberals have been criticized recently for being too optimistic and expressing too much confidence in the future. I feel strongly that at no time in the last few decades has there been more reason to be hopeful about the future prospects of my own province and Atlantic Canada in general. A new frontier has been opened up with the 200-mile limit, the possibilities of which are endless and not yet even dreamed of. The energy resources I mentioned earlier are real and in the process of being developed. Moreover, there is a new realization on the part of maritimers that their area, with its long history and well-known and envied spirit of community and common cause deserves another chance to regain the proud place it has held in the past. There is a quality of life in the maritimes that cannot be found anywhere else in Canada—a concern for one's fellow man, and a sense of identity which was never broken by the economic privations of the past. With the bright future ahead, those traditional values and qualities will stand us in good stead as more prosperous days become a reality.

Mr. Elmer M. MacKay (Central Nova): Mr. Speaker, I consider it a privilege to follow the Minister of Veterans Affairs (Mr. MacDonald). I think he made a fine speech and I commend him for his optimism, speaking as he does as a representative of the last provincial outpost of liberalism. As we know, very shortly the present administration will have presided over the complete disintegration of federal liberalism in this country.

Mr. MacDonald (Cardigan): Don't fool yourselves.

Mr. MacKay: Well, the minister, with that indomitable Scottish fighting spirit, says "Don't fool yourselves". But I think he would be quite willing to concede privately that the chances of halting the onslaught of the leader of the opposition, Mr. Angus MacLean, in Prince Edward Island, are almost negligible at this point.

An hon. Member: Another good Scot.

Mr. MacKay: Yes, another good Scot. Which makes it all the more difficult to do.

Mr. Speaker, to start off this speech on a gracious note, I was interested in the very sincere tribute paid to the Minister of Finance (Mr. Chrétien) by the hon. member for Vancouver-Kingsway (Mrs. Holt). I thought it was a most deserved and gracious tribute, and I would like to associate myself with much of what she said.

The Minister of Finance, who brought down this budget, is certainly held in great esteem as a person by all members of this House. However, I must say in all candour that I think his talents do not lend themselves to the portfolio which he holds. It has been suggested that to ask the minister to adjust our economy is like asking the Boston strangler to adjust your necktie! I don't believe it is quite that bad, but I see the member from Toronto who represents small business here in the House today and perhaps he would agree with me that the minister has had about as much success in the financial league as the Argonauts have had in the CFL during the past few years.

In any event, Mr. Speaker, there are measures in the budget which do deserve some commendation. The federal sales tax reduction and the removal of the special excise tax on marine engines, private aircraft and motorcycles, were measures that were applauded by those opposite when they were imposed, and are now applauded just as vigorously when they are removed. So you see this government is capable at times of learning from its mistakes. The sector and regional incentives are also sound moves. However, the minister's room to manoeuvre in this budget has been severely limited by past mistakes, excesses, and mismanagement on a massive scale during the last number of years by this government.

Huge expenditures on non-productive projects have put our country in a position where funds for worth-while projects of the type which I am sure the Minister of Veterans Affairs would agree would be appropriate for the Atlantic region, are hard to come by. They are hard to come by because of past mismanagement and there just aren't enough funds available to go around any more.

● (1602)

The initiatives regarding the unemployment insurance legislation, which were proposed in the name of restraint and in an attempt to save money, are commendable. However, there are some pitfalls which I see implicit in what the government is doing. These amendments have to be fine-tuned in committee in an attempt to prevent the savings being made at the expense of people in those areas of the country where there are no jobs to be, shall we say, an object of evasion. There is really no disincentive factor which affects the maritime region at this time because, frankly, there are no jobs there, in most cases, for people to avoid taking.

A reduction in premiums is risky at this time. It is welcome in some ways, and while it is tempting to look upon premiums as a tax because they are deducted at source, they really are not. Although contributions will be $300 million less, unless unemployment insurance benefits are reduced accordingly, the savings on premiums will become increased government expenditure, and the increased spending will have to be financed either by increased revenues or higher deficits, neither of which is desirable.

I think the government should take a very hard selective look at what it is doing with respect to unemployment insurance legislation because it is not in the Atlantic region, where the problem is greatest, that the abuses are taking place. The abuses are taking place in the more prosperous areas of the country, and they are being perpetrated by middle income families who are systematically using unemployment insurance to supplement their incomes.

A lot of money has been lost by this government through foolishly conceived projects. Certain tax concessions, however, have been made in slow growth areas. I think they are well intended, but, frankly, I had hoped to see in this budget a greater input from DREE; for example, a widening of eligibility of the industries which can participate in DREE programs to allow industries other than manufacturing and processing to benefit from DREE grants, provided they meet the other criteria. I think this would have been a sound thing to do, and I am sorry the minister did not see fit to do that in his budget.

Another thing which should be done soon—and again unfortunately it was not done in this budget—is to reduce some of the confiscatory aspects of the capital gains tax. Many sound financial people across the country have been urging the government to consider, if not abolishing the capital gains tax, at least modifying it. Our party strongly believes that it must be indexed and perhaps done away with altogether because the benefits received are not commensurate with the harm done to the free enterprise system. As has been said by a former deputy minister of finance of many years, Dr. Kenneth Eaton, it is a bad idea, that a tax on capital gains comes mainly out of capital or out of income that otherwise would be saved for capital formation. The absence of a tax on capital gains, while ordinary income is being taxed at high rates, results in a positive incentive to capital formation, particularly equity capital. On both counts, therefore, in a country which must import capital for development, a tax on capital gains is not a good idea.

I also suggest to the minister that capital gains taxes to some extent are inflationary because when people are confronted with capital gains taxes their first reaction is to ascertain how much extra they have to pay in tax, and they adjust their asking price accordingly in an attempt to get away with as much profit—deserved in many cases—as they can.

I think that the incentives given to the mining industry are acceptable, but if it came to weighing the balance of benefits it would have been more appropriate to have been a little less generous in that field and to have applied some relief on the capital gains tax side in order to provide incentives and promote the desire to take the risks which have always been part of the Canadian industrial and development psyche. To have had this present tax in place has done immeasurable harm to the development of our country.

Another thing which has been counterproductive to some extent—and I do not think it was thought through carefully enough, particularly when nothing was done about the capital gains tax—is the way that the minister singled out certain small business service corporations, which have been incorporated and have been paying taxes as small businesses, and made it impossible for them to obtain the preferential small business tax rate. This measure does not apply to small

businessmen engaged in production or trade. Although the wording is somewhat unclear, this measure seems to catch doctors, dentists, accountants, professors, management consultants, entertainers, journalists, engineers, and other professionals who have structured their financial affairs so as to qualify themselves as businesses. This kind of ad hoc measure which is being taken by the minister, while well intentioned—particularly in the absence of relief for small business on the capital gains side—is not, on balance, a good thing for the economy.

Even though by some measurements our country is nearly broke because of our excessive borrowing and spending in the past for needless capital works projects and things of that nature, about which we all know and which we have discussed many times in this House, there still has to be some massive capital works expenditures if we are to promote growth and better the standard of living in areas of Canada such as the areas which the Minister of Veterans Affairs and I represent. I come again to the merits, for example, of a corridor road through northern Maine which could, in partnership with our American friends, provide important benefits to Atlantic Canada and some to the United States. It would greatly facilitate tourism and the marketing of Atlantic Canada products. Transmission facilities to bring electricity to Prince Edward Island and Nova Scotia are critical. The minister referred to this as well.

These projects require the expenditure of vast amounts of money, and there is no choice but to proceed with them because high energy costs are hampering the standard of living and the prospective development of this important region of our country. Greater efforts must be made if this part of Canada is to realize the destiny it must achieve.

This government has had some very strange fiscal and financial policies. I want to mention specifically the situation with regard to Canada Savings Bonds. Last August in a newsletter the Bank of Canada made reference to the maturing of past issues of Canada Savings Bonds. On October 1 the 1968 special replacement series, SR, came due, followed by the 1969-70 series, S-24, on November 1. Over 900,000 Canadians held maturing bonds worth approximately $2.6 billion. In addition, said the Bank of Canada in its newsletter, accumulated interest and cash bonuses on the bonds added an additional $1.9 billion to the amount coming due.

My point is that on the current issue of Canada Savings Bonds, of the initial $4.5 billion, $2.6 billion will be for refunding purposes and $1.9 billion to cover the cost of accumulated interest and special bonuses.

I think that Canada Savings Bonds ought more often to be a topic of discussion and consideration in this House because having such a large percentage of our national debt in call money, whereby holders may redeem their investments at any time, has proved to be very costly. In each period of high interest rates investors have rolled their issues into better rate bonds, or the government has reacted, as it has done again—it had to—by raising the interest rates on all outstanding issues. Substantial fees are paid to advertisers and to financial institutions. In addition, there are many hidden charges tied to the Bank of Canada internal process. I believe that Canada Savings Bonds should be available through the payroll system and to small investors. The government should periodically announce the rate of interest which is payable and adjust the rate up or down to reflect current conditions.

There are many financial problems facing this country, but one of the reforms which should be implemented is a change in government policy regarding our debt financing. After all, when we are faced with a deficit of $11 billion or $12 billion, which works out to about $1 billion a month over the year, it is shocking that we must meet our interest obligations by borrowing. I trust that the Minister of Finance will look into this and make the needed adjustments.

I see my friend the Solicitor General (Mr. Blais) is in the House today. I would like to say a few things about the McDonald commission of inquiry in the context of the budget debate. I think it is quite relevant to do so because it is financed through the Privy Council office, the budget expenses of which have increased about 78 per cent over the past few months.

I think that the McDonald commission is something in which many members of parliament and most people in Canada are very interested. They hold great hopes for its success. I have a few comments to make which are constructive suggestions. I hope they will be of some use, and I hope they will be accepted in the spirit they are given. I am under the impression that the maximum information available is not coming out in the hearings to date. Also, I have some concern that the talents of all counsel are not being utilized to the fullest. In some areas I have the fear that counsel are not asking the right questions, and perhaps from the investigative side some potentially valuable witnesses are not being contacted.

● (1612)

I should like to deal with two main areas of interest to the commission. They are mail openings and the relationship of the security service to the Department of National Revenue. When a case file or files are opened on an individual by the security service, always there are two parallel files, one of which is secret. When an investigating officer decides that they merit hard investigation, a number of procedures are available. There are telephone taps, surveillance, checking tax records, mail openings such as Operation Cathedral, and so on. But practically all these procedures must be approved by the officer in charge of the division, and then sent to headquarters in Ottawa for final approval. As the Solicitor General well knows, periodically warrants are brought in for his personal signature.

Let me first speak of mail opening. My impression is that the commission and the Canadian public need to know a great deal more about the scope, size, and the procedure of this operation. For example, in almost every sizeable city in this nation an interface has existed for many years between the security service and the Post Office. The "watcher" service of

the Royal Canadian Mounted Police, which many people do not know about, also was an important part of the operation outside the Post Office. In Ottawa, if it has not already done so, the commission might consider contacting Mr. Harry Hurd, who has had major responsibilities in this now civilian oriented service. As a matter of interest, it takes a lot of personnel to keep a suspect or target under 24-hour surveillance. For two suspects at a time, on a 24-hour basis, perhaps as many as 200 people are required.

Let me come back to the procedures involved in opening mail. I know the Solicitor General is interested, because who could ever forget the expression on his face that day in the House as Postmaster General, when his colleague, the then solicitor general, told him, yes, in fact mail was being opened? I will speak in the past tense because I do not know exactly what is happening today. When a person was being followed and posted a letter, a large envelope about the size of the interior of the post box immediately was dropped in by the person observing him. All of the mail below that envelope, which sealed off the box, was then available to be opened.

One could say, "How did they get access to the post box?" It is very simple. The superintendent of a shift of the "watcher" service had a key. The mail was opened in due course and examined In many cases it was opened on a wholesale basis. By necessity it involved a lot of people who had nothing whatsoever to do with the target or suspect, but whose mail just happened to be below that strategically inserted envelope. So much for mail outside of the Post Office.

When one looks at local post office one finds some other very perceptive and definite methods of operation which were followed. For example, in Montreal Sergeant Rick Neal happens to be the contact. I am sure the commission would want to talk to a man like Rick Neal. His job was to check with the designated supervisor or person at the Post Office and collect mail periodically which was set aside for that purpose on a daily basis. He brought the mail to the identification laboratory where it was opened and, if appropriate, photographed and processed. Sometimes it was brought back to the post office in the same day, which at least is very commendable. I emphasize that this type of operation does not exist in merely one or two isolated instances. It is nation-wide. It must be approved by the appropriate security service officer in the division. In Montreal it would be someone like Chief Superintendent Cobb or one of his predecessors, Chief Superintendent Larry Forrest or Ray Parent. At any rate, it has been going on for years.

Before an "Operation Cathedral" is put in place, as I said, each one has to be approved by RCMP headquarters and by the Solicitor General, in theory. This is from where the commission ought to seek additional information, by asking officers in charge across the country just how long this situation has gone on. My information is that this has been going on for many years. Indeed, I spoke with an officer who told of setting up photographic facilities in a post office in an out-of-the-way spot in an attempt to develop techniques which would allow mail to be photographed without being opened.

All of these things are relevant, because I am convinced that sufficient testimony has not been brought to the attention of the public or the commission, about the scope of the operation. Goodness knows there are many witnesses whom I suggest the commission might want to contact. Perhaps they have contacted some of them, but I do know the commission has not seen fit to bring Warren Hart back yet. He opened mail on a wholesale basis in Toronto. They should talk to Don Cobb, or perhaps the director of the security and investigation services branch of the Post Office in Ottawa, Mr. Paul Boisvert.

As the Solicitor General would say, "without breaching national security", let us have a look at what the RCMP security service has been doing in offices of the Department of National Revenue across the country. I am not talking about the CIB branch or the correspondence which was exchanged between the then solicitor general and the then minister of national revenue. This correspondence has been alluded to in the commission hearings. I am talking about contacts over the years between the RCMP security service and the Department of National Revenue. There were everyday methods by which the security service would be in touch with its contact men in the Department of National Revenue. The security service would then be handed a complete file on one of its targets. I do not believe that type of procedure could be justified, unless there was ministerial and departmental knowledge involved.

I commend to the commission for questioning, for example, Superintendent Fernand Bossé, if they have not questioned him already. Superintendent Bossé of "C" Division in Montreal would go into the National Revenue office and talk with his contact there. I understand at one time his contact was a man in the verification and collection branch of Taxation Canada, Mr. Côté. He would say to Mr. Côté, "I want a file". It could be the file on anyone. Mr. Côté would bring him the file, and he would look at it. If the file was informative, then he would have complete access to it. But, as I understand it, if the file was not sufficiently or completely informative, he would say to his contact at National Revenue, "Go and do an investigation", and an investigation or audit would be done.

I do not want to belabour this point. I do not want to drop names and hurt people who are doing security jobs in the national interest. I do not pretend that I know it all, or even very much, but I am disturbed about what I have learned so far. The counsel and investigators are more to be faulted than the commission itself, because they have not asked the right people the right questions. The Solicitor General would be well advised to talk to more rank and file officers in the security service, assuming indeed he wants to talk to them. It is no secret. This has been going on for years and years. Practically anyone of any rank in the security service knows about this. The reason they are not testifying about it is that they are not being asked the correct specific questions. In some cases counsel are so ill-informed or have done so little homework that they do not know the type of questions to ask, and the answers complicate matters even more.

I will make the Solicitor General an offer. If he wants to, on a confidential basis I can tell him of a man who will go before

the McDonald commission and testify in great and specific detail about a lot of things which so far have not come out.

● (1622)

I got the impression from ex-Commissioner Higgitt's testimony that "Cathedral" operations were fairly seldom invoked procedures about which he knew nothing, or very little. If Commissioner Simmonds had said that, it would have been more credible because he did not spend very much time, if any, in security services. Ex-Commissioner Higgitt spent almost all his time in security services. I would put to the Solicitor General and to the commission, through you, sir, that surely in the national interest, since this commission has been given such an important mandate, it should take a more in depth approach to what it is doing and should contact people such as some of those I have mentioned here today.

Mr. Derek Blackburn (Brant): Mr. Speaker, I do not know how many budget debates in the course of the last seven or eight years I have taken part in, but I am not particularly pleased to participate in this one. However, I feel an obligation to the House, and particularly to my constituents, to enter into this debate, not entirely in a negative way, but certainly to bring attention to and to counter some of the statements made in a general sense by Liberal speakers, and to bring out the meat or lack thereof in the budget, as this will affect the average Canadian, those lower and middle income people who pay most of the taxes in this country and contribute most in terms of numbers because they make up the largest group.

The message delivered in the budget is clear. The government and the Minister of Finance (Mr. Chrétien) have abandoned any pretense of providing economic leadership in this country. At a time when unemployment is high, when inflation is running at close to 9 per cent and real growth is lagging far behind expectations, what we need is a dynamic program of economic recovery. What we got was a do-nothing budget that will not even inject enough stimulus into the economy to undo the damage done by the government's spending cuts announced during August and early September.

In this budget the government has deliberately chosen a policy of slow growth and high unemployment, in short, a policy of economic stagnation. The victims, as always, will be the unemployed, and the average Canadians who are trying to cope with inflation.

Apparently the reason for the finance minister's budgetary inaction is his belief that the economy will perform as well in 1979 as it did this year, although 1978 was hardly an impressive year in terms of our economic performance. There is no indication in the minister's budgetary remarks, as there has been from private economists, that the economy is likely to weaken next year in line with a U.S. recession. Rather, the government is trusting the United States to ensure our continued economic stability. The budget makes the unsupported assumption that the United States will achieve real growth of 3 per cent this year, despite the fact that American forecasters are predicting hard times in that country that could cut growth to 1 per cent at best. We cannot wait for the Americans to bail us out. They are just as much in trouble as are we. It is time to embark on a course of forthright and independent economic action. One look at the finance minister's forecasts for 1979 will underline this fact.

We know now that Canada will not achieve 5 per cent growth for this year as the Prime Minister (Mr. Trudeau) pledged at the Bonn economic summit. He said we would achieve 5 per cent this year, but obviously we will not. In fact our growth this year is likely to be closer to 3.5 per cent and, according to the Minister of Finance, growth will not increase much next year either, when the best we can hope for is 4 per cent or 4.5 per cent. This is significantly lower than the 5 per cent rate of growth required just to hold unemployment at present levels. The minister recognized this when he forecast only 250,000 jobs will be created in 1979. That is 110,000 fewer jobs than were created in 1978 which has been a year of record unemployment.

In light of the fact that this budget will increase the number of Canadians without jobs it is understandable the minister neglected to mention in his remarks that unemployment is likely to climb to 9 per cent next year. Prices, according to the minister, would increase 6.5 per cent. This is higher than earlier recovery path projections made by the finance department, but still lower than this year's 8 per cent or 9 per cent increase. Unfortunately the minister gives very little justification for his inflation estimate beyond his oft expressed hope that there will soon be a dramatic turn around in food prices. If there is a significant drop in inflation it will certainly not be as a result of his efforts in this budget.

As one listened to the Minister of Finance and other members on the government side who spoke during this debate, one got the impression that he was still listening to R. B. Bennett and Herbert Hoover. We are back in the 1930s when prosperity "is just around the corner."

Given these forecasts, Canadians can be forgiven for believing the government would introduce budgetary measures designed to improve our economic performance. This is especially true considering that the majority of economic forecasters have indicated that growth in 1979 will be substantially lower than the minister's own projections, and that inflation will be substantially higher.

I have before me seven economic outlooks for 1979, issued by various banks, securities firms, and advisory bodies, all of which suggest the minister's figures over-state the health of our economy. The most optimistic of the private forecasts was issued by the Conference Board in Canada, and puts growth at 3.7 per cent, inflation at 7.4 per cent, and unemployment at 9 per cent. The most pessimistic of this group of references was issued by Wood Gundy, which puts growth at 2.2 per cent, inflation at 7.6 per cent, and unemployment at 9.1 per cent.

Faced with these discouraging economic forecasts, the minister had a clear responsibility to stimulate the economy. As he said at page 5 of the budget, and I quote from his statement:

> Consumer spending rose by less than was expected, and this was the main reason for the shortfall in growth.

This opinion has been seconded by economic experts who have pointed to the fact that the minister's last two budgets failed precisely because they did not provide enough stimulus to boost the purchasing power of Canadians. Without more purchasing power in the economy, business simply cannot afford to expand and jobs will not be created.

The budget before us today demonstrates that the minister has not learned from his mistakes. He ignored the advice of his government's own economic advisory body, the Economic Council of Canada, and, I might add, of my own party, the NDP, and refused to make personal income tax cuts of any real significance.

We have to inject money into the economy in order to put people back to work. We in our party have estimated that a $1.5 billion tax cut, through increasing purchasing power and the accelerated economic activity it would promote, would create up to about 100,000 new jobs.

Certainly the Minister of Finance tried to show in his remarks that he was injecting stimulus into the economy but, despite the impressive snow job, the fact remains that he did not. This becomes painfully clear when we examine the specific provisions of this neutral and ineffective budget.

The only real tax cut in the budget is the doubling of the maximum employment expense deduction from $250 to $500 annually in 1979. The government estimates this will put $270 million into the economy and that 6.2 per cent of the 11 million taxpayers in this country will benefit from the change.

However, because Canadians will still be required to claim for only 3 per cent of their income up to the $500 maximum, those Canadians earning less than $8,333 a year will not receive any benefit from this cut, and those earning over $16,666 a year will get the full benefit, that is, up to $500. Once again, in typical Liberal fashion, the rich get richer and the poor get poorer.

● (1632)

It is time that the government tried to revitalize their very antiquated tax policies. The effect of the increased employment expense deduction to the average taxpayer earning $12,000 a year, will be $110 a year more in deductions. If he is taxed at a rate of 20 per cent, he will receive a tax cut of between $20 to $25 a year, or about 50 cents a week. The story is much the same for the unemployment insurance premium cut highly touted by the minister, where the rate will decrease from $1.50 to $1.35 per $100 of insurable earnings for employees and, from $2.10 to $1.89 for employers. This means that Canadians will be taking home approximately 35 cents more a week, or about $18 a year. I am basing my calculations on the maximum insurable earnings allowed under the UI plan, which will be $11,700 in 1979.

There are a lot of people in this country who make far less than $11,700 a year, and they will not even get 35 cents off their payments a week. It will be less. However, it should be noted that while premiums are being reduced, unemployment benefits are being drastically cut back as part of this government's restraint program, from 66⅔ per cent of insurable earnings to 60 per cent. This is very significant, not only for those who are getting the maximum UI benefits, but also for those who are getting minimum benefits.

It is not generosity which inspires this premium reduction, since the Unemployment Insurance Act legally requires that contributions be cut when the unemployment insurance fund is running at a surplus. This is currently the case, so the minister had no choice. Yet he made it look as if he was giving this paltry 35 cents a week out of the goodness of his heart.

Together the increased employment expense reduction and the UI premium cut add up to less than $1 a week for the average Canadian. This is hardly enough to boost significantly consumer spending in this country. In fact, it is nowhere near enough to help the average family even catch up to inflation, which I would remind hon. members, by all the best forecasts for next year, will be at least 9 per cent if not higher.

Although the minister attempted to make next year's 9 per cent indexing increase in personal exemptions sound like a new tax exemption, Canadians are not so easily fooled. This exemption results from the automatic adjustment of tax rates to past inflation, and was introduced by this House into the Income Tax Act in 1974. In fact, it is a means to prevent the government from automatically raising taxes due to inflation, and not in any way a tax cut that can be spent by the consumer.

The cut in manufacturers' sales tax from 12 to 9 per cent is the most positive aspect of this budget. It is a proposal which we advocated and which we welcome. However, by itself it is not enough. The federal sales tax cut will continue the stimulative effects provided by the retail sales tax cut contained in last April's budget, but it will be far less effective. First of all, the cut amounts to only $1 billion over the whole of 1979, whereas the retail sales tax cut amounted to more than $1 billion over a six to nine month period. In fact, the economy will suffer net loss in stimulation.

Secondly, and more significantly, there is no assurance the cut will be passed on to consumers. The finance minister states that "experience suggests that such tax cuts are passed on", but he knows that is simply not the case. What generally happens is that much of the impact is lost among the middlemen. The minister's appointment of three government agencies to monitor the cuts shows he is aware of this fact. This is true whenever you take away part or all of a hidden tax; immediately prices tend to drop, and then there is a mysterious tendency for those prices to climb slowly back up again within six months, and this is not necessarily due to inflation.

Although this cut goes into effect immediately, its impact will not be felt until current inventories are run down. The best that can be hoped for, if the benefits are passed along to consumers, is a reduction of one-half of one percentage point in the cost price index next year. To this extent the measure is at least a step, albeit a tentative one, in the right direction.

Disregarding for a moment an analysis of the altogether more generous incentives provided for business in this budget, the government says the total impact of its measures will be a

$1.38 billion cut in taxes in 1979. This level of stimulation is far short of the $2 billion worth of spending cuts that have been taken out of the economy in recent months.

When the Prime Minister returned from Bonn last August with his pledge to stimulate the economy toward 5 per cent growth, he said this would be accomplished "by reduction in both our expenditures and our taxes". We have seen the spending cuts, but we are still waiting for the tax cuts. The government, in its policies announced last August, and in this unbelievably regressive budget delivered last week, is actually restricting the economy.

For the one million Canadians who want to work but cannot find a job, this hold-the-line budget offers no hope. Without stimulation in the economy, unemployment is likely to climb over 9 per cent, not go down. Canada is in a mess now as far as unemployment is concerned, and here the government is bringing in a budget that will not only not stimulate the economy, but will exacerbate the unemployment problem and make it even worse.

The minister has given generous incentives to business and the resource section to expand, but even if jobs are created—and experience suggests they often are not—these will take at least a year to materialize.

The unemployed need jobs now, and what was needed in this budget was an immediate program of public investment in transportation, housing and public works projects. My party has long been advocating such a program, which would put an estimated 225,000 people back to work. Spending on needed facilities in communities where they are lacking is infinitely preferable to the make-work programs the government has relied on in the past few years. For example, we need a $400 million federal-provincial-municipal capital works program. This has been demanded by the premiers of the provinces and supported by most municipalities. Such a program would create 60,000 new jobs.

The second element in our program is a $500 million investment in modernizing and rebuilding Canada's obsolete rail system. This would provide better grain transportation facilities and has been recommended by the Hall commission. It would create 70,000 jobs.

Thirdly, we have suggested a $300 million urban transit program which would improve much needed rapid transit services in major cities. This project has the recommendation of the Prime Minister himself, who committed the government to just such a program on the eve of the 1974 election. Or perhaps the Prime Minister has forgotten. At any rate, we believe this would create 40,000 new jobs. I suggest that the Prime Minister remember that proposition, particularly in the city of Toronto, considering what happened in the by-elections there.

Finally, we need a $500 million special housing program which would provide funds for non-profit, co-operative and public housing, and also for neighbourhood improvements and residential rehabilitation projects. These are socially oriented programs on which the government could spend money that would in turn go to the purchase of goods and services and thereby get the economy moving again. This need is particularly acute in view of the fact that the housing market and construction industry are seriously depressed, and that high interest rates and land prices make it impossible for many Canadians even to consider buying their own homes. The minister's only housing proposal in the budget—a tax shelter for land speculators and developers—certainly will not improve this situation. We estimate our program will create 70,000 jobs in the construction industry.

Unfortunately, rather than having the courage to introduce innovative programs, the government chose to stand pat. That is precisely the reason for the economic malaise in this country. The government refuses to take the positive economic action required to reduce unemployment, to stimulate growth, or to chart a course toward economic recovery.

● (1642)

Even more glaring than the government's failure to come up with immediate, short-term measures to deal with our economic problems is the minister's failure to plan for the future. Other countries plan for the future, but this government seems to be very sluggish about it. There is no strategy in this budget. In fact, in his budget remarks the minister said, as reported at page 1199 of *Hansard*:

> I am frankly skeptical about the search for a single grand industrial strategy in a competitive market system.

I do not believe that there is just one basic strategy for the next five years, seven years or four years or whatever, but why does the minister at least not bring in a budget that would give us several alternatives so that we could plan ahead for our monetary and fiscal activities? The Minister of Finance refuses to recognize that government has a vital role to play in the economic management of our country. Canada does not have an industrial strategy, and until we have another government, we probably never will.

I think the minister has been listening to too much conservative talk across the country. After all, private enterprise plans years ahead, whether in the manufacturing or resource oriented industry. I cannot, therefore, understand why Conservatives say that private enterprise should plan ahead, but that they do not have to and can operate on an ad hoc basis and blunder their way through. Even more glaring than the government's failure to come up with immediate short-term measures to deal with our economic problems is the minister's failure to plan for the future. As I said, there is no strategy in this budget. I quoted the minister as saying that he is frankly skeptical about a search for a single program.

The aim of such a strategy would be to develop the industries involved in the key sectors of our economy, such as housing, transportation and food. Instead, the government scatters its development incentives all over the place, without knowing the consequences. That is why from the same government we get budget incentives to increase research and development in this country, but drastic spending cuts in the research budgets for fisheries, farming, forestry and transpor-

tation. This budget will grant at least $750 million to businesses through new tax cuts and the extension of existing ones. These will supplement the billions of dollars provided to corporations in previous budgets.

The government should seriously examine the consequence of its policy of across-the-board corporate tax cuts. I will not dwell on any specific examples here, but it is relevant to note the effect such cuts have had on a corporation such as Northern Telecom. Going back a few years I will use two examples of tax concessions, rapid write-offs and concessions that previous ministers of finance have used as vehicles to stimulate the economy but which did not stimulate the economy.

Northern Telecom has received close to $14 million in federal grants and loans. As of December 1977, its deferred taxes were about $50 million. In addition, the Export Development Corporation has loaned $200 million to foreign countries to buy Northern Telecom equipment. Between 1971 and 1977 sales doubled and profits increased from $12 million to $85 million. Yet while the company profited from the government's "no strings attached assistance," Canadian workers and the Canadian economy have been less fortunate. In the early 1970s, Northern Telecom employed 26,000 people. Last year, it employed 15,000 and by the end of 1978, 1,000 more jobs are expected to be lost. Obviously the government's program of corporate incentives is not working. It is certainly not working in the interests of the employees or of consumer demand.

Inco is another well known beneficiary of the government's corporate largesse. Between 1967 and 1976 Inco had a profit of $1.7 billion, and could defer $368 million in taxes. It also received $17 million in tax credits and a low interest $70 million loan from the Export Development Corporation to develop operations in Indonesia. The result was 3,000 people laid off in Sudbury and Thompson last year.

These abuses, Mr. Speaker, are precisely why we need an over-all industrial strategy. Instead of across the board tax cuts for corporations, which only increase the deficit and do nothing to decrease unemployment, the government must take an active hand in directing where its investment in business goes and what it will be used for. Instead of handouts with every budget, the government should be prepared to negotiate long-term planning arrangements with the corporate sector.

In other words, there should be strings attached; taxpayers' money should not be just handed over to the government to create a certain number of jobs within a certain period of time. Of course, once that obligation was fulfilled, the lay-offs would begin with the excuse that there was something wrong with the market or with the product. Industry could always find excuses to lay people off and cut back on the cost of operation. Specific tax incentives should only be granted to specific corporations in return for the company's pledge to do more research and development or increase investment in Canada.

For this reason, I question some of the incentives included in what can only be described as this "pro-business" budget. The government is extending the investment tax credit for an indefinite period and raising it from 5 per cent to 7 per cent. Is such an incentive really necessary when the government tells us plant utilization has already increased from a low of 82 per cent last year to 87 per cent now?

This credit has not worked in the past as an incentive for companies to expand and create new jobs. All too often, the money has simply been used to re-equip plants with more up-to-date equipment, with the result that fewer employees than before are needed to produce the same amount of goods. With plants already expanding, there is no justification for the continuation of this credit.

I would like to reiterate once again, Mr. Speaker, that if the government is going to grant incentives out of the public purse, those benefits must be directed to create jobs, to promote research, and to benefit the economy. Across the board incentives to companies do not and will not accomplish the purpose for which they were intended.

We need more planning, and this will mean more government direction of our economy. That will require more courage than this government demonstrated in its budget, where it has managed once again to avoid its responsibility to put people back to work and get Canada growing again.

A few moments ago I alluded to the impression I have that the Prime Minister, the Minister of Finance and other members of cabinet are listening to conservative elements in the country with the feeling that perhaps there is a great wave of conservatism moving from one ocean to the other. I dispute this. The results of the by-elections, and particularly the result of the provincial election in Saskatchewan a few days afterwards, show that although people may be conservative on certain specific issues, certainly in my riding in southwestern Ontario and in other parts of the country people are not taking a broad, general, small "c" conservative attitude to every aspect of government and every aspect of life. We still have progressive thinking people in the country and we still have great numbers of reform-minded people. I think it is a shame that in a panic, knowing he has only a few more months to go, the Prime Minister is prepared to bow, to bend, to twist and to cater not just to moderate "c" conservative opinion in the country, put to large "C" Conservative opinion, politicized, of course, in the Progressive Conservative party.

The Prime Minister would do well to be his own man for the next two months. Instead of giving in to pressures from my colleagues to the extreme right, he should think things out for himself and remember the purpose of small "1" liberalism as well as the philosophies of social democracy—philosophies which he espoused ten years ago. As a result of certain pressures being brought to bear on him by certain outspoken and vocal conservative elements in the country, he seems to have forgotten those philosophies and be prepared to go the conservative route in order to get votes.

I notice my time is just about up, Mr. Speaker, but I should like to say that people in this country are demanding action. They did not get action from this budget. They will not get action and they will not get assistance. Business, particularly small business, the main street retailers, shopkeepers or whatever term one wishes to use, will not benefit either. What businesses need is customers. They do not need government

assistance and hand-outs, they need customers, and if they do not have customers they are in trouble. Businesses will not have more customers as a result of this budget. This budget will not in any effective way increase the purchasing power of ordinary Canadians who make up the vast majority of the consumers in Canada.

● (1652)

I do not know how many times we on this side of the House, particularly we in the NDP, have to drive the point home to the Liberal government that people need money. They need substantial tax breaks in order to increase their ability to consume. In this way we can get things moving again and not have to sit back with a constrictive budget waiting for Uncle Sam south of the border to bail us out. In the interests of the Canadian public I hope that over the next few months the government will pull itself together, get some new blood in it and attempt to rectify and turn around what is at the present time a depressing economic outlook.

[*Translation*]

Mr. Pierre Bussières (Parliamentary Secretary to Minister of Energy, Mines and Resources): Mr. Speaker, the night of the budget, I was both astonished by and happy about the attitude of the Minister of Finance (Mr. Chrétien). I was astonished because everybody knew what temptations the minister had to fight against in the preparation of his budget in the present circumstances, and I am not thinking only about the fact that there is a general election coming, but also about the fact that various groups had given him pieces of advice as to what to include in the budget.

The Minister of Finance, and I am quite pleased, has proceeded in a responsible manner, in a prudent manner that the previous speaker has identified as being a certain conservatism, but prudence is not conservatism; respect for reality and prudence about decisions which are extremely important for the future of the country and all Canadians is not a conservative but a responsible attitude.

Mr. Speaker, it was strange to hear some commentators on budget night say that there was nothing in the budget, that there was no substantial personal tax reduction and so on. Mr. Speaker, such an attitude was all the more ironic that, had there been substantial personal tax reductions in the budget, we knew that the same commentators would have said that the Minister of Finance was an opportunist looking for vote-catching manoeuvres before the general election, but as they could not lay that charge, they said that there was nothing in it. Mr. Speaker, it is obviously extremely difficult to please everyone and when a politician adopts a responsible attitude it is seldom recognized. That responsible attitude on the part of the Minister of Finance is obvious in the main objectives of the budget. The first objective is to allow our industry to maintain and increase its capacity to be a serious competitor in international markets. That, Mr. Speaker, is extremely important for us Canadians.

Its second objective, Mr. Speaker, is to keep inflationary pressures as low as possible. Obviously it would be tempting to resort to the solution proposed by the New Democratic Party and to slash personal income taxes thus increasing purchasing power but one had to ask himself seriously, and that is what the Minister of Finance did, what effects such cuts, that extra flow of money would have on inflationary pressures; whether such a decision might not precipitate a new wave of inflation, and whether it might not reach the level we have known in the last few years but have now managed to contain. The danger was that much greater that we are just coming out of a period during which controls were applied to subdue inflationary forces. I am happy that the Minister of Finance resisted that suggestion and took a far more responsible decision, namely that of containing inflationary forces by refraining from opening too wide the gates of purchasing power.

Mr. Speaker, we also know that those forces could have led to greater expectations in salary demands destroying what we managed to get from all workers, that is recognition that lower increases were needed as compared with those we saw during periods of development. They recognized themselves that it constituted an inflationary force; as we know, a renewal of high demands in salary increases would exceed the present capacity of the Canadian economy.

As I see it the fourth objective is designed to stimulate investment in as many Canadian firms as possible. I shall refer later on, Mr. Speaker, to some measures which can actually help us achieve this new economic impetus. Finally another objective has to do with research and development in all sectors of the Canadian industry.

Mr. Speaker, I would like to speak about some measures that will enable us to achieve these objectives. First, the reduction of the federal sales tax from 12 per cent to 9 per cent. I think this measure is very significant and that everybody should be involved not only the manufacturers but also those who are situated between the Canadian manufacturer and the Canadian consumer to see that this reduction is actually passed on to the consumer. If we can achieve these objectives, I am sure that everybody from the producer to the retailer will recognize the useful repercussions of this measure on the economy and that they will help the government reach these objectives by passing on this 3 per cent reduction to the Canadian consumer, for not only will the consumer benefit from this but also the business firm because reducing the price of goods by 3 per cent will create the demand, which had been the purpose of previous tax cuts, by lowering the cost to the consumer by 3 per cent. I suggest, Mr. Speaker, that this measure is of significant importance.

Mr. Speaker, I reiterate my trust in all intermediaries between the producer and the consumer. I dare hope they will do their utmost to pass this reduction on consumer goods on to all consumers.

There is a second point which I want to emphasize, Mr. Speaker, in connection with personal income tax. For instance, with fiscal year 1979, the deduction for employment expenses will be increased from $250 to a maximum $500. It will enable 6.2 million taxpayers in Canada to take advantage of a tax deduction representing a loss of revenue of about $270 million for the government. It is extremely important.

Someone said earlier that with a reduction in personal income tax it would be possible to put more money in the consumer's pockets; well, those $270 million will in fact go into the pockets of the Canadian taxpayer to enable him to buy more new goods. This is a relief from employment expenses.

The third measure, Mr. Speaker, relates to the indexing mechanism which is incorporated in the Income Tax Act. We know that it was already implemented and that it will reduce federal tax by $1.2 billion next year. I come back once again to what was said earlier about the request for sizeable tax cuts, and I shall say that this indexing provision makes it possible indeed to put new funds in the hands of taxpayers.

Mr. Speaker, there is also a provision about registered retirement savings plans which will benefit minor or disabled children where their parents die. Furthermore, Mr. Speaker, the budget provision concerning unemployment insurance will benefit the employer or the employee. It will also enable us to stimulate our industry.

• (1702)

Mr. Speaker, now I would like to say a few words on provisions which will affect more particularly our economy in terms of natural resources. Among those provisions, I want to mention first the investment tax credit. This provision, as everybody is aware of, is extended for an indefinite period and above all its rate is higher. Also, although not limited to natural resources it will benefit that sector significantly because of its regional impact. Indeed the rate is raised to 20 per cent in the Gaspé area. Recently I was listening to the hon. member for Gaspé (Mr. Cyr) commenting on what is happening in Murdochville and Madeleine mines and I am sure he is very happy that this increase to 20 per cent should apply to his riding.

I am also convinced that all hon. members from the Atlantic provinces share the opinion of the hon. member for Gaspé. In the other designated areas it was increased to 10 per cent. These include the major part of Quebec, all northern Ontario and western Canada, except for the southern part of Alberta and British Columbia. Since most future investments in mining and forestry will be in these areas, the impact of this measure is far from being negligible for the mining industry. Thus most of the $500 million allocated in the first year by the recently introduced budget will affect the sector of resources in the areas I have enumerated.

Exploration and development in the mining and oil industries will be particularly encouraged by the new measures reducing considerably the corporate tax paid by companies operating in this sector. For example, new mining development expenditures will be deductible at 100 per cent instead of the 30 per cent rate previously used. That is a considerable raise, Mr. Speaker. That is to start from 30 per cent and say that from now on everything you spend to develop new mines will be deductible. Expenditures incurred by resource industries for new social assets or local facilities will be eligible for the additional deduction of $1 for every $3 spent, as will the expenditures for exploration and development of the industry itself. This would increase the interest on investments and stimulate the economy of many mining areas. This measure would also improve the welfare of the people living in those areas where mining facilities are being installed.

The Department of Finance has estimated at about $25 million the cost to the federal government of these two measures.

The accelerated amortization of pollution control equipment is extended indefinitely. We all know, Mr. Speaker, that it is extremely costly to instal pollution control equipment, either in the energy, mining or paper sectors, and companies engaging in such programs will be granted a tax reimbursement. This will also be in the interest of the people living in those areas, as we are increasingly conscious of the dangers of pollution for those people. As the mining industry is going through a period of uncertainty, this extension will be very beneficial to them. It is sometimes difficult for companies which are experiencing overproduction and a reduced rate of profitability to make the necessary expenses in the fight against pollution in order to improve the quality of life. That measure will help us in the pursuit of our objectives relating to the quality of the environment, and at the same time it will stimulate the economy in many regions.

The extension of incentives for drilling funds is also an extremely positive measure. That program, which was supposed to expire on June 30, 1979, gives individuals an opportunity to get directly involved in oil and gas research through a drilling fund and to benefit from the generous incentives offered to that industry. That program also makes it possible for us to find right here in Canada the capital needed for the implementation of our energy policy. The extension of that measure will only confirm our commitment to government policy and our determination to take all necessary steps for its implementation.

There are other things, Mr. Speaker, and I quote:

Extension of coverage to transportation

The coverage of the investment tax credit is to be expanded to include expenditures on rail, air, water and . . . road transportation equipment. The basic rate of credit of 7 per cent will apply to all such qualified expenditures.

Mr. Speaker, we know that many and substantial investments are necessary in the transport industry, and you will see that this measure will be particularly helpful to the mining

industry transporting, for example, sulphur, potassium and coal.

I would now like to say a few words, Mr. Speaker, about the business transaction that allows all Canadians to be able to say that today their oil company, Petro-Canada, is now one of the giants in the oil industry. By acquiring Pacific Petroleums, Petro-Canada has become one of those giants. As a Canadian, Mr. Speaker, I am very proud of that transaction and I suspect that most Canadians are going to reject the idea of the Leader of the Opposition who would sell the Canadian corporation that is Petro-Canada.

I would like to point out what I believe to be a great abuse of language, namely that that was an act of nationalization. I do not believe, Mr. Speaker, that it can be said that that transaction freezes government funds and requires serious outlays by the government at a time of spending restraint. As was suggested on several occasions in this House, the purchase by Petro-Canada is a business transaction in which all the rules of business transactions were followed. Petro-Canada went and got its funds through the Canadian banking system and bought shares of Pacific Petroleums. So that transaction is a business deal, and Petro-Canada through the profits it will derive from that new organization will be able to invest a lot more in the research for and supply of energy in Canada. That will allow us to achieve the objective of meeting more than 70 per cent of Canada's needs in petroleum products. That purchase will also allow us to have better guarantees as to our reserves of energy. The amounts generated by Petro-Canada will also allow us to reduce the government expenditures that will be necessary to give Petro-Canada a second breath, new energy and a new financial capacity to broaden its operations.

And, as was said and repeated, Mr. Speaker, that purchase was made without having to use government funds but on a commercial basis, financed through the banking system.

Mr. Speaker, those were the few remarks I wanted to make on the budget and I am sure all Canadians will give their support to those budget measures, they will also give their support to that transaction, and I would invite them to read the editorial in today's *Toronto Star* which contains an excellent analysis of the attitude of the Leader of the Opposition with respect to the purchase of Pacific Petroleums by Petro-Canada.

● (1712)

[*English*]

Mr. Robert de Cotret (Ottawa Centre): Mr. Speaker, I should like to preface my comments, if I may, with a special word of appreciation and thanks to all my workers in the recent by-election in Ottawa Centre for their efforts, for the long hours they put in and, in many cases, for the sore feet they suffered, indeed for everything they did in responding so well to a hotly contested campaign. I am highly indebted to them for their efforts in getting me into this House. I should also like to take the opportunity to thank the electors in Ottawa Centre for the clear-cut mandate they gave me to represent them in this place. Finally, I should like to thank all the hon. members in this House who have helped me make the transition to parliamentary life as easy as it has been in the last month.

It is with great pride and very real humility, Mr. Speaker, that I came forth one month ago to this chamber to represent the people of Ottawa Centre. It is a responsibility I do not take lightly, particularly at this time in our country's history. The challenges are great and the opportunities before us unparalleled in the industrial world. Yet as I travelled across this land I could only detect to my sorrow a lack of confidence in our ability to meet these challenges, uncertainty about our future and, indeed, fear at our current situation.

These deep-rooted concerns among Canadians are graphically portrayed by the comments and queries of my constituents in Ottawa Centre. To many to the east and to the west of us, Ottawa Centre appears as a constituency unique in Canada. It is a riding situated at the heart of the nation's capital. Its topography is graced by rivers, lakes, canals and parks. It is the riding in which this House is located and as such it is the major focal point of political activity in this country.

Yet in reality, Mr. Speaker, far from being highly unique and highly favoured, the riding of Ottawa Centre is in most respects a microcosm of Canadian society. The income level of my constituents parallels very closely that of Canadians as a whole, ranging from wealth to poverty. So does the educational background of my constituents parallel that found elsewhere in Canada. While there are many employed in the service industries, not the least important of which is the federal government, Ottawa Centre also has a strong constituency of small businessmen, of professionals, of tradesmen, of construction workers.

[*Translation*]

Mr. Speaker, the constituency of Ottawa Centre also has ethnic characteristics which are comparable to the ethnic diversity of our country. Moreover, there are as many tenants as homeowners in Ottawa Centre. This constituency is therefore very representative of Canada as a whole in many respects.

[*English*]

But, Mr. Speaker, Ottawa Centre is not a highly favoured riding. It is a riding which suffers a rate of inflation equal to, or higher than, that of most major urban centres in this country. It is a riding which, surprising though it may be to people from elsewhere, unfortunately has a rate of unemployment which is generally higher than the average for Canada as a whole. In this respect the concerns and expectations of the people of Ottawa Centre mirror well those of many Canadians. In electing me to the House last October 16, the people of Ottawa Centre gave me a strong mandate to speak out, and speak out strongly, on their behalf and to make their concerns known in this forum of public debate.

In addition to these general concerns, there are also considerations over and above the over-all situation of the economy of this country, of the state of the nation as a whole and of the management of the public sector. My constituents are concerned about the industrial future of Ottawa Centre in the near term; and they are concerned about the relocation program of the federal government and the policies the federal government intends of pursue unilaterally in terms of its employees.

But, Mr. Speaker, today—

[*Translation*]

I would especially like to talk about the proposals made last week by the Minister of Finance (Mr. Chrétien), concerning the present economic situation in Canada as he sees it. I would therefore like to talk briefly about the economic situation in Canada. However, I am getting more and more concerned, Mr. Speaker, to find so many different opinions and different interpretations about the present economic situation. I also deplore the fact that the debates often become personal attacks. To underline my concern, Mr. Speaker, I would like to mention as an example, the recent discussions in public forums such as this institution about the situation on the labour market. If we talk about unemployment during such debates, we are quickly accused of being prophets of doom. However, if we look only at job creation in Canada in the last 12 months, we always forget to talk about the unfortunate situation of those who attempted to join the labour market without success. I have another example, Mr. Speaker.

[*English*]

Another example, Mr. Speaker, of this divergence in the interpretation of current economic conditions, can be found in the debate over the rate of real output growth in this country. Less than a year ago I had, I believe, the unique distinction of being in full agreement with the Minister of Finance in terms of the prospects for the Canadian economy in 1978. Both our evaluations of possible developments this year, led us to believe that real output would grow by 5 per cent. Yet, Mr. Speaker, for the government that 5 per cent, became a goal to be achieved and against which it has fallen short, while for us it was a barely acceptable economic performance that desperately needed to be surpassed through more aggressive economic policies.

Other examples of widely diverging interpretations of the same numbers abound. I need not detail them because I feel I have made my point. Essentially, my point is that the current situation hardly provides an environment of factual analysis, that leads to appropriate policy proposals.

● (1722)

What, then, is the current economic situation against which the measures introduced last week by the Minister of Finance must be evaluated? First let me talk about the positive elements, because there are many. Let me start by calling attention to our human resources.

[*Translation*]

First of all, Canada is a young nation with a young, dynamic and aggressive manpower. If we compare the age of Canadian workers on the basis of the total Canadian population with the average age of the population of our main trading partners, we find that Canada's population is much younger on the average. The Canadian population also has an education level greatly superior to that of the manpower of our trading partners. If we look first of all at access to education, we find that in Canada, between ages 3 and 34, 49.8 per cent of the population enjoy direct access to the educational system, which is much more than the percentages of 44 per cent in the United States, 22 per cent in the United Kingdom, 16 per cent in West Germany and 23 per cent in Japan.

If we look at another statistic, Mr. Speaker, which concerns the number of years spent full-time in the educational system in Canada, between ages 7 and 25, we find that Canada ranks third among the countries of the OECD, behind Sweden and the United States. In addition to a young, aggressive and well-educated manpower, Canada has an abundance of workers, which instead of being described as one of our great advantages, is often thought to be one of the weaknesses of our system and one of the main causes of our high unemployment. For my part, I like to consider this abundance of workers as one of the positive factors of the seventies and future decades.

[*English*]

The human resources of this country are unparalleled in the industrial world. They are the cornerstone of the future development of this country, particularly as we enter the 1980s. To the same extent that our human resources are the cornerstone of that development, our physical resources are the tool of that development.

Let me assure this House that we are far from being deficient in physical resources. Let me name but a few. We have a total forestry inventory equal to that of the United States. We have proven oil reserves per capita twice those of the United States. Proven gas reserves per capita are two and a half times larger than those found in the United States. In terms of cultivated land we have a factor of 2½ per cent per capita over the United States. Our uranium resources per capita are three times the size of those in the United States. I need not tell the House that we exceed by much larger factors the wealth and resources of countries such as the U.K., West Germany and Japan.

Turning to our mining sector, our production levels for nickel, zinc, copper, potash, asbestos, uranium and iron ore, to name but a few, surpass absolutely those of our major industrial trading partners. If they do not surpass in absolute terms, they do in terms of per capita production.

Our resources are not running out. We have an abundance of resources left in the soil. That is our potential, and realizing that potential will be the main challenge facing Canadians in the 1980s.

[*Translation*]

But to date, Mr. Speaker, our economic performance remains far short of the potential I have just indicated. I would like to take a few moments to deal with the economic conditions now prevailing in Canada. At this point in time, in the last months of 1978, we find ourselves in a period of economic stagnation that has been going on since the 1974-75 recession which, it will be remembered, is the most severe experienced since World War II. Since that time our economic performance record, although it may be considered acceptable based on certain international comparisons, is indeed noticeable for its failures to realize our potential. We have been performing much below our potential. In 1975, our growth rate in real terms was 1.3 per cent. In 1976, thanks to a strong first quarter, growth was 5.5 per cent. In 1977, the figure was 2.7 per cent and to date, this year, we have had a first quarter where real growth was 0.7 per cent, and a second quarter where growth was only 1.1 per cent.

Therefore, Mr. Speaker, over that 13-quarter period, ever since the 1974-75 recession, we had ten quarters when economic growth in Canada was below the level needed to accommodate the increase in the labour force and to maintain the level of our industrial capacity utilization. In other words during three quarters only of those three years did we experience the kind of economic growth this country needs to fulfil its potential.

[*English*]

If we consider current economic indicators, about which we hear in this House every day and about which we read in the newspapers of this nation every day, there is very little to lead one to make a statement as to the emerging recovery of this economy. Our real domestic product is increasing at a rate of approximately 2½ per cent per year. Our industrial production is increasing at a rate of less than 4 per cent per year. When we consider new orders, retail trade, machinery and equipment, we find indicators which show no great vigour and no move toward a sustained recovery.

In terms of housing starts there has been a very serious slump over the last 12 to 18 months. Only when we look at employment creation do we find a glimmer of hope. That will soon be dashed by labour force growth, the increase in the number of those Canadians who are legitimately entering the labour market to seek employment. There again by comparison there is a significant shortfall, and there will be a consequent increase in the rate of unemployment.

I have described our economic potential and our economic performance to date. There is a very great distinction between our potential and our actual economic performance. The fact that there is a difference between our potential and our performance is the tragedy of this government. This government has been unable to understand and appreciate, in policy terms, the distinction between what we can be and what we are at the moment. I can say only that no amount of comparisons with countries which are not as well endowed with natural resources as we are and which are not as fortunate as we are in terms of human resources will hide from Canadians the basic fact that we are experiencing some very serious economic difficulties.

We must not compare our economic performance with that of other industrial countries, because at this time and into the 1980s we are and will be a country which stands in a class of its own, given those resources and our potential. The meaningful comparison which has to enter public debate and serve as a basis for policy formulation is that between our actual performance and the potential we know we can realize. In that respect I am afraid we will find ourselves seriously lacking in terms of initiatives. We will find ourselves in great need of new policy directions, new initiatives, new leadership and, in one word, new government.

Some hon. Members: Hear, hear!

Mr. de Cotret: In response to the current economic situation and to our potential, let me review briefly what the policy stance in this country has been and how it has evolved in the last 12 months. Let me say very boldly that 12 months ago we had a more aggressive and a more expansionary monetary policy. Twelve months ago we had a more aggressive and a more expansionary fiscal policy. Over the last three years, the monetary targets set forth by the Bank of Canada, as a prime indicator of its policy direction, gradually have been reduced from a range of between 8 per cent and 12 per cent to a range of between 7 per cent and 11 per cent last year; to a range of between 6 per cent and 10 per cent this year. The last reduction to a range of between 6 per cent and 10 per cent was accompanied by no less than six increases in the bank rate, leading to unprecedented high levels of interest rates across the country.

● (1732)

That is not to say that is a restrictive policy. Money is available, but money is very expensive. It is a high priced policy. But definitely it is a policy which is less expansionary than that which we could find in the country only 12 months ago.

On the fiscal side, the situation is much the same. We have gone from a position where we had temporary income tax cuts earlier this year to a temporary reduction in sales taxes. Recently we have seen the end of that measure, the introduction of significant expenditure cutbacks, and in this latest set of proposals from the government the reintroduction of only a small part of the stimulus which we could find in the economy in the earlier months of this year.

When I look at the measures presented by the Minister of Finance in his budget last Thursday, I find the biggest criticism which can be directed toward those measures is the one which flows logically from my comments—that we are not addressing the question of our economic potential.

There are specific measures in the budget which must be applauded. Let me applaud them and name them. I was happy to see the government make a move, as timid as it may be, in

the area of manufacturers' sales tax. Also I was very happy to see the investment tax credit measures introduced. I think the R and D initiatives are in the right direction; we have been talking about that for a long time. The move in the area of resource taxation is one which should be applauded, as well as the employment expense deduction. This is something we have favoured and recommended to the government over the past several months.

When one looks at the over-all budget, what does the government offer to Canadians? Certainly it offers no hope that Canada will enter in the near future a period of economic recovery and sustained economic growth. It offers another year of 4 per cent growth, a rate of growth which is inferior to what is required to accommodate new entrants into the labour force. It offers employment creation of 250,000 jobs, which is exactly the same number as the increase in the labour force, if we assume absolutely no increase in the participation rate. I know the minister would be the last person to make a forecast of the participation rate, or for that matter the unemployment rate. In my own timid way, let me say that given the social and economic environment in this country, I expect to see continued increases in the participation rate. On that basis, a job creation forecast of 250,000 inevitably leads to a forecast of higher unemployment for the 12 to 14 months to come.

With regard to inflation, the minister offers the hope to Canadians that our inflation rate next year will be about the same as it is this year. The budget does nothing to restore the stimulus we had in the system earlier in the year. The budget does nothing to offer Canadians the reasonable expectation that they will know better economic times in the next 12 to 18 months. It is a stagnation budget.

In looking at the over-all budget, my second observation is that it is a short-term budget. I am not sure if that should be viewed as a criticism, because in the tradition of recent budgets it seems to me that all we can expect is a five-month budget from the government. It is a budget of adjustments of the margin. It is a budget which does not deal with the very critical problem of addressing where we are going as a nation in the 1980s and 1990s. It is a budget which gives no indication of direction or goals, and no commitment to stability in policy. In fact, it is a budget which is a stop-gap measure. It is a stand-fast budget which inevitably will lead to the continuation of the period of economic stagnation which we are now experiencing. The proposals introduced in the guise of a budget do nothing to help Canadians realize the potential they have and to get Canadians, as they have in the past, enthusiastically behind a move toward economic prosperity.

In conclusion, I should like to address specifically three myths which have been perpetuated in the public debate generally, and to some extent in the recently introduced budget measures. The first myth I should like to dispel is that at best in Canada we can expect an economic performance equal to that of the United States. Have we forgotten that over the years we have had a stronger growth in income per capita in Canada than in the United States? Have we forgotten that in the whole post-war period we have had more rapid productivity growth in Canada than in the United States? Have we forgotten than on average over this period we have had more rapid real growth in Canada than in the United States?

Mr. Pinard: Because of the Liberal government.

Mr. de Cotret: We have. To suggest that the best we can achieve is a rate of real growth equal to the United States, and that we should be thankful for that, should be put aside immediately. We can and we must achieve a rate of economic development, growth and wealth generation in the country to allow the kind of distribution of income we would like to achieve. We must and can achieve a rate of economic development superior to that of the United States.

Some hon. Members: Hear, hear!

Mr. de Cotret: The second myth I should like to talk about briefly is that only a high level of unemployment will solve inflation. I am sure members of the House will remember that myth because it has been widely publicized across the country. Have we forgotten the costs of unemployment, the costs of having available human resources who are non-productive? There are human costs, social costs, and some very real economic costs which must be borne by the rest of us who are productively engaged.

In an environment in which there is rampant excess demand, inflation, shortage of manpower, shortage of goods and in which we are facing bottlenecks, certainly a higher level of unemployment traditionally has led to a decrease in inflationary pressures. But in an environment in which no such pressures exist from the demand side, in an environment in which there is ample excess capacity, in which demand is weak, and in which unemployment is hovering between the 8 per cent and 9 per cent level, the economic and social costs of unemployment, far from decreasing inflation, are fed right through the line, add to the over-all cost pressures on the economy, and contribute to a higher rate of inflation. At that point the policy prescription is clear: we can fight both unemployment and inflation at the same time. I remain firmly convinced that that is an objective which we should set for ourselves.

Some hon. Members: Hear, hear!

Mr. de Cotret: The third myth which I was most disappointed to see emerge in our nation approximately a year and a half ago is that Canadians must accept a slower rate of growth, no doubt a justification for the fact that our rate of growth already was quite slow. What exactly does that myth mean? When we look at it on a per capita basis, does it mean that we must accept permanently a higher rate of unemployment of human resources? If not, the only other thing it could mean is that we must accept permanently a lower rate of productivity growth.

Very frankly, I reject both. We need not accept a higher rate of unemployment of human resources We have all the means at our disposal to achieve at least the same kind of productivity growth in the next decade or two, as we have in the last decade or two. On a per capita basis, we can and we

must achieve the kind of economic growth this country is capable of, given its potential.

● (1742)

If I have been able to dispel these three myths, Mr. Speaker, what must we accept? The basic proposition is that we must accept that Canada's potential is unique among industrial nations; we must accept that this potential has to be addressed; we must accept the need for a set of comprehensive strategies and policies to ensure that Canadians can maximize that potential over the decades to come. The Progressive Conservative party in the last several months has put forth suggestions, policies and initiatives that would provide Canada with just that type of policy—not a marginal policy, not a policy of adjustment or of tinkering and not a policy to deal with specific issues, but a framework in which the potential of this nation is clearly identified and against which policies can be introduced to help maximize this potential. These are policies dealing with individuals, housing, small business, the corporate environment and labour relations. These policies have been made public and we will discuss them further.

These are the policies for the 1980s. They are the policies of hope and they are the policies of a country that will realize its potential in the next decade.

Mr. Abbott: Mr. Speaker, I rise on a point of order. I wonder if the hon. member would permit a brief question.

Mr. Deputy Speaker: That is a decision for the hon. member as he still has a minute of time.

Mr. de Cotret: I would be very happy to entertain a question, Mr. Speaker.

Mr. Abbott: First of all, Mr. Speaker, I would just like to congratulate the hon. member for an excellent maiden speech. He showed a very high degree of skill. My question is, will he not agree that in light of his thoughtful remarks it is high time he replaced the wholly discredited financial critic of the opposition?

Mr. de Cotret: Mr. Speaker, in view of the policies this party has put forward in the economic area and the direction we are trying to give the debate on economic policy for this country, that question answers itself. There is, of course, no such need.

Some hon. Members: Hear, hear!

Mr. Clark: Mr. Speaker, I think it might be important to note on this point of order that what we have seen here today is a violation of a very long-standing parliamentary tradition in relation to a new member of parliament making his maiden speech in the House of Commons. There is no question but that the hon. member of parliament for Ottawa Centre (Mr. de Cotret) dealt very effectively both with the issues facing the country and with the intemperate intervention by the Minister of State (Small Business) (Mr. Abbott).

Some hon. Members: Hear, hear!

An hon. Member: What a bunch of cry babies.

Mr. Deputy Speaker: Order, please. I think the best solution to this matter is to put the question and I will do so. I would ask hon. members for their co-operation.

[*Translation*]

Mr. Deputy Speaker: It being 5.45 p.m., it is my duty, pursuant to Standing Order 60(7), to interrupt the proceedings and forthwith put the question on the amendment now before the House.

[*English*]

The question therefore is on the amendment by the hon. member for York-Simcoe (Mr. Stevens). Is it the pleasure of the House to adopt the said amendment?

Some hon. Members: Agreed.

Some hon. Members: No.

Mr. Deputy Speaker: All those in favour of the amendment will please say yea.

Some hon. Members: Yea.

Mr. Deputy Speaker: All those opposed will please say nay.

Some hon. Members: Nay.

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

And more than five members having risen:

Mr. Deputy Speaker: Call in the members.

The House divided on the amendment (Mr. Stevens), which was negatived on the following division.

● (1752)

(Division No. 13)

YEAS

Messrs.

Alkenbrack
Baker (Grenville-Carleton)
Baldwin
Balfour
Beatty
Beaudoin
Brisco
Cadieu
Caouette (Villeneuve)
Clark (Rocky Mountain)
Clarke (Vancouver Quadra)
Corbett
Cossitt
Crosbie (St. John's West)
Crouse
Darling
de Cotret
Dick
Dinsdale
Ellis
Epp
Fraser
Friesen
Gauthier (Roberval)
Gillies
Grafftey
Halliday
Hamilton (Swift Current-Maple Creek)
Hnatyshyn
Holmes
Howie
Janelle
Jarvis
Jones
Kempling
Knowles (Norfolk-Haldimand)
Lambert (Bellechasse)
Lambert (Edmonton West)
La Salle
Lawrence
MacDonald (Egmont)
MacDonald (Miss) (Kingston and the Islands)
MacKay
Mazankowski
McCain
McCrossan
McGrath
McKinley
McKinnon
Mitges

Messrs.

Munro (Esquimalt-Saanich)
Murta
Neil
Nowlan
Paproski
Patterson
Pigott (Mrs.)
Ritchie
Roche
Rynard
Scott (Victoria-Haliburton)
Siddon
Smith (Churchill)
Stanfield
Stevens
Stewart (Marquette)
Towers
Whiteway
Woolliams
Yewchuk—70.

NAYS

Messrs.

Abbott
Anderson
Andras (Port Arthur)
Andres (Lincoln)
Baker (Gander-Twillingate)
Basford
Béchard
Bégin (Miss)
Blackburn
Blais
Blaker
Boulanger
Breau
Broadbent
Bussières
Caccia
Cafik
Campagnolo (Mrs.)
Campbell (LaSalle-Émard-Côte Saint-Paul)
Caron
Chrétien
Clermont
Collenette
Comtois
Corbin
Corriveau
Côté
Cullen
Cyr
Danson
Daudlin
Dawson
De Bané
Demers
Dionne (Northumberland-Miramichi)
Douglas (Bruce-Grey)
Douglas (Nanaimo-Cowichan-The Islands)
Duclos
Dupont
Duquet
Ethier
Faour
Faulkner
Firth
Fleming
Foster
Fox
Francis
Gauthier (Ottawa-Vanier)
Gendron
Goodale
Goyer
Gray
Guilbault
Harquail
Herbert
Hogan
Hopkins
Horner
Johnston (Westmount)
Joyal
Kaplan
Knowles (Winnipeg North Centre)
Lachance
Lajoie
Lalonde
Lamontagne
Lang
Laniel
Lapointe
Lavoie
Leblanc (Laurier)
LeBlanc (Westmorland-Kent)
Lee
Lefebvre
Leggatt
Lessard
Loiselle (Chambly)
Loiselle (Saint-Henri)
Lumley
MacDonald (Cardigan)
MacEachen
MacFarlane
MacGuigan
Maine
Marchand
Martin
McIsaac
McRae
Milne
Munro (Hamilton East)
Nicholson (Miss)
O'Connell
Olivier
Orlikow
Ouellet
Parent
Pearsall
Pelletier
Penner
Peters
Philbrook
Pinard
Portelance
Prud'homme
Rae
Railton
Raines
Reid
Roberts
Robinson
Rodriguez
Rompkey
Rooney
Roy (Laval)
Saltsman
Sauvé (Mrs.)
Savard
Smith (Saint-Jean)
Symes
Tessier
Trudeau
Trudel
Turner
Whelan
Wood
Yanakis
Young—128.

● (1812)

Mr. Speaker: It being six o'clock, this House stands adjourned until tomorrow at two o'clock in the afternoon.

At 6.15 p.m. the House adjourned, without question put, pursuant to Standing Order.

HOUSE OF COMMONS

Thursday, November 23, 1978

The House met at 2 p.m.

• (1407)

ROUTINE PROCEEDINGS

[*English*]

HAZARDOUS SUBSTANCES

SPILL OF PCB CHEMICAL AT REGINA, SASK.—MOTION UNDER S.O. 43

Mr. Ray Hnatyshyn (Saskatoon-Biggar): Mr. Speaker, I rise on a matter of urgent and pressing necessity, pursuant to the provisions of Standing Order 43, which I trust will meet with the approval of the House.

In view of the alarming spill at the city of Regina of a least 1,500 gallons of Askral, a PCB, a chemical that has been linked to cancer, birth defects and other ailments, this being the biggest known spill of PCBs in Canadian history, I move, seconded by the hon. member for Esquimalt-Saanich (Mr. Munro):

That the House instruct the minister of the environment to make provision in his department and in co-operation with provincial environment departments for the establishment of a detection and correction squad, being an investigative and action-oriented task force which in the future could act quickly on such industrial spills as have occurred in Regina and at Dowling, near Sudbury, thus affording protection to the health and safety of Canadians and literally saving millions of taxpayers' dollars.

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

Some hon. Members: Agreed.

Some hon. Members: No.

* * *

PUBLIC ACCOUNTS

MEDIA COVERAGE OF COMMITTEE MEETING—MOTION UNDER S.O. 43

Mr. Ron Huntington (Capilano): Mr. Speaker, I rise, under the provisions of Standing Order 43, on a matter of urgent and pressing necessity, and seek the unanimous consent of the House for my motion.

Whereas the Standing Committee on Public Accounts will have the Auditor General of Canada before it at 3.30 p.m. today to be questioned on his 1978 report, as this report is possibly one of the most important reports tabled in the House of Commons, and because there is high media and public interest in this subject matter, I move, seconded by the hon. member for Eglinton (Mr. Parker):

That the electronic media be allowed to join their colleagues from the press gallery and report on the special meeting of the Standing Committee on Public Accounts this afternoon.

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

Some hon. Members: Agreed.

Some hon. Members: No.

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HAZARDOUS SUBSTANCES

REMOVAL OF RAILWAY TANK CARS TO LESS POPULATED AREAS—MOTION UNDER S.O. 43

Mr. Andy Hogan (Cape Breton-East Richmond): Mr. Speaker, I rise, under Standing Order 43, on a matter of urgent and pressing necessity. It has been reported that a tank car of lethal hydrogen-sulphide gas was left standing unguarded at the Sydney CNR depot for 30 hours on the weekend of November 4.

In view of the fact that a former professor of chemistry at the college of Cape Breton says leaving such a potentially dangerous commodity—comparable to hydrogen-cyanide in its destructive capabilities—in a highly populated area is a dangerous threat to the people, I move, seconded by the member for Sault Ste. Marie (Mr. Symes):

That in future the CNR be instructed by the Atomic Energy of Canada Limited to place such tank cars at a siding in a less populated area.

Mr. Speaker: Order, please. Such a motion can be presented for debate at this time only with the unanimous consent of the House. Is there unanimous consent?

Some hon. Members: Agreed.

Some hon. Members: No.

S.O. 43

[*Translation*]

AGRICULTURE

REQUEST FOR CREATION OF CHICKEN MARKETING BOARD—MOTION UNDER S.O. 43

Mr. Adrien Lambert (Bellechasse): Mr. Speaker, under the provisions of Standing Order 43, I ask for the unanimous consent of the House to introduce a motion dealing with an important matter of pressing necessity.

In view of the fact that poultry producers in Quebec requested some time ago the establishment of a national chicken marketing board and that it is urgent to set up such a board immediately to avoid the deterioration of the market at the expense of Canadian producers, I move, seconded by the hon. member for Lotbinière (Mr. Janelle):

That the Minister of Agriculture (Mr. Whelan) be directed to proceed immediately with the creation of that board for marketing both Canadian and imported poultry.

Mr. Speaker: Under the provisions of Standing Order 43, the presentation of such a motion requires unanimous consent. Is there such consent?

Some hon. Members: Agreed.

Some hon. Members: No.

* * *

[*English*]

GRAIN

GOVERNMENT STRATEGIES ON MOVEMENT AND SALE—MOTION UNDER S.O. 43

Mr. Don Mazankowski (Vegreville): Mr. Speaker, I rise, under the provisions of Standing Order 43, on a matter of urgent and pressing necessity regarding reports from Washington of a further United States wheat sale of 145,000 metric tonnes to China, bringing the total United States wheat sales to China for this year and next to four million metric tonnes.

● (1412)

In light of the serious implication this has for Canada's position in world grain markets, I move, seconded by the hon. member for Moose Jaw (Mr. Neil):

That the minister responsible for the Canadian Wheat Board make a statement on motions detailing the government's strategies for the sale and movement of grain for the balance of this crop year and inform the grain producers of this country of all immediate and future measures he is planning to take to ensure that world markets for Canadian grain do not continue to slip away.

Mr. Speaker: Presentation of such a motion for debate, pursuant to Standing Order 43, can be done only with unanimous consent. Is there unanimous consent?

Some hon. Members: Agreed.

Some hon. Members: No.

[Mr. Speaker.]

HEALTH AND WELFARE

CALL FOR INCREASED BIOMEDICAL RESEARCH—MOTION UNDER S.O. 43

Mr. Paul Yewchuk (Athabasca): Mr. Speaker, I rise, under the provisions of Standing Order 43, to move a motion of urgent and pressing necessity. I move, seconded by the hon. member for Provencher (Mr. Epp):

That the government abandon the foolish idea that you can make significant savings in the health care field by cutting back on biomedical research, and that the government recognize that the only way to affect such savings is to increase expenditure on research.

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

Some hon. Members: Agreed.

Some hon. Members: No.

* * *

SOCIAL INSURANCE

RETURN OF MAIL BECAUSE SIN NOT INCLUDED IN ADDRESS—MOTION UNDER S.O. 43

Mr. Leonard C. Jones (Moncton): Mr. Speaker, I rise to move a motion of urgent and pressing necessity and of great public concern, under the provisions of Standing Order 43.

Whereas mail addressed to military personnel in Canada and elsewhere is being returned because the social insurance number is not included in the address, and whereas it is not possible to legally obtain the social insurance number of any Canadian citizen except, of course, from the individual, I move, seconded by the hon. member for Brant (Mr. Blackburn):

That the Prime Minister, the Postmaster General and the Minister of National Defence issue a joint statement to cease this procedure, practice or policy and, further, that the same ministers take steps to make certain that these practices, procedures or policies halt for all Canadians.

Mr. Speaker: Presentation of such a motion for debate can be done, in conformity with Standing Order 43, only with the unanimous consent of the House. Is there unanimous consent?

Some hon. Members: Agreed.

Some hon. Members: No.

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AUDITOR GENERAL

TABLING OF 100th REPORT

Mr. Speaker: Before beginning the oral question period, I have the honour to lay upon the Table the 100th Annual Report of the Auditor General of Canada to the House of Commons, for the fiscal year ended March 31, 1978. I would remind hon. members that, pursuant to Standing Order

65(1)(a), this report is deemed permanently referred to the Standing Committee on Public Accounts.

I take particular pleasure in introducing this report into our proceedings in the presence in our gallery of the Auditor General of Canada, Mr. James Macdonell.

Some hon. Members: Hear, hear!

ORAL QUESTION PERIOD

[*English*]

GOVERNMENT ADMINISTRATION

POLICY RESPECTING SELF-PERPETUATING PROGRAMS— REFORM OF STANDING ORDERS

Mr. Joe Clark (Leader of the Opposition): Mr. Speaker, may I say, on behalf of this side of the House, that we hope the second century of reports of the Auditor General receives much more careful attention by the government than has been the case in recent years.

Some hon. Members: Hear, hear!

Mr. Clark: My question is to the Prime Minister. I understand that the Auditor General's report talks about the problems created by self-perpetuating programs and about the very real difficulty of parliament being able to ensure that programs are accomplishing the purpose for which parliament established them. Would the Prime Minister tell us if it is the intention of the government to adopt some species of my proposal to introduce into practice in this parliament a form of Sunset law?

Right Hon. P. E. Trudeau (Prime Minister): Mr. Speaker, I can understand the Leader of the Opposition's concern about the first century, particularly the early part when it was dominated by so many Conservative governments.

Some hon. Members: Hear, hear!

Mr. Trudeau: I wish the Leader of the Opposition would make some specific proposals about Sunset laws. He has talked about them, I understand in various forums. I remember introducing into this House a Sunset law in one particular piece of legislation and department, and having all the Tory party oppose it, saying we should not have anything disappear.

● (1417)

Mr. Clark: Mr. Speaker, in terms of that long period of Conservative domination, we intend next year to start another century of it.

Some hon. Members: Hear, hear!

Mr. Clark: For the Prime Minister's reference, I draw his attention to a proposal placed on the order paper by my colleague, the hon. member for Dartmouth-Halifax East, outlining in detail a proposal for a Sunset law.

My question now for the Prime Minister has to do with recommendations with which I am sure he is familiar, coming from myself and other members of this House on various committees, relating to procedures in this House. Is it the intention of the Government of Canada to introduce reforms to the rules of this House that will allow there to be consideration of the estimates of some departments without a time limitation?

Mr. Trudeau: Mr. Speaker, the question of House rules has been before this House a few times since I have been Prime Minister. We have never had the co-operation of the opposition party in any of our attempts to make this House more efficient.

Some hon. Members: Oh, oh!

Mr. Trudeau: We made specific proposals. We suggested forms of allocating less time on second reading, for example, as is the case in the British parliament where they spend one day in principle on second reading. We have seen this opposition talk for days and days and days on second reading, while it should be the occasion, under the rules, when they would only state their position in principle.

However, with this kind of a party, they have no position on principle. They get around that by talking for days and days on the subject. This is against the spirit of the law as it is practised in the British parliament.

Mr. Clark: Mr. Speaker, that is the second question the Prime Minister has refused to answer in the House. Since that recommendation came from a committee which includes members of his party, I can only assume that there are some members of his party, and not just us and the media, whom he considers to be the enemy of the country.

I would like to direct a final supplementary, in the hope it might begin the tradition of having some questions answered here. I direct it to the President of the Treasury Board.

In light of the concern expressed by the Auditor General that parliament and the people of Canada have inadequate information on which to judge the estimates which are brought forward in the House of Commons and have to be approved by this House, I wonder if the Auditor General would give us a guarantee—

Some hon. Members: Oh, oh!

Mr. Trudeau: He is not here.

Mr. Clark: I inadvertently referred to the Auditor General. There is no question that we would have more information forthcoming from that gentleman were he occupying that seat instead of the President of the Treasury Board.

Some hon. Members: Hear, hear!

Mr. Clark: My question to the President of the Treasury Board is the following: will he give us an unqualified guarantee that any future estimates he might bring into this House of Commons will be estimates that have the fullness of information—

Some hon. Members: Oh, oh!

Mr. Clark: I am not sure, but I suppose the government is always nervous—

Mr. Speaker: Order, please. Perhaps we had better conclude this question.

Some hon. Members: Hear, hear!

Mr. Clark: I will conclude the question, Mr. Speaker, when the government members conclude their attempts to interrupt and stop us from putting questions in this House.

Some hon. Members: Oh, oh!

Mr. Clark: Possibly I can get a little quiet from over there. Can we have, from the President of the Treasury Board, an unequivocal guarantee that any future estimates he or his short-lived government might introduce into this House will contain the kind of fullness of information that was requested and recommended by the Auditor General in his report?

Hon. Robert K. Andras (President of the Treasury Board): Mr. Speaker, the development of new forms of the estimates is a matter that has been under consideration by this government; in fact, in co-operation and in consultation with the public accounts committee. The deliberations are going on. There are some very interesting advances being thought out. We will only put them in after we have had exposure to and advice from the public accounts committee. Therefore, I am not making any time guarantee; I will only say that progress is being made.

* * *

● (1422)

PUBLIC SERVICE

USE OF PERFORMANCE MEASUREMENT SYSTEMS

Mr. Allan Lawrence (Northumberland-Durham): Mr. Speaker, my question is directed to the Prime Minister. A good portion of the Auditor General's report just tabled by Your Honour deals with the lack of performance measurement systems, that is, some way by which the government is able to measure the productivity and efficiency of people in the public service. For instance, he says that in 16 performance measurement systems covering 100,000 man-hours in 12 departments, only two systems were satisfactory. I ask the Prime Minister, who has for ten years been leader of the government, why there should be such a deplorable record as that in the public service.

[Mr. Clark.]

Hon. Robert K. Andras (President of the Treasury Board): I should like to reply to that question having more direct knowledge about it. Indeed, we want to see vast improvements in performance measurement, vast improvements in the techniques and methods used to evaluate programs. I think objective observation would indicate that the practices this government has already installed are applauded by other governments around the world and are, in fact, the subject of considerable encouragement from the Auditor General as to what we have done and what we intend to do.

Some hon. Members: Oh!

Mr. Andras: That is not to say they are perfect, but we are advancing and our methodology is being given great credit by many observers outside the government and in the private sector.

Some hon. Members: Hear, hear!

Mr. Lawrence: The hon. gentleman says they are not perfect. The Auditor General says they are non-existent; that is the point.

Some hon. Members: Oh, oh!

Mr. Lawrence: Another section in the report deals with the evaluation of programs, that is, information on the accomplishments of programs and policies. In 23 programs in 18 departments, the Auditor General says there is no evaluation process. Either the Prime Minister or the President of the Treasury Board should tell us why not.

Mr. Andras: I think the hon. member would be more credible if he presented a more balanced approach to this subject. He should read the Auditor General's overview comments. There is no doubt that in the so-called spice observations there are many criticisms, many of them justified. We welcome those criticisms. They do date back, however, to events, projects and undertakings of several years ago. They are very valuable to us, enabling us to refine our programs and devise improvements which we want to instal in the future. I think the hon. member would serve the House better if he took a more balanced approach to the report.

Mr. Lawrence: In dealing with parliamentary control, the accountability of the government to parliament, the Auditor General recommends a brand new approach. But he does say that after three successive auditor general's reports, three successive reports of the public accounts committee on three separate occasions, Treasury Board indicated its intention to follow the recommendations which were made. He says now, in this year's report, that little has been done.

Again, my question is a simple one; it is directed to the President of the Treasury Board and it affects the credibility of Treasury Board. Why has Treasury Board not done what it said it would do in three successive years?

Mr. Andras: Again, an objective examination of the facts and of the report would indicate that the Auditor General

himself has noted a great deal of progress on many fronts by Treasury Board and by the departments which come under its examination.

* * *

HEALTH AND WELFARE

WORKERS EXPOSED TO ASBESTOS HAZARDS—UNITED STATES COURT CASE

Mr. Derek Blackburn (Brant): Mr. Speaker, my question is for the Minister of National Health and Welfare, the minister charged with responsibility for protecting and maintaining the health of Canadians. I should like to ask whether the minister and her officials are familiar with documents filed in a recent U.S. court case which show that as early as 1949, Canadian asbestos companies were aware of the serious health hazards to which their employees were exposed.

If the minister is not familiar with these documents, would she assure the House that the department will get copies of them and look into these charges?

Hon. Monique Bégin (Minister of National Health and Welfare): I will, Mr. Speaker. The general problem of asbestos in relation to health is well known to us. The hon. member refers to particular documents going back to 1949. My department probably has them, but I will pass on the information.

● (1427)

Mr. Blackburn: Mr. Speaker, in the United States court case to which I referred, Judge James Price stated that the documents filed in his court—

—further reflects a conscious effort by the industry to downplay, or arguably suppress, the dissemination of information to employees for fear of the promotion of lawsuits.

In view of the fact that thousands of Canadian workers who have been exposed to asbestos hazards may have had their lives put in jeopardy by such suppression of information, will the minister look into this matter and discuss with the provinces what action, including the laying of charges, may be necessary under federal or provincial legislation?

Miss Bégin: Mr. Speaker, a question like the one the hon. member just asked is meaningful if it applies to a particular case; otherwise, it creates unnecessary panic in the public.

I know of one case which was brought to my attention recently by my colleague, the hon. member for Grand Falls-White Bay-Labrador. That case involved the Baie Verte asbestos plant in Newfoundland. I promised the hon. member that I would consider favourably any request for medical research regarding that particular case. Asbestos problems generally are being studied now by the Department of the Environment and by my department, with a view to further action being taken with the provinces.

LABOUR CONDITIONS

OCCUPATIONAL HEALTH AND SAFETY OF WORKERS EXPOSED TO ASBESTOS HAZARDS

Mr. Derek Blackburn (Brant): Mr. Speaker, there is much medical evidence to show the dangers of working near asbestos. My final supplementary is directed to the Acting Minister of Labour. Has the Department of Labour's new centre for occupational health and safety had any discussions with the provinces concerning workers who have been exposed to asbestosis, asbestos hazards, and specifically whether there is a need for joint action in determining what persons have been affected and what medical attention is appropriate?

[*Translation*]

Hon. André Ouellet (Acting Minister of Labour): Yes, Mr. Speaker, the new council is currently being set up. As a matter of fact, there have been consultations between federal and provincial officials on this subject, and if the hon. member wishes to obtain further information, I should be pleased to send them to him.

* * *

AGRICULTURE

REQUEST FOR CREATION OF CHICKEN MARKETING BOARD

Mr. Adrien Lambert (Bellechasse): As the Minister of Agriculture is absent, Mr. Speaker, could his parliamentary secretary advise the House whether, pursuant to Bill C-76 which was adopted a few years ago "to authorize the establishment of national marketing agencies for farm products," chicken and poultry producers in Canada have submitted an application for the establishment of a national marketing board for chicken, and if so, what stage of the examination process has their application reached now?

Mr. Yves Caron (Parliamentary Secretary to Minister of Agriculture): Mr. Speaker, the various provincial marketing boards for chicken have indeed submitted to the federal government applications for the establishment of a national marketing board for chicken.

As to the application per se, I must advise the hon. member that we, together with several hon. members on the government side, recently met the representatives of the Quebec poultry producers, who have submitted this application which in turn I have referred to the Department of Agriculture, and an important decision is forthcoming concerning the establishment of such a board.

Mr. Lambert (Bellechasse): Mr. Speaker, I would like to direct a supplementary question to the Prime Minister.

Since this is of nationwide capital importance, could the Prime Minister advise the House, if the request for the creation of a national chicken marketing board has been brought

to the cabinet's attention? If so, can he also tell us if a decision is forthcoming on this, as was suggested by the Parliamentary Secretary to the Minister of Agriculture? I want to specify to the Prime Minister that I do not want to cause any embarrassment through this question. I am simply asking a logical question which is of concern to a great many producers and which also affects Canadian harmony, because that is the basis of common understanding throughout Canada as regards marketing.

Right Hon. P. E. Trudeau (Prime Minister): Mr. Speaker, I appreciate that the hon. member does not want to cause any embarrassment. I apologize, I was not following the prior questioning, that is why I referred to the Parliamentary Secretary to the Minister of Agriculture. But if he would take note of the question, I will gladly discuss it with him.

* * *

● (1432)

[*English*]

GOVERNMENT EXPENDITURES

AUDITOR GENERAL'S REPORT—CONTROL OF EXPENDITURES

Mr. Perrin Beatty (Wellington-Grey-Dufferin-Waterloo): Mr. Speaker, I would like to ask a question of the President of the Treasury Board with regard to the report tabled today by the Auditor General, in which he details millions of dollars of waste of the taxpayers' dollars.

As the President of the Treasury Board will know, in the report the Auditor General examines some 13 acquisition projects worth $700 million, and of those 13 he found that 11 lacked adequate controls on expenditures, with the consequent waste of millions of dollars of the taxpayers' money.

In view of that fact, what assurances can the minister give the Canadian taxpayers that the same pattern of inadequate controls and waste of the taxpayers' dollars will not continue all the way through the $10 billion in expenditures which are currently under way in capital projects for this government?

Hon. Robert K. Andras (President of the Treasury Board): Mr. Speaker, I am sorry to disappoint the hon. member in telling him that I do not for a moment think that that is the situation throughout the government. As all hon. members know, this very valuable and comprehensive report tabled today by the Auditor General is the first one he has filed under the very expanded mandate which this government brought in within the Auditor General's bill last year.

Some hon. Members: Hear, hear!

Mr. Andras: Indeed, the Auditor General is now embarking on one very valuable expansion of his powers, the exercise of exploring value for money.

Mr. Baldwin: That is nonsense.

[Mr. Lambert (Bellechasse).]

Mr. Andras: The exploration by the Auditor General into value for money is nonsense? I find that an extremely interesting comment.

Mr. Baldwin: He had more rights before.

Mr. Andras: There have been many steps taken. The Auditor General is aware of that and he makes reference to them in his comments in the report, with regard to very much improved systems of control, not the least of which is also another measure by this government and that is the installation and recruitment of a very effective officer in the position of Comptroller General of Canada. Indeed, he is beginning to install the systems working in co-operation with the Auditor General, and I think you will see further vast improvements over those we have made in the last two, three or four years.

Mr. Beatty: Mr. Speaker, Canadian taxpayers will not rest easy tonight after that answer from the minister. I want to ask the minister about one specific example with regard to the 13 projects audited by the Auditor General. It concerns the way in which the taxpayers' money is being squandered on the C. D. Howe building here in Ottawa, the lavish headquarters for the Minister of Industry, Trade and Commerce.

In view of the fact that the Auditor General's report discloses that the government's decision to have the developer finance the project, as opposed to financing it itself, cost taxpayers $12 million, can the President of the Treasury Board tell this House how he justifies that waste of the taxpayers' money?

Mr. Andras: Mr. Speaker, we will be very glad to go into that in great detail in the appropriate forum, which I think would be the first available meeting of the public accounts committee. The people who are directly involved in any one of the several spice examinations recorded by the Auditor General will be present to answer in detail.

Mr. Beatty: Mr. Speaker, in his report the Auditor General points out that before engaging in major capital projects for acquiring new office space, particularly in Ottawa, the government has not looked adequately at all the alternatives, including the possibility of renting space. The result has been the loss of millions of dollars of taxpayers' money.

What assurances can the President of the Treasury Board give this House and the Canadian people that in the future all these alternatives will be examined and that, in particular, they will examine the option of renting before building themselves?

Mr. Andras: Mr. Speaker, we have been examining those options. Indeed, there is a major study under way on the question of lease versus purchase and contracting for buildings ourselves versus leasing space. Those details are available to the House.

FINANCE

REDUCTION IN SALES TAX—REQUEST FOR REBATE TO AUTOMOBILE DEALERS

Mr. Bill Kempling (Halton-Wentworth): Mr. Speaker, I have a question for the Minister of Finance, but in his absence I will put it to the Prime Minister. A great deal of concern is being expressed by automobile dealers regarding the reduction in the federal excise tax as set forth in the recent budget. Many of these dealers have three and four months' inventory on hand as a result of the introduction of new models of vehicles and they estimate that they could lose as much as $60 million because of the tax reduction.

Will the Prime Minister consider and entertain a rebate program for certain large dollar items? There is precedent for this in the 1958 budget and the 1974 budget.

Right Hon. P. E. Trudeau (Prime Minister): Mr. Speaker, that seems to me like a rather extraordinary suggestion. When the government introduces a budget which cuts indirect taxes, the federal sales tax, the effect of which is that manufacturers and sales companies will cut the price of automobiles to the Canadian consumer, the hon. member is not happy: he would like us in some way to pretend that this tax had been known and that people could, in advance, get some kind of remuneration for it. I do not see how we can seriously contemplate indemnifying people whose stocks of cars were bought before the sales tax was cut. Surely, the consumers' interest is foremost.

Mr. Kempling: Mr. Speaker, I do not think the Prime Minister understands. These people had already paid the 12 per cent excise tax before the government arbitrarily reduced it to 9 per cent. I am not disputing that it should be less than 9 per cent. I am saying that in good faith the dealers paid 12 per cent, they have these automobiles in stock and they are asking now if the government can follow a precedent set in 1958 and 1974, and give a rebate.

Furthermore, there is a great-deal of inventory in transit that will not reach the dealers' hands for three or four weeks. They will be charged 12 per cent on that as well, when they do not even have it in stock. Will the government not consider that?

Mr. Trudeau: Mr. Speaker, will the government also have to indemnify all the consumers who bought—

Mr. Kempling: I did not ask you that.

Mr. Trudeau: —any object which was hit by a sales tax? I wish the opposition—

Some hon. Members: Oh, oh!

Mr. Trudeau: Mr. Speaker, I do not know what the heckling is all about. They were told to keep quiet, not to heckle, and to wear blue suits—and they should do that.

Mr. Dick: You're the only one wearing a blue suit.

Mr. Trudeau: Mr. Speaker, I even saw the right hon. gentleman from Prince Albert hammer his desk yesterday rather than applaud, and I think this should be drawn to your attention.

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[*Translation*]

OFFICIAL LANGUAGES

SUBSIDIES RELATED TO FIVE-YEAR PROGRAM CONCERNING MINORITIES—GOVERNMENT POSITION

Mr. Jean-Robert Gauthier (Ottawa-Vanier): Mr. Speaker, my question is directed to the Secretary of State.

In view of disturbing comments made by non-government groups, could the Secretary of State assure the House that the government does not intend to cut funds for the $75 million five-year program to support both French-speaking and English-speaking minorities announced by himself in December 1977. Even if no announcement has been made so far for 1978-79, it is rumoured that the Secretary of State might have reservations about the amount of $12 million. I would like to have the assurance today that this is not the case.

Hon. John Roberts (Secretary of State): Mr. Speaker, there will be no reduction in the commitment made by the government to support the development and the progress of minority groups in both official languages. Thus, as I announced last year, in December I think, an increase of $75 million was earmarked for that purpose. There was no cut in this financial year as far as programs for minority groups in both official languages are concerned, and it is still true. In that respect, we did not change our decision to fulfil the commitment I made last December.

* * *

[*English*]

URBAN AFFAIRS

HOUSING PROJECT IN PIERREFONDS, QUEBEC—PROTECTION FOR PERSONS INVOLVED IN SALE

Mrs. Jean E. Pigott (Ottawa-Carleton): Mr. Speaker, my question is to the Minister of State for Urban Affairs, the man in the grey suit.

Some hon. Members: Oh, oh!

Mrs. Pigott: In light of recent remarks made by the minister that he wanted to better target the housing dollar, specifically with regard to the Cloverdale project in Pierrefonds and the fact that the people there have not been able to meet with the minister, I wonder if he could give this House a guarantee that the 2,000 people involved in this sale will be protected under the conditions of the sale?

● (1442)

[*Translation*]

Hon. André Ouellet (Minister of State for Urban Affairs): Mr. Speaker, the hon. member should know that when Central Mortgage and Housing Corporation sells such a project, there is of course quite a normal condition in any transaction, which is that leases continue for the current year. Therefore the tenants do not have to fear that during their lease the rent might be increased.

Second, for those living in subsidized housing, there is a formal warranty to be agreed to by the new owner, which is that the same conditions in force under the ownership of Central Mortgage and Housing Corporation will continue for one year under the new ownership.

Now, for those who might fear that rents could be increased unduly, it is obvious that in the Cloverdale case, which is a housing complex located in the province of Quebec and subject to rental board regulations, any undue rent increase could be submitted to the rental board and be rectified where necessary.

[*English*]

Mrs. Pigott: A supplementary question, Mr. Speaker. I ask the minister whether he would inform the House about this particular sale, as this property has been evaluated at $10 million and is to be sold for $4 million cash to a group called Grado. Can he tell us a little more about the sale and the conditions of the sale?

[*Translation*]

Mr. Ouellet: Mr. Speaker, the procedure for selling projects owned and taken back by Central Mortgage and Housing Corporation following bankruptcy is always the same in all cases. I do not want to make this an exception. I sent the hon. member a document she now has and which she can read, I hope, and which clearly states that before offering it on the public market, we first offer it to provincial corporations. So, first, in the case of Cloverdale, the project was offered to the Quebec Housing Corporation, which turned down the offer. Second, we considered the possibility of selling it to a non-profit venture. Such organizations are more interested in smaller projects. Since this is a large project, no non-profit organization could afford to buy it. Third, it was therefore possible to sell it on the open market by calling for public bids. That has been done and in principle, the transaction was to be closed on December 1, the project being sold to the highest bidder.

* * *

[*English*]

FORESTRY

FUTURE OF CANADIAN FORESTRY SERVICE

Mr. F. Oberle (Prince George-Peace River): Mr. Speaker, my question is for the Minister of State (Environment), and is with regard to the effects in his department of a recent cost-cutting exercise, to use the Prime Minister's words, which turns out to be more of a cost-shifting exercise.

It is clear that the Canadian Forestry Service has undergone a policy review. Judging from the recent acts of the government, it would appear it is the policy to phase out the Canadian Forestry Service. Can the minister tell the House whether he still lives by his commitment to the private sector to enhance the role of the Canadian Forestry Service instead, or is he really presiding over the demise of that most important public service?

Hon. Len Marchand (Minister of State (Environment)): Mr. Speaker, the Government of Canada treats the forestry service that we have in this country as a very important one. The recent cuts were really regrettable, but I think the cuts made in the civil service were perhaps far less than those that would have been made by the party on the other side. Since that party opposite talks about a cut of 60,000 civil servants, I think the hon. member had better reconsider the kind of question that he is asking.

Mr. Oberle: A supplementary question, Mr. Speaker. Just 30 days prior to the cuts that he is referring to, the minister committed himself publicly, to the forestry service, that no such cuts would be taking place in that crucial area. The fact is that the government is shifting responsibility to the provinces and the private sector. Can the minister tell the House what reaction he has received at this point from the private sector in response to his attempts to shift that responsibility, which is really one of government, to private industry?

Mr. Marchand: Mr. Speaker, we have had a very positive response from the private sector, and to the privatization of the two labs in particular, the forest products lab in Vancouver and the forest products lab in Ottawa. The Canadian Forestry Advisory Committee, which is chaired by Mr. Rogers of Crown Zellerbach, and other meetings I have had with the private industry, have welcomed this move. I have said on many occasions in this House that we are going to get very great co-operation from private industry and from the privatization of those two labs. We will also get very great co-operation from the universities as a result of the privatization of those two labs.

* * *

EXTERNAL AFFAIRS

CANADA-U.S. NEGOTIATIONS RESPECTING HYDROCARBONS IN BEAUFORT SEA—PROGRESS REPORT ON FISHERIES SITUATION

Mr. Stuart Leggatt (New Westminster): Mr. Speaker, I have a question for the Secretary of State for External Affairs and it concerns the discussions just concluded with Mr. Cyrus Vance. I wonder whether the minister could advise if the report that Canada is now willing to compromise in terms of our claims in the Beaufort Sea is accurate. If it is accurate, can the minister advise whether he has sufficient information

from the industry as to the value of hydrocarbons in that sea to make any kind of meaningful proposal?

Hon. Donald C. Jamieson (Secretary of State for External Affairs): Mr. Speaker, in the context of the hon. member's question, there has been no compromise. I suppose the whole negotiating process on any issue can be regarded as being, in a sense, a compromise in that a number of propositions are put forward and changed as the process goes along. Incidentally, no firm commitments have been made on any of the boundary issues as of this moment.

I personally cannot answer with regard to the hydrocarbon assessments. I would take the question as notice, if the hon. member agreed, or perhaps refer it to my colleague, the Minister of Energy, Mines and Resources. I am not myself competent to answer that question.

Mr. Leggatt: A supplementary question, Mr. Speaker. I am sure that one of the other subjects discussed was the question of fishing rights with respect to the two countries in an attempt to put an end to what has been termed as the "fish war".

In British Columbia, we have 300 to 400 halibut fishermen who have been kicked out of the Bering Sea and who do not know whether they will fish next year at all. They have made a massive investment in their boats. Can the minister give the House some assurance that those fishermen will be allowed to continue fishing next year, or will be taken into the salmon fishery itself if they do not have the right to fish for halibut?

Mr. Jamieson: Mr. Speaker, I am very well aware of this problem from the representations and discussions I have had with the Minister of State (Fitness and Amateur Sport), who has a direct interest in this matter because it is in her part of British Columbia. In so far as whether we can give the kind of assurances to which the hon. member referred, of course, it depends on the outcome of the negotiations. Halibut fishing is one of the issues; groundfish is another of the issues. Indeed, there is a whole complex of questions now being resolved.

In order to eliminate the uncertainties to which the hon. member has made reference, yesterday we gave the negotiators a very specific instruction to end their negotiations by the end of this current year. If there are unresolved problems at that time, they are to refer them to the ministers concerned, namely Mr. Vance and myself.

We are reasonably confident now that we will get a comprehensive fisheries' agreement between now and the end of the year. I can assure the hon. member that the interests of the halibut fishermen and, indeed, the interests of all fishermen, will be taken into account in that agreement.

If I may just have a few more seconds, Mr. Speaker, we have been consulting with literally every group on both coasts, and this is the process which has slowed up a final resolution, because we want to make sure that all of the inputs are there. Obviously, we may not be able to satisfy everyone on every issue, but we will do our best to get something that is in the best interests of the maximum number of fishermen, including the halibut fishermen.

CORPORATE AFFAIRS

PROPOSED TAKEOVER OF SIMPSONS BY HUDSON'S BAY

Hon. Herb Gray (Windsor West): Mr. Speaker, I have a question for the Minister of Consumer and Corporate Affairs. Will he confirm the bureau of competition policy is reviewing the proposed takeover of Simpsons by the Hudson's Bay Company, since if it goes through it will mean that one company will control more than two-thirds of the department store market in Canada, a level of concentration which could be contrary to the best interests of consumers?

● (1452)

Also would the minister and the government now agree that this proposed transaction shows a need to finally complete the reform and updating of our existing competition law, since it is likely not adequate to permit the government to deal fully with this or any kind of merger? Could he tell us when the government is likely to present a bill to this House to complete the revision of this important branch of the law?

Hon. Warren Allmand (Minister of Consumer and Corporate Affairs): Mr. Speaker, under the Combines Investigation Act, the director of investigations has been made aware of the proposed transaction between the Hudson's Bay Company and Simpsons Ltd. and is taking his responsibilities under the act.

As the hon. member knows, I cannot say anything further on that at the present time. With respect to a further reform of our competition laws, we are continuing discussion of this matter and hope we can announce something in due course.

* * *

NATIONAL SECURITY

ACCESS TO GOVERNMENT DOCUMENTS BY PERSONS CHARGED UNDER OFFICIAL SECRETS ACT

Mr. Eldon M. Woolliams (Calgary North): Mr. Speaker, I should like to have addressed this question to the Minister of Justice, but in his absence I shall direct it to the Solicitor General.

Yesterday, the hon. member for Peace River asked some very important questions in reference to the use or abuse of section 41(2) of the Federal Court Act. We are dealing with a question of personal liberty and a charge made under the Official Secrets Act. I should like to ask if the minister would reconsider his position, because the guilt or innocence of an accused is decided by a judge alone or by a judge with a jury.

In light of the fact that the minister, by the use and abuse of this section, has withheld the documents that may determine the guilt or innocence of a person and affecting their personal liberty, will he reconsider his position and at least use section 41(1) and allow the judge to examine those documents in camera, so that a proper charge can be made to the jury? This is particularly important when we are dealing with a case of personal liberty under the Official Secrets Act, under which the charge was laid by this government.

Hon. J.-J. Blais (Solicitor General): Mr. Speaker, I am very pleased that the hon. gentleman permits me to offer further clarification. It seems that he has misunderstood the position I have taken, judging from some of the reports about the action I have taken. If he reads carefully what I said yesterday in the House and what the Prime Minister said yesterday in the House, he will see that I filed two affidavits. One was filed under section 41(1) and covered 16,500 documents, more or less. Those documents are made available to the judge so that the judge can put his own evaluation on the nature of the documents and agree with me that they ought not to be produced to the court.

In terms of the very small portion of the total documents involved, namely, 548 documents, I felt that it was my responsibility—and in that I am supported by precedent—to decide whether the documents referred to information received from third country agencies, agencies which provided us with that information in confidence, and if providing those documents to anyone would be in breach of that confidence. Section 41(2) permits me, as is my responsibility, not to produce those documents to the tribunal.

Mr. Woolliams: Mr. Speaker, that was a very interesting answer.

Mr. Jamieson: I thought so.

Mr. Woolliams: The Solicitor General said "a small amount of documents". "Small" means 548, which is something like the money this government spends.

I am asking the minister, again, a very serious and important question that goes to the liberty and freedom of the individuals in question. Respecting those 548 documents, does the minister not have trust in the judiciary of this country and the judges in question to examine the documents in camera? If he feels there will be some injury to the state, or some breach of security, then they would not be made public; but at least those documents would be examined by the court and not withheld from the court by a discretion maybe wrongfully used by the minister.

Will the minister reconsider his position and let the judiciary do the work, rather than the executive, of trying people in this country for acts of which they may not be guilty?

Mr. Blais: Mr. Speaker, the hon. gentleman will recognize that the 548 documents he has referred to are basically part and parcel of working files. There were 117 files. There is no great distinction in the documents, in terms of what they contain. It is simply the source of the information, so the judge will be able to see, if he wishes, the documents that he has available to him and will see quite readily that there is no need to see the balance of the documents.

Some hon. Members: Oh, oh!

Mr. Blais: I might indicate to the hon. gentleman that I am ready to trust the judiciary to exercise its own responsibility in terms of dealing with the issues which they have before them.

[Mr. Woolliams.]

PRODUCTION OF DOCUMENTS TO THE JUDICIARY

Mr. Elmer M. MacKay (Central Nova): Mr. Speaker, I just have one question for the Solicitor General. Has he read these documents to which he refers? If so, does he think that he is any more trustworthy than a judge of the superior courts of this country?

Hon. J.-J. Blais (Solicitor General): Mr. Speaker, I answered that question yesterday. I exercised a political responsibility, and in my view I exercised that political responsibility in accordance with the law of this land.

* * *

NATIONAL UNITY

COMMENT OF MINISTER OF FINANCE RESPECTING PROVINCIAL PREMIERS

Miss Flora MacDonald (Kingston and the Islands): Mr. Speaker, my question is directed to the Prime Minister. Given the blanket accusation by the Minister of Finance that the provincial premiers constitute the greatest threat to national unity in this country, would the Prime Minister now name those provincial premiers; and that word was used in the plural by the Minister of Finance? Would he now name those provincial premiers who he and his colleagues feel are actively working to destroy Canada?

Right Hon. P. E. Trudeau (Prime Minister): Mr. Speaker, the hon. lady quotes from a speech by the minister. I did not see the speech and I do not know in what context it was made. He said "premiers"; I suppose he has in mind more than one. I have in this House, and outside, taken the occasion to say personally that I thought the view of Canada propounded by the premiers, particularly in the constitution debate as they formulated it last summer in Regina, was not conducive to the kind of strong Canada in which we on this side believe. I know that is not the view of the hon. lady, and I think it is perhaps an honest disagreement. I wish she would name the premiers, singular or plural, who are contributing to the kind of Canada for which she stands.

Miss MacDonald: Mr. Speaker, I have no hesitation in saying that the provincial premiers I know are working for the unity of this country.

Some hon. Members: Hear, hear!

Miss MacDonald: I realize it is much easier for the Prime Minister to offer evasive answers or to offer sweeping indictments outside this House than it is to give precise answers within the House.

I should like to ask if he believes that such a sweeping and irrational indictment by his Minister of Finance really constitutes the kind of approach that we should have in this country on the eve of a very important first ministers' economic conference when, surely, all of those involved are seeking to

bring about the unity and co-operation in this country that we all seek. Is that the kind of approach of which he approves?

Mr. Trudeau: Mr. Speaker, the hon. lady may be making some rhetorical point, but when she accuses me of an evasive answer I would point out that I began my answer by saying that I did not know to which speech of the Minister of Finance she referred. I am prepared to put on record my own views. She holds up and shows me a copy of a newspaper.

Mr. Clark: The enemy.

Mr. Trudeau: The Leader of the Opposition now describes that newspaper as the enemy.

Mr. Fraser: That is how you described it.

Mr. Lawrence: He is not that stupid.

Mr. Trudeau: Then you must be.

Mr. Clark: Keep it going.

Mr. Trudeau: I will keep it up if the Leader of the Opposition would keep quiet and permit me to give my answer. He should show a little bit of the self-discipline he is asking of his colleagues. Mr. Speaker, I understand this is Mickey Mouse week, so I want him to take over.

● (1502)

Mr. Clark: Mr. Speaker, I rise on a point of order in relation to the Prime Minister's offer that he wants me to take over. I am prepared to, as soon as he has the courage to call a national election.

Some hon. Members: Hear, hear!

Miss MacDonald: Chicken.

* * *

POINTS OF ORDER

MR. BALDWIN—REPLY BY PRIME MINISTER ON ACCESS TO DOCUMENTS

Mr. G. W. Baldwin (Peace River): Mr. Speaker, I rise on what is either a question of privilege or a point of order, the information in respect to which I put before you only came to me about ten minutes ago. It affects a question which I asked the Prime Minister (Mr. Trudeau) yesterday and the reply he made. However, I put the matter before Your Honour for clarification and decision. Yesterday I asked the right hon. gentleman about some documents which had been requested of him by Mr. George Bain of the Toronto *Star*. The Prime Minister, with something less than his usual agility in jumping over the truth, said to me in response to my question the following. It appears at page 1368 of *Hansard*:

> He referred to a promise I made to George Bain. That promise had to do with saying we had no objection if NATO had no objection. They were NATO documents which somebody had worked on. I still have no objection if NATO wants to produce them, and if Mr. Bain wants to address himself to NATO I see no objection to that.
>
> An hon. Member: He did.

The hon. member referred to was me. The Prime Minister went on to say:

> Well, he did? Then complain to NATO. I don't know what NATO will say. They are not our documents, Mr. Speaker, they are NATO documents and it is NATO which asked certain individuals to work on them. I have no objection if NATO wants to respond to the advocate of Mr. Bain sitting on the opposition benches here.

I am really not the advocate of Mr. Bain. We really only share one thing, that of being on the Prime Minister's enemy list together.

Mr. Bain did in fact request the documents from NATO. Those particular documents were in respect of the case of Peter Treu. NATO responded to Mr. Bain and said to him, "This is a matter for your national government". Mr. Bain then made a request of the national government. He waited several months without any response. He then wrote an article. At about the time he wrote the article he received some documents from the government, by no means the documents he had requested.

This relates to the point that Your Honour has considered with respect to Standing Order 43. I had exhausted, and possibly gone beyond the limit of questions which I could ask under the provisions allowed. I received an answer from the Prime Minister which was 180 degrees different from what the facts were. I do not think the Prime Minister erred deliberately. He erred through ignorance, as he frequently does. Under those conditions the country is left with the impression that Mr. Bain had not done what he had been requested to do. In fact, he had done so and had received this kind of run around.

I make that statement to Your Honour today because the impression left by the Prime Minister's answer yesterday is completely inaccurate. I may well be in a position to raise this as a question of privilege later, but certainly I raise it as a point of order to see if the record should be set straight.

MR. MACKAY—REPLIES BY SOLICITOR GENERAL ON ACCESS TO DOCUMENTS

Mr. Elmer M. MacKay (Central Nova): Mr. Speaker, briefly I believe my point of order would fit in very conveniently under the one raised by my friend, the hon. member for Peace River (Mr. Baldwin). Yesterday and today the Solicitor General (Mr. Blais), in view of the seriousness of an affidavit filed under section 41(2) of the Federal Court Act in relation to a matter under the Official Secrets Act, said that he had gone through the files. This is what he said yesterday, that he had examined every file. I asked him today whether he had read the documents. I think you will agree, sir, there is a big difference between going through files containing documents and reading the documents. I wish the minister would be more specific and say to this House whether he read all the documents on which he signed this very significant affidavit.

Business of the House

ROUTINE PROCEEDINGS

[*English*]

INDUSTRY

TABLING OF STUDY OF CANADIAN AUTOMOTIVE INDUSTRY

Hon. Jack H. Horner (Minister of Industry, Trade and Commerce): Mr. Speaker, I table, in both official languages, the Canadian Automotive Industry study put out by Commissioner Simon Reisman.

* * *

BUSINESS OF THE HOUSE

WEEKLY STATEMENT AND ANNOUNCEMENT OF CHRISTMAS RECESS

Mr. Baker (Grenville-Carleton): Mr. Speaker, I wonder if it might be convenient for me to ask the parliamentary secretary to the government House leader about business that we will be dealing with after the budget. While the parliamentary secretary is on his feet could he, on behalf of his principal, designate December 1 as an opposition day, which is the next day in accordance with our discussion? I believe it is a day which will be taken by the Creditiste party.

There are one or two other matters that I might deal with as well. Last week I asked the government House leader if he could indicate when the Christmas adjournment will be taken. I understand my hon. friend may be able to make an announcement today on behalf of the government.

Finally, is there any intention of bringing back Bill C-5 from the Senate in the event there is any time lost as a result of what Senator Perrault has called the grossest miscalculation in terms of communication between the government House leader in this House and the Senate, which may have caused some delay? Is the government bringing in an amendment to that bill so that, if there is some lost time, the House can deal with that matter and no one will suffer as a result of the lost time, regardless of whose fault it may be?

As I indicated to him earlier we are prepared to give very swift passage to that bill if the government intends to proceed that way. I ask this question because that very matter was raised in a committee of the Senate, not addressed in the Senate, but raised in a committee of the Senate directly. If that could be done, the government would find us willing to co-operate.

Mr. Pinard: Mr. Speaker, today and tomorrow we will terminate the debate on the budget. On Monday we will be dealing with the second reading of Bill C-2, following that Bill C-10, which is in committee of the whole, and after that Bill C-12. Concerning the next allotted day it will be Friday, December 1. As well, the last two allotted days will be Tuesday, December 5, and Thursday, December 7.

[Mr. MacKay.]

[*Translation*]

With regard to the Christmas break, it seems discussions have been held with the representatives of all parties and, that we shall do everything in our power to be able, as we hope, to adjourn on Thursday, December 21, until Monday, January 22, thus allowing hon. members to attend to their devotions, their families and their electors.

With regard to the question of the hon. member on Bill C-5, I shall convey his representations to the Deputy Prime Minister who, I am sure, will be in touch with him at the very first opportunity.

[*English*]

Mr. Baker (Grenville-Carleton): Mr. Speaker, there is one other matter which we have not discussed and that is the question of the commodity tax review. I had indicated at one time that we were ready to let that reference go to the appropriate committee without debate. Is it the intention of the government to take advantage of that very generous offer?

[*Translation*]

Mr. Pinard: Mr. Speaker, we are taking into consideration all suggestions, whether good or bad, and I am convinced that the leader of the House will advise the hon. member of his reaction without undue delay.

* * *

[*English*]

PRIVILEGE

MR. STEVENS—NOTICE OF INTENTION TO RAISE QUESTION OF PRIVILEGE

Mr. Sinclair Stevens (York-Simcoe): Mr. Speaker, as you know, I gave you notice of a question of privilege which I had hoped to raise at the appropriate time today. I feel it will be in the interest of all concerned if I were allowed to consult some precedents with respect to my question, of which I think you are familiar, and also to consult some others, especially those respecting the public accounts committee. If it is in order, I would like to speak to this matter more fully tomorrow.

Mr. Speaker: It is agreed the hon. member has reserved his position by way of his notice.

Statements by ministers.

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NATIONAL DEFENCE

STATEMENT ON ACQUISITION OF NEW FIGHTER AIRCRAFT

Hon. Barney Danson (Minister of National Defence): Mr. Speaker, I am pleased to announce today that, based on conclusions of one of the most thorough evaluations of a defence procurement program ever carried out in this country, cabinet has now approved a set of directions regarding the next

stage of the process towards acquisition of a new fighter aircraft for the Canadian Forces.

• (1512)

In arriving at these conclusions I have been guided by, and the judgments reflect, the military advice which I have received from the Chief of the Defence Staff. The government, through the offices of the NFA program manager, has now informed four of the competing manufacturers that their aircraft are no longer in the competition. These are: Grumman with the F-14 Tomcat; McDonnell-Douglas with the F-15 Eagle; Panavia with the Tornado, and Northrop with the CF-18L Cobra.

The finalists will be the General Dynamics CF-16 and the McDonnell-Douglas/Northrop CF-18A, which are the Canadian versions of these aircraft. The government has also decided against further consideration of a mixed fleet of fighters. The governments of the Federal Republic of Germany, Great Britain, Italy and United States, which all have been following this selection process with keen interest, are also being informed of this development.

Direction has now been given to the interdepartmental program office to initiate discussions leading to the negotiation of draft contracts with the two prime manufacturers remaining in competition. In addition to the very important questions of aircraft capability, fleet size, delivery schedule, and optimum phasing of payments, emphasis will be placed on negotiating the best mix of industrial benefits for Canada. In these negotiations particular attention will be paid to arrangements that could contribute to the growth of research and development activity in Canada, as well as high technology industry which complements our geography and resources. Emphasis also will be given to ensuring that all regions of the country will have full opportunity to participate in this program.

I expect that it will be several months before I am in a position to present a comparative analysis of draft contracts to cabinet for final selection of a new fighter aircraft. I am sure that those of you who have followed the evolution of the program since its start, in March, 1977, have come to realize the magnitude of the task facing the government in this selection process. At the end of June, as you will recall, the government decided to allow additional time to permit manufacturers to refine their initial proposals. I am pleased to report that by the new deadline of August 1 all had responded with offers that contained substantial improvements over their earlier proposals.

Our numerical requirement of between 130 and 150 aircraft is critical to our capability to meet our domestic and European commitments. We are indeed disappointed that procurement of sufficient numbers of F-14s, F-15s or Tornados could not be accommodated within our set budget of $2.34 billion in August 1977 dollars.

Our evaluation also revealed that acquisition of a mixed fleet would bring little or no benefit in terms of fleet size and that operation of such a fleet would bring substantial liabilities, including double training and logistics support systems over the life span of the aircraft.

The two most severe constraints that we face, and will continue to face, are the number of aircraft required and the set amount of money to buy them. Our task, then, is to buy the best military aircraft available within those constraints, while seeking the best possible industrial benefits with a minimum of project risk.

In addition to cost and numbers, there are other considerations that serve to favour the two aircraft we have kept in the process. To begin with, there is the military and political assessment that we have made of the current—and to a certain extent, anticipated—strategic situation that we are facing.

We have come to the conclusion that an adequate number of the smaller aircraft equipped with radar guided air-to-air missiles and suitably deployed across Canada, could afford us the capability to exercise our sovereignty fully by intercepting, identifying, and if necessary, destroying aircraft that might be probing into Canadian airspace. Having this type of prudent capability, we believe, would deter probes and offer adequate protection against the possibility of a bomber attack on the North American continent.

Having eliminated the three most expensive systems from the competition, three remained—the CF-16, the CF-18A and the CF-18L—that met or came very close to meeting our numerical requirements within the budgetary envelope while being able to meet the most likely military challenges.

The CF-18L proposed by Northrop could meet these most likely challenges and probably be acquired in sufficient quantities. Potentially, it also provides a very attractive package of industrial benefits. However, we have assessed as very considerable the risk of committing Canada to buying a sophisticated aircraft that is not in service with any other country. At this time, I consider all the various types of risks which could be involved in the development and initial introduction into operational service of this aircraft are greater than we either need or are prepared to accept. Moreover, even in the best of circumstances, the delivery schedule of the CF-18L is likely to be markedly behind that required for the timely replacement of our CF-101 and CF-104 aircraft.

The CF-16 is a single-engine aircraft which has been selected by five of our NATO allies, including the United States. Should the CF-16 be acquired, Canada would of course have extensive commonality with NATO allies in Europe. While this aircraft does not have the degree of sophistication of the larger aircraft, it does have acceptable capability and is the only aircraft which at this point meets the numbers required.

The other fighter remaining in the competition, the CF-18A, offers us another set of possibilities. It may be more expensive than the CF-16 would be; therefore we can expect to acquire fewer, although I am optimistic that an adequate number to meet our roles can be acquired in negotiations. Purchase of this aircraft could allow for co-operative logistics arrangements with the United States.

On the other hand, being a twin-engined, somewhat larger aircraft, the CF-18A offers some definite advantages of its own. These include a good potential for growth, or a capability to be fitted with new systems that may be necessary to cater to future demands made of a fighter aircraft. The CF-18A also currently has more advanced all-weather capabilities in the context of sovereignty protection and air defence.

We must recognize, however, that in both military and political terms, a major consideration for Canada is collective security in Europe. This is where the philosophy, or strategy, of deterrence, common to all members of the NATO alliance, is subject to its greatest challenge, in the light of qualitative and quantitative improvements to the forces of the Warsaw Pact countries.

It is important that our own contributions to collective security be quantitatively and qualitatively adequate for deterrence. Quantitatively, this means a number of aircraft at least equal to that we now commit to the Alliance in central Europe and to the northern flank. This total number of aircraft, plus some for training and attrition, makes up well over half of our total requirement. This is clearly a factor that influences the type of capability that we must seek in the fleet, the qualitative aspect of the contribution. We want that capability to be prudently adequate for the sovereignty and air defence roles in Canada and also to be effective in particular roles in central Europe and in northern Norway.

As you can appreciate, there are pros and cons to both types of aircraft. I can assure you that there were also some pros and cons to all aircraft that have now been eliminated. Our request for proposal provided a standard which enabled us to obtain truly comparable data for all contenders. No single aircraft could possibly have met all specifications given in the request for proposal. Nor was it the government's intention to acquire an aircraft whose capabilities far exceeded those required to carry out assessed roles adequately.

We are convinced that we have now made a very judicious decision in selecting these two aircraft for further consideration, taking into account the factors of military requirements, budgetary considerations, the minimum number of aircraft required, the risk element, and the potential industrial benefits.

We expect that a reduction to two contenders will have a very favourable impact on Canadian industry's ability to participate with prime manufacturers in the development of detailed industrial proposals.

● (1522)

To the prime manufacturers who have devoted considerable resources to this competition so far, and particularly to manufacturers' representatives who have displayed so much energy and sincere efforts in presenting their companies' proposals in the best possible light, we owe thanks for their exceptional co-operation.

Finally, Mr. Speaker, I am confident that in this next, critical phase of the fighter program, the interdepartmental team and all others who are in any way involved will continue to work in an atmosphere of fair and keen competition, and that rapid progress will be made towards selection of a new fighter aircraft to meet Canada's needs to the end of the century.

[Mr. Danson.]

Mr. Allan B. McKinnon (Victoria): Mr. Speaker, our party has for many years advocated that movement should be made by the government to re-equip our forces. Normally I would be very pleased at the announcement—the announcement of any progress brings with it a certain amount of gratification, I suppose. However, to say the least, the statement the minister has made today is very unusual. In the very short time available to me since I received the statement only a few minutes ago, I have made some notes. I would have preferred to have had more time, but if I cut my remarks fairly short now, perhaps I will be able to make it up by the number of questions I am allowed to put. I see at least ten outstanding questions which have not been dealt with in the minister's statement and which have a considerable bearing on the new fighter aircraft.

First, I would point out that the minister states they have been guided—I presume he is referring to the cabinet—and adds:

> The judgments reflect the military advice which I have received from the Chief of the Defence Staff.

That is a rather peculiar admission when one understands that most of the consideration was done by a project team. I am already beginning to hear disturbing rumours that the project team's advice was largely ignored in the selection and that the cabinet called together another group of senior civil servants at the deputy minister level to rewrite the proposal which was given to the Chief of Defence Staff and to the minister in early September. That is one of the reasons for the unseemly delay we have undergone so far.

Elsewhere in his statement the minister said:

> Emphasis will be given to ensuring that all regions of the country will have full opportunity to participate in this program.

That bears a striking resemblance to the long range patrol aircraft proposition which was put to us, under which all parts of the country were to have an opportunity to participate in the offset work and the industrial benefits. As I pointed out to the House the other day, British Columbia so far has managed to obtain one half of one per cent. To a province that has 10 per cent of the population and an industrial capacity to match, this hardly indicates that anyone out west has reason to dance in the streets over the work they are going to get out of any project this government offers. Their reputation is too well known at present.

Again, the minister said:

> Our evaluation reveals that acquisition of a mixed fleet would bring little or no benefit and would bring substantial liabilities, including double training in logistic support systems over the life span of the aircraft.

This, of course, does not stop them from flying three different types of fighter at the present time. It never seems to stop Air Canada from buying different planes from different companies. In my opinion, the statement is merely included to

validate a bad decision rather than as containing any truth insofar as problems from having two or three different types of fighter plane are concerned. I have yet to hear the minister or anyone else in a senior position in defence complaining bitterly that we have F-104s in Europe and F-101s in Canada.

On page four of his statement the minister says he came to the conclusion that an adequate number of smaller aircraft equipped with radar guided air to air missiles could afford us the capability to exercise our sovereignty fully. No mention was made of the range of the two fighter aircraft which the announcement tells us have been selected. I would have been more pleased if the minister had managed to discover the range of the F-16 and the F-18 as compared, say, to the F-15.

Later we find the minister saying that the F-16 has acceptable capability and is the only aircraft which to this point meets the numbers required. Then in another part of his statement he said that unfortunately the F-18L, I believe it was, could not quite make it in terms of the numbers they would be able to provide, and that the F-15 could not make it for the same reason within the limitations of $2.34 billion. Now if the F-16 is the only one, it means that its running mate, the F-18L, also cannot qualify under the same set of regulations that caused the minister to turn down the F-15, the F-14, and the larger and more expensive planes. Either they had a dividing line there or they did not. It is my understanding they could have provided about 117 F-15 planes within the $2.34 billion limit, and there is certainly no doubt in anyone's mind that the F-15 was far closer to being the favourite of the project team than the F-16 or the F-18A.

The final choice, as the minister said, comes down to the F-18A and the F-16, and I must question whether the 18A is in there just as a straw man to be used by the government to get betters bids out of General Dynamics, because the F-18, let's face it Mr. Speaker, belongs on an aircraft carrier. It carries around some 2,500 pounds of surplus machinery which enables it to land and take off from carriers, and unless the minister intends to buy a carrier, or buy back a carrier, I see no reason why we would want to select the F-18A over, say, the F-18L. I realize there is a difference in the time at which they would be available and I hope to bring this out in my questioning. However, it seems to me a most peculiar choice of planes has been made by the minister, considering the preferences expressed by his project team. I hope I will be given the opportunity to carry out lengthy questioning later on today as to the reasons for the unusual choice.

Mr. Andrew Brewin (Greenwood): Mr. Speaker, I, too, think it necessary to comment on the fact that on a matter involving well over $2 billion we received notice of this statement only a few minutes before it was delivered in the House. I must in all fairness add, though, that it does not embarrass me one little bit because the point of view we take makes the total exercise of choosing between different suppliers irrelevant.

We think that what the government should be doing is looking at the total strategic purpose which lies behind this proposition to acquire between 130 and 150 fighter planes. It is our view that this is a misapplication of roles, that it is going back to something which is totally obsolete, something which has nothing to do with the security of Canada or the stability of the world as a whole.

So far as I know, we have never had a clear statement of the strategic purpose of what is the largest purchase of military equipment ever made by Canada—the minister can correct me if I am wrong. We have never been told the nature of the threat which is to be met. We know that the fighter planes based in North America are intended to replace a number of Voodoos and other aircraft which were designed to meet the threat of a manned bomber attack. Indeed, the statement just made by the minister does contain a reference to the possible threat of the manned bomber. We do not believe in the reality of that threat.

• (1532)

We think that the role of a government or of anyone making decisions in this field, should be to look at the basic situation and then fit the equipment into the roles which are necessary. We say that a manned bomber threat is unthinkable at the present stage of history, the missile age. Aeroplanes involved in attacking Canada and the United States would have to travel two or three hours. Their coming presumably would be made well known to the American defence system, by the forms of detection which are in existence. We believe in the necessity of such detection, and if it is not adequate, let us improve it.

However, once we have adequate detection, the defence which exists both for Canada and the United States as far as North America is concerned, is the fact that the Americans have available defences in submarines and elsewhere to meet any first strike. Perhaps, fixed missile sites are no longer as secure as they used to be for the placing of the strategic weapons of the United States, but as far as submarines are concerned, the whole society of the U.S.S.R., could be blanked out.

With adequate mechanisms the targets of attack would not be there. It seems we have to assume an irrationality on the part of the leaders of the U.S.S.R. which, whatever else some of us may say or think about them, is totally inconsistent with the facts.

We say we should not be choosing between this and that. This proposition will cost $2.3 billion in 1977 dollars. We must add to that the extra cost of inflation and any other extra costs which may be involved by reason of our present exchange rate. I think somewhere around $3 billion would be a modest figure to expect. What could be done with $3 billion? Many things need to be done. I propose to speak in the budget debate on this very subject and to elaborate on the points I am making now.

I know that this is an occasion for brief statements, but we say to the government that it ought to look at this all over again. We need a clear strategic statement. From time to time the minister has made highly exuberant and optimistic assertions, but he confines himself to assertions like "It is necessary for the security of Canada." Let him show us why he says it is

necessary. What threats have to be met, and how real are they? Is this just a fantasy against which we are supposed to defend ourselves? We think it is, and therefore to be picking one fighter plane against another is not necessary.

I want to say a word about offsets. I will have more to say on this subject when I participate in the budget debate. It is, of course, a good idea to have offsets, including our technology, but at the present time the aircraft industry is very buoyant, and what we need is improvement in the technology for the things we can sell commercially. We do not need to build up our capacity to supply sophisticated weaponry to the countries of the world. Perhaps they would buy it. The insanity which pervades this world is such that $400 billion per year is spent on armaments, which have no purpose but destruction, even at a time when human needs throughout the world cry out for attention, capital, and personnel.

All we can say regarding this statement is that it is not too late to look at the reality of this situation. The commitment has not been finalized. Let the government look at the reality of this situation and then tell us, if it is possible, where, why, and how it proposes to undertake this colossal expenditure. Why is it necessary for the security of Canada or the stability of the world? I wish the minister were coming before us and saying that we are moving into the field of so-called smart bombs, which are precision guided weapons which hold out a much greater hope to small countries. These are light weapons, armed with laser guides, which can hit targets. They are highly effective in stopping tanks and in shooting down fighter planes.

We know we have obligations. When I have a chance to speak in the budget debate I will set forth the important obligations Canada can meet in the military sphere. We must meet them. That naturally will cost money, and the job must be done well. There is no point in doing a thing half-heartedly, but for goodness sake let us not be led astray by this mirage of an attack, which no sane person would ever make upon North America in this missile age. Granted, conditions can change, but I am talking about conditions as they exist now.

The government should look at the whole thing again, and consider it from beginning to end. It is not just a matter of which is better and which is worse. I am sure that if the government considers the whole matter again it will arrive at a decision which will be far more beneficial to the people of Canada in this time of strain and so-called restraint and retrenchment. A re-examination of this matter would be far more important than any other contribution the government has made in the past few years.

[*Translation*]

Mr. Adrien Lambert (Bellechasse): Mr. Speaker, I wish to make very brief comments on the statement the Minister of National Defence (Mr. Danson) just delivered to the House. I want to thank the minister for making available to me a copy of his statement which I received only around three o'clock. I do not feel strongly about that because at 1.30 I received a phone call, probably from his office, telling me that I was about to get a copy of his speech. But given the fact that the postal service is very poor, the minister is obviously not responsible for the delay. Hon. members who spoke about the minister's statement before me said the same thing.

But I do not have only bad things to say. I want to seize the first occasion I have to thank the minister from the bottom of my heart for having authorized the band of the Royal 22nd Regiment to come to Montmagny on Remembrance Day. On such a beautiful day the local residents were very happy to see a detachment of the armed forces and the air cadets and I can assure him that that is a good way to ensure harmony exists in our country. You should have seen the onlookers! For the first in the 12 years I have witnessed such ceremonies I saw people give rousing cheers. It is a sign of the times and I am very happy that the minister authorized such a visit to our city of Montmagny.

Mr. Speaker, at the time of the right hon. Prime Minister (Mr. Trudeau) visit to Bonn for the summit conference, I also remember seeing on TV our Prime Minister surrounded by aircraft manufacturers trying to convince him that their type of aircraft was the best. Canada was really the centre of attention. We could see that for those manufacturers this was a big occasion to make a deal. Some businessmen from different countries were also present.

The Minister of Defence has just announced that we need to buy between 130 and 150 fighter planes. I assume, or at least I hope that these will not be used in a new world war but that they will help those who really want to maintain peace in the world. Canada is prepared to do its share, but to do so, it must be well equipped. I had a few occasions to visit countries throughout the world where our armed forces do an examplary job, a tremendous job to preserve peace. Naturally, there is the odd trouble here and there, little conflicts that break out, but were it not for the NATO force in which Canada participates, unfortunately I think we would have faced major military confrontations. I believe it most deeply. However, I must say that I am not an aircraft specialist. I trust the experts in that field whose duty is to advise the minister. I hope their advice is in the best interest of Canada rather than in the best interest of those who want to make money at our expenses.

I fully understand that it is normal to make profits even in manufacturing aircraft, but we should also make sure that our money is not wasted. I am sure the minister is smart enough to detect those who might try to profit from the circumstances to take advantage of him and convince him that some type of aircraft is better than some other type, without he being sure that it is the truth. Thus, the minister tells us that he chose the CF-16 rather than the CF-18A. I hope he is not mistaken.

But I would like to ask something of the minister. We are being told that the contracts have not been signed, that the details are still under study. I would like to suggest—the minister made reference to that point in his statement—that we go further than that. All kinds of parts will be needed to

build those planes, to put them together. Obviously those parts, like in the automobile industry, can be manufactured in Quebec city, in Trois-Rivières, in Sherbrooke or even in Montmagny where the unemployment rate reaches 30 per cent. These parts could then be sent to companies for assembly. It should then be seen that the Canadian industrial sector benefit from these contracts, that it be given the opportunity to manufacture some of these parts. This would enable us to create jobs in this country and to make a good deal with other countries.

Mr. Speaker, I understand that the minister has a rather sizable budget and that he must do his utmost to apply the principles of moderation while providing our armed forces with the equipment required. This is essential. So I would like the minister to inform us more regularly of what happens in his department as concerns not only the organization of the air force but also the equipment needs of our armed forces, our naval forces and our vessels.

Mr. Speaker, I take this opportunity to remind the minister that two or three times he announced shipbuilding projects to meet the needs of our armed forces for national defence. I would ask him whether it would be possible to accelerate this decision to help our shipyards keep up with the times, keep up with their more sophisticated competitors and give them the opportunity to provide jobs for the many unemployed Canadians. So, if we are to make a decision as it is required, we should make it when unemployment is at its highest level.

I think it is more important to spend money in a way which encourages the use of our manpower and our expertise rather than to pay those people to do nothing and make them loose the desire to work, because after a while you finally believe it is not necessary to work and you find it difficult to go back on the labour market.

Mr. Speaker, I have here a document I have just received, the Right to Information. Parliament, ministers and courts. Who said this? The government. Here again, I wish we were better informed. In parliament particularly we can understand when we are informed of the facts. And if we have suggestions to make, we are responsible enough, I think, to do it and instead of being prejudicial to the minister it would help him exercise his difficult responsibilities as Minister of National Defence.

● (1542)

[*English*]

Mr. McKinnon: Mr. Speaker, I shall try to keep my questions as short as I can, and I hope that the answers will be equally brief because I have several questions that I wish to get through. Could the minister tell me does this choice mean that the doors are closed forever on the possibility of a two-plane purchase, that is, the F-16 or the F-18A, but not a combination of the two?

Mr. Danson: Mr. Speaker, that is correct. We have rejected the two aircraft fleet concept. It will be a single aircraft fleet, either one or the other.

Mr. McKinnon: Mr. Speaker, what did the selection team, that worked so assiduously from last February to this September, report, and what were their recommendations as to what plane or planes should be bought?

Mr. Danson: Mr. Speaker, the team did not say which one should be bought. They evaluated all the aircraft against specific criteria, and those were the ultimate criteria for each role. Some served some roles better than others, but in essence it was left to the judgment of the Chief of Defence Staff and his advisers, a judgment which I support and cabinet supports, on which planes would actually be chosen based on the strategic assessment, which the hon. member for Greenwood (Mr. Brewin) referred to, the military capability, the quantity of aircraft needed to fulfil our roles and, finally, industrial benefits.

Mr. McKinnon: Could the minister tell the House if the story, which has received a certain amount of publicity, is true, that the F-16 rated fifth under the heading "military evaluation" and also rated fifth under "industrial benefits" among the six planes?

Mr. Danson: Mr. Speaker, I will not be able to give that immediate information, but it does not mean much because the difference between one and five or six was very close in many cases. They are all excellent aircraft. Some of them achieved the total range of roles better than others, but would not give us the numbers we could possibly work with and still fulfil our roles in any meaningful way.

Mr. McKinnon: Mr. Speaker, would the minister table a résumé of the industrial benefits promised by these two finalists on the short list, and table it so that it shows what industrial benefits are expected for the regions in Canada? I must say to the minister that the LRPA distribution of benefits has left a bad taste in the mouths of a lot of Canadians, and it does little to help us solve the alienation problem that we have in western Canada.

Mr. Danson: Mr. Speaker, I am not sure that it is in the best interest of the program to produce at this time the industrial benefits or their regional location. I would say that there is a very great effort being made to make certain that there is a greater distribution of regional benefits than under previous programs and that it is a much larger program than the LRPA program. I must express some disappointment because on that program even the contractor has had difficulty getting people to show interest, submit bids, or in some cases even the answering mail from some regions of the country. These are our individual firms who, of course, have to make those decisions. In this case, those who are bidding are aggressively seeking out contractors in different parts of the country, and I think it is very important to note that this is not concerned only with contracts for aircraft. There are other types of industries of high technology and research and development that might serve us well in other areas with this particular aircraft.

● (1552)

I think the hon. member may be assured that the greatest effort will be made in this regard. As a matter of fact it is the specific direction of cabinet that the negotiating team seek out those areas that best complement our geography and our resources so that we have an opportunity to be competitive in areas where we are good and which suit us naturally, rather than those for which we have to pay a premium.

So far as making a list is concerned, I think the hon. member for Victoria might realize that that might be counter productive at this stage because we are in a very tough bidding competition between two firms which will be upgrading, significantly I would think their industrial benefit packages as the negotiations continue. I think, it would be inappropriate, certainly in terms of industrial or commercial secrecy, to indicate what one or the other is doing at this time. Perhaps I will consider that when a final decision is made.

Mr. McKinnon: Could the minister tell the House how many planes in each case is the short list of tenders offering? How many planes of each type are there?

Mr. Danson: Based on the best assessment, the CF-18A comes close enough to the 130 minimum that we required, with a reasonable expectation of exceeding that when we get to the final negotiations. The CF-16 is in adequate number in their proposal to meet our requirements. There will be refinements of these proposals as they go along; perhaps other things will be required in the aircraft and that will affect the total number. In either case we expect to have adequate numbers to fulfil at least our minimum requirements, and hopefully all or close to all of our maximum needs.

Mr. McKinnon: Mr. Speaker, I am rather disappointed about the last answer; I would rather do without the adjectives and adverbs and find out how many planes are involved, which was the question I asked, whether the number be 137, 127 or 117. I understand that for the CF-15 they were able to bid 117 planes.

My final question for now is this. The Dassault Mirage 2000 was talked about before the competition was closed, but then the French company did not enter the final bid. My understanding is it was turned down because the Mirage 2000 was not yet in flight, but it would appear that the F-18L lasted until today. I am curious as to the difference between these two planes. It seems that the French company was cut off rather summarily back in January of last year, yet the F-18L, which the minister says will not be ready in time, which is one of the reasons he turned it down, was considered right up until now.

Mr. Danson: The Mirage 2000 team themselves withdrew, Mr. Speaker. It was not our assessment; they themselves said that they did not believe they would be ready in adequate time and they did not believe they could marshal a sufficiently attractive industrial benefit package, and on their own volition they withdrew from the competition, really before it started.

[Mr. Danson.]

Mr. Brewin: Mr. Speaker, I should like to ask the minister, first of all, to inform the House what is the present assignment of fighter planes as between North America and our European theatre. My understanding is that we have an air group of 45 planes in Europe, and the minister's statement seemed to lead toward the view that we are now going to equalize somehow or other our commitment, which would seem, if my figures are right, to mean a substantial increase in our commitment to NATO, one that is far beyond our commitment of ground forces there or anything relative to that, with a diminution in our commitment to North America. Perhaps he could say, in this new dispensation—I am sure they are not all allocated yet because they are not even built or ordered yet—what is the proposed distribution of the 130 to 150 planes as between the two different theatres, the North American and the European theatres?

Mr. Danson: Mr. Speaker, the number is precisely the same as now, namely, 36 assigned and, I believe, 18 in reserve, for the central front, and 24 aircraft for the north flank. That commitment will remain the same. At the present time there is a larger total fleet. There was a figure I ran across of 160 total front line, but with these new aircraft of all models there will be a much, much lower attribution because of the higher technology and safety features put into them. Because it is only one type of aircraft there will be a reduction in the number we need in our training and replacement systems. So there is a one for one replacement there.

I think that what might have led the hon. member to that conclusion is the ability to maintain our sovereignty role, which I would take from the hon. member's remarks today and at other times he still considers rather important. Protection without enforcement does not leave us with sovereignty; it just leaves us with information. We need something to enforce that sovereignty, and that role we will fulfil with the same number of aircraft, I believe 36 being assigned to that specific role.

[*Translation*]

Mr. Lambert (Bellechasse): Mr. Speaker, I have only one question to ask since the minister has just replied to many of the questions I was asking myself and since my colleagues have asked very specific questions. I would like to know the approximate cost of the CF-16 and CF-18A aircraft and whether that cost includes all the equipment needed to enable those planes to fulfil their role.

[*English*]

Mr. Danson: Well, Mr. Speaker, I have not broken this down in fly away cost per aircraft, though I am sure I can get that; but the $2.34 billion program covers equipment, manuals, spare parts and training systems, implemented with enough reserves in each case to provide adequately for our needs.

[*Translation*]

Mr. Lambert (Bellechasse): Since the minister has quoted the figure of $2.3 billion and since the figures we have been given for the number of planes vary from 130 to 150, there is

quite a difference. Could we at least have an approximate figure? Will we go over $2.3 billion to purchase 130, 140 or 150 aircraft? This is where the unit price can make a difference. Could we know the approximate cost of these aircraft?

[*English*]

Mr. Danson: Mr. Speaker, we are attempting within that budget of $2.34 billion to acquire 150 aircraft. That will allow us to do our job, to fulfil our roles on a one to one basis for our training system, and give us sufficient back-up aircraft to account for natural attrition. As for the price, if one takes a very much ball park figure—I am sure that people who sell aircraft would not do it in this way—I always talk about a $10 million aircraft and a $20 million aircraft. If we look at it in terms of a $10 million aircraft for individual fly away cost, then that would be reasonable. One of the studies that I have read, and I have read many in connection with this program, indicated it would be about $1¼ billion for the aircraft program itself. The rest goes towards support for the particular items about which the hon. member is concerned. Those are not the precise figures, but I would be pleased to get them for him.

Mr. Munro (Esquimalt-Saanich): Mr. Speaker, I have two questions, unless some of the replies lead to further ones. First, now that it has been determined there is to be one aircraft and that the two aircraft in the fleet concept has been abandoned, can the minister say if the configuration of the aircraft for the two different roles that the single aircraft will have to play—the sovereignty role on the one hand, and the close support role in Europe on the other—will allow for interchangeability of aircraft, or will there be one aircraft with two distinct configurations?

● (1602)

Mr. Danson: Mr. Speaker, I expect that they should be able to remain in one configuration for both roles. There may be a difference in the way they are armed, but they would be interchangeable in those roles. There would be room to have two different CF-18As or two different CF-16s. There may be some small adjustments in the roles, but not what one would consider different configurations.

Mr. Munro (Esquimalt-Saanich): Mr. Speaker, my other question concerns the power plant. I understand that the power plant in the 16—if the designation of the F-16 is the same in Canadian terms as it is in United States terms—the power plant which is the F-100, I believe, of Pratt and Whitney, has run into some pretty scary problems. I wonder whether that has all been taken into account in the choice. I am not sure whether the 18A might not also have the same power plant, whether the minister is aware of these problems, and whether due allowance has been made for the work that is still to go into the F-100 engine, Pratt and Whitney, before it is ready to power even the American F-16.

Mr. Danson: Mr. Speaker, that same engine is used to power the CF-16, the F-16 and the F-15. There are some teething problems as there generally are with new engines. Our team has looked into this very carefully and compared notes with other nations. Five of our allies are using this aircraft. I have personally spoken to colleagues in NATO and they are satisfied that this is a normal part of the development of a new engine that is taking place, and they are all confident that these problems will be overcome. Fortunately, if something arose that made that an invalid conclusion, it would be one of the things that our own evaluation team would follow extremely closely to make absolutely certain that we are not risking aircraft or, more important, Canadian pilots.

Mr. Munro (Esquimalt-Saanich): Mr. Speaker, the minister said that five of our NATO allies are using the aircraft. Did he mean using them, or that they are on order by five other nations?

Mr. Danson: They are on order by Norway, Denmark, the Netherlands, Belgium, and the United States.

Mr. Leggatt: Mr. Speaker, I wonder if the minister could clarify an answer that he gave to the hon. member for Greenwood (Mr. Brewin) earlier about the distribution of the acquisition when it takes place. Perhaps the minister will correct me if I am wrong in my reading of the statement, which is that the new allocations will be divided approximately 50 per cent to our NATO commitment and 50 per cent to our North American zone. That would lead me to the conclusion that we are increasing our commitment to NATO very substantially in terms of the number of aircraft we now have committed. I understand we are in the area of approximately 45 and are going to increase that to about 75 aircraft for our NATO role. Would the minister comment on that? If my figures are in error, perhaps he wishes to correct them.

Mr. Danson: Mr. Speaker, I do not think the hon. member's figures are in error but I think incorrect conclusions have been drawn from them. There are the 36 committed to central front in Baden. I believe there are 18 attrition and reserve aircraft and that works out to 54—I think I am right—that are there in the reserve role. They would have fly-over crews to support those. It may not be necessary with these new modern aircraft to maintain those additional aircraft in Germany because they all have fly-over capability—an unrefuelled fly-over capability—to the central front.

In addition, 24 are presently assigned to the north flank role. That is a fly-over role as well, from Bagotville and Cold Lake. The others are all in the North American defence role.

Mr. Leggatt: Mr. Speaker, I have concern to know how much study the minister and his officials have made in two areas of technology. The choice has been reduced to the two aircraft, the CF-16 and the CF-18A. My information is that in mock combat both of those aircraft have been very successful in eliminating each other in the air. In fact most new fighter aircraft have become so technologically advanced that they cancel each other when they get into combat. I would suspect the same would be true with Soviet aircraft, if we want to deal with the NATO question. Has the minister any figures of the

survival rate of these new proposed fighters in competition with themselves or other fighters? Will he table that? Perhaps he would respond to that, and I could have one more question.

Mr. Danson: First of all, Mr. Speaker, they may cancel each other out. That is why we are only buying one kind, so that each will survive. I guess the likely combat is with Warsaw Pact forces. They are all highly sophisticated, but the survival rate has certainly been studied. I have the information in front of me but it would take some time to find it as it is a rather complex equation. I would be pleased to go over it with the hon. member at any time, however. Those are judgments that have been made and tested, computerized, and in some cases, I believe, in mock trials.

Mr. Leggatt: Mr. Speaker, I am sure the minister gets my point in that question, which is that air cover that simply destroys itself in competition with the enemy is not air cover at all. My last question deals with the studies the minister has done on new weaponry, that is, heat seeking laser beam weaponry, which is the new technology in terms of support for ground forces, rather than fighter aircraft. Has the minister an assessment by his officials or his project team which deal s with the capacity of the new weapons using ground forces to eliminate fighter aircraft? Can he advise why it is that Canada seems to get in at the tail end of technology rather than at the beginning?

Mr. Danson: Mr. Speaker, those studies have been addressed. They are in my briefings and have merited consideration. I think this is one of the fortunate things in this buy, that we are phased in with the technology at a pretty reasonable stage—not so far in advance that we are getting into a "Never-Never Land" but sufficiently mature that we can make a wise judgment and at an early stage of the technical life of these aircraft that we have selected. They are at an early stage in their life cycle. None of them is actually in service per se yet. They are in the prototype and early production stages, but they have been fairly evaluated by others. One has been purchased by a number of nations, the other by the United States in significant quantities and is being looked at very seriously by others. I think we are at a rather good stage in the technology to have a high performance aircraft through the life cycle of 15 or 20 years.

Mr. McKinnon: Mr. Speaker, I only have four more questions and, I might be able to put two of them together. I would like to ask the minister for the date of signing. Two statements were made by him today, one that we are making rapid progress to that end, and the other that it would be several months. I wonder if he could put an approximate number before the word months. Secondly, when does he expect that we will get the first plane out of this contract?

Mr. Danson: Mr. Speaker, we are proceeding as rapidly as we can to the date of signing in several months. That is the best way to describe it. To prepare the documentation, which is considerable, to sit down with the contractors will take one month or close to it for completion—it is close to completion, but until the decision was made it could not be completed. It will likely be after Christmas before the vendors, the two contenders, have an opportunity to assess this. That is if they give up some of their Christmas recess for it. Our team should be able to sit down with the first group immediately after the New Year. This would be done by the same team sequentially, rather than at the same time, because it is necessary that the same people do the assessment so that we get the same qualitative judgment.

As I said the other day, I hope this will be all done by late spring. It is pretty difficult to be more definite than that because we want to make sure the negotiations are as exhaustive, as tough, and extensive as possible, and that we get the best buy and the best benefit from it.

● (1612)

Realistically one could only hope to look at April as a possible date of final completion. May or early June are real possibilities. I would not want to rush those and not get as good a deal, although I am anxious to see this purchase completed. I would rather have the best deal we can get by April. I would not want to put that additional pressure on the team to report when they are not satisfied they are ready. We will all be watching this closely. In so far as the first delivery is concerned, I believe the first delivery would be early in 1982. Depending on the number of aircraft we finally achieve, the rate is about two a month because of our cash flow requirements and abilities. This could take us to 1986 or 1987 before the final attrition aircraft are delivered.

Mr. McKinnon: Mr. Speaker, I would like to point out that the minister on April 25, 1978, said that the government expected the first plane in 1981. Apparently there has been a slippage of one year, which is a considerable amount of slippage. Would the minister tell us if he is aware of any unrest or discontent in Air Command over the selection of these two planes? I have heard there is considerable discontent in Ottawa and several senior air force officers are most unhappy about the selection of the F-16 and F-18A.

Mr. Danson: Mr. Speaker, I would be a little surprised if there was no criticism. I do not question the fact that airmen have favourites. I have spoken to many pilots throughout the system since I have been in this job and involved with new fighter aircraft. One does hear varying views. I know there are some concerns, some of which have been talked out and worked over by the Chief of Defence Staff, his senior people and everybody involved. There is full support of those people who have major responsibility. I believe what the hon. member is referring to, and I am sure it will be reflected in comment, is that the F-15 is a pretty hot aircraft. We know it is an excellent aircraft but so is the Tornado and the Tomcat.

I think in the main everybody realizes the need to have a sufficient number of aircraft in the total system and the capability which is realistic in terms of our assessment of the threat. More important and which must be taken into consideration here, is the question of the lifecycle cost. This is the

cost to keep those planes flying through their training system and exercises during their lifecycle. I have been apprised of the reservations each of the senior officers have had. The Chief of Defence Staff has kept me fully informed in this regard.

Mr. McKinnon: Mr. Speaker, in view of the fact the F-16 is something less than the world's greatest ground support plane, has the minister given consideration to a change of the role of our air arm in Germany?

Mr. Danson: No, I do not think that will be necessary, Mr. Speaker. SACUER might decide. This will be discussed because of the new aircraft and the different set of capabilities, or a better capability really for the present role. These planes have considerable flexibility and may be used in a different role. That is not in the cards, and it is not necessary in the present considerations. However, that will develop perhaps as the strategic situation changes.

Mr. Rae: Mr. Speaker, is it the minister's intention to bring down a white paper on defence in this session?

Mr. Danson: Mr. Speaker, it is not my intention to bring one down on defence in this session. I would welcome the opportunity to discuss the defence policy concerns at much greater length which the hon. member for Greenwood (Mr. Brewin), the hon. member for Victoria (Mr. McKinnon) and the hon. member for Bellechasse (Mr. Lambert) have. The reason for not bringing down a white paper is not that I would not like to because there is work going on, but that it is not possible in this session due to the tremendous strain on resources in our department, particularly in the policy areas that have to be attributed to such a task.

It is not possible to do it in a short period of time and I would not want to see less than a first rate job done. I am sure the quality of people that we have would not want to attach themselves to anything they did not consider first rate. It is a matter of timing. In the circumstances, I think the hon. member for Broadview (Mr. Rae) will agree that while thinking is taking place and input is going into what will ultimately be produced as a white paper, I just cannot put a date on it. It is keeping the ball bearings in everybody's two and one-half pound computer going.

Mr. Rae: Mr. Speaker, I am sympathetic to the minister and his department's problem with ball bearings. I am concerned that if we are locking ourselves into a technology which will not become fully available until 1987, and which presumably will be in use until the year 2000—or who knows—it might be worth taking a little time. The minister said that he did not want to enter into something without a good deal. I put it to the minister and ask him to comment on it that if we are locking ourselves into a military strategy which will last, if the minister's plans take place, for at least 20 if not 25 years, would it not be a good idea to produce a white paper at the same time and allow members on all sides of the House, and the press at large, to discuss these matters before locking ourselves into these major decisions?

Mr. Danson: Mr. Speaker, it is certainly consistent with the priorities of the government, the assessment of military advisers in Canada and their joint considerations with NATO and NORAD. What we will buy is a capability with sufficient flexibility in growth that one can reasonably expect. This is always a difficulty with any major purpose. One would never buy anything if one would always wait for the next generation. That difficulty crops up every time something is put into production and it is taken from the drawing boards. Some engineers spend their lives keeping things on drawing boards which never get produced. They usually do not work for the same company for very long, but this happens. Sometimes you have to freeze drawings to get into production and get going. I think we are at the right end of the cycle with two flexible aircraft that could allow for any foreseeable change in role or strategy.

* * *

[*Translation*]

QUESTIONS ON THE ORDER PAPER

(Questions answered orally are indicated by an asterisk.)

Mr. Yvon Pinard (Parliamentary Secretary to President of Privy Council): Mr. Speaker, the following questions will be answered today: Nos. 187 and 522.

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

[*Text*]

EXTERNAL AFFAIRS—OFFICIAL HOSPITALITY

Question No. 187—**Mr. Howie:**

Since April 1, 1977, what amount was spent on entertainment by the Department of External Affairs?

Mr. Louis Duclos (Parliamentary Secretary to Secretary of State for External Affairs):

April 1, 1977 to March 31, 1978	$2,086,731*
April 1, 1978 to September 30, 1978	$ 616,036*

* This includes hospitality costs incurred by posts and officers abroad.

MR. ROBERT DOUGLAS

Question No. 522—**Mr. Epp:**

1. What is the annual salary of Mr. Robert Douglas, Executive Director for the Centre for the Study of Inflation and Productivity?

2. What is the life span for the Centre?

3. What is the total number of employees in the Centre and how many earn over $30,000 annually?

Mr. Yvon Pinard (Parliamentary Secretary to President of Privy Council): 1. $45,400—$61,200.

2. Until June, 1980.

3. (a) Fifty-six employees as of November 10, 1978; (b) Fourteen employees earn over $30,000 annually.

Royal Assent

Mr. Deputy Speaker: The questions enumerated by the parliamentary secretary have been answered. Shall the remaining questions be allowed to stand?

Some hon. Members: Agreed.

* * *

[*English*]

MESSAGE FROM THE SENATE

Mr. Deputy Speaker: I have the honour to inform the House that a message has been received from the Senate informing this House that the Senate have passed Bill S-4, an act respecting Canadian non-profit corporations, to which the concurrence of this House is desired.

[*Translation*]

I have the honour to inform the House that a message has been received from the Senate informing this House that the Senate has passed Bill C-7, an act to provide supplementary borrowing authority for the fiscal year 1978-79 and to amend the Financial Administration Act, without amendment.

THE ROYAL ASSENT

[*English*]

Mr. Speaker: I have the honour to inform the House that I have received the following communication:

Ottawa, November 23, 1978

Sir:

I have the honour to inform you that the Honourable Robert G. B. Dickson, Puisne Judge of the Supreme Court of Canada, in his capacity as Deputy Governor General, will proceed to the Senate Chamber today, the 23rd day of November, at 5.45 p.m., for the purpose of giving Royal Assent to a Bill.

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

[Mr. Pinard.]

• (1622)

GOVERNMENT ORDERS

[*English*]

THE BUDGET

FINANCIAL STATEMENT OF THE MINISTER OF FINANCE

The House resumed, from Wednesday, November 22, consideration of the motion of Mr. Chrétien that this House approves in general the budgetary policy of the government.

Mr. Art Lee (Vancouver East): Mr. Speaker, it is a pleasure and honour to participate in this budget debate. For the past week we have heard a lot of blather by the official opposition, the hon. member for York-Simcoe (Mr. Stevens) and the Leader of the Opposition (Mr. Clark), about Petro-Canada's purchase of Pacific Pete.

I submit that the hon. member for York-Simcoe and the Leader of the Opposition have misrepresented the facts on this matter. It is not only my opinion, but the opinion of the editorial board of the Toronto *Sun*. I wish to quote from its editorial dated November 22. As I indicated, I will quote directly from it. It is entitled "Clark Misleads on Petro-Canada", and I quote:

Conservative Leader Joe Clark is both naive and misleading in his obsessive attacks on Canada's national oil company, Petro-Canada. The company was set up in 1975 to give Canadians a stake in their own oil and gas industry, which is largely controlled by the big international oil companies.

Clark is naive when he says that Ottawa has all kinds of leverage which it could use to regulate the oil industry rather than acquiring its own national oil company.

Interestingly, Clark has never spelled out what kind of regulations he would apply to control the oil industry, perhaps because he's also promising to deregulate much of the Canadian economy and to cut the size of the civil service.

But to properly regulate something as complicated as the oil industry would require volumes of regulations and an army of civil servants, who would have to keep their eyes on every operation from the service station to exploration.

The country couldn't afford such an army. Even if it could, it would be difficult to ascertain the true situation. Canadians have only to recall how, based on industry-supplied forecasts and statistics, the National Energy Board thought there was a natural gas surplus when there was a shortage and how there was a shortage which turned out to be a surplus.

The last thing the international oil companies want is for the public to get an insider's view, which explains why the major oil companies in Canada have conducted such a strong campaign against Petro-Canada.

If Clark is naive in thinking he can control the oil industry through regulation, he is downright misleading when he suggests the $1.4 billion spent by Petro-Canada to acquire control of Pacific Petroleums Ltd. is an added burden on the taxpayer or that it represents reckless new spending by Ottawa.

Taxpayers' money is not being used by Petro-Canada to buy Pacific Petroleums. Instead, Canada's national oil company has borrowed the money from the Canadian banks and will be able to pay all the interest and principal from the future profits of Pacific Petroleums—and still have money left over for exploration and development. This is the same way takeovers are financed in the private sector.

The government's role is that of ultimate guarantor of the loan, but that doesn't cost it any money unless Pacific Petroleums, a highly profitable and oil-and-gas-rich company, should go bankrupt.

Clark is also wrong when he says, as he did this week in Parliament, that the money used to acquire Pacific Petroleums could have been used instead to help senior citizens or make it easier for Canadians to buy new homes.

There's a big difference between taking these worthwhile steps and giving Petro-Canada the green light to take over Pacific Petroleums. Taxpayers' money would have to be used to help the senior citizens and new homebuyers whereas there is no taxpayers' money used in the Petro-Canada acquisition.

In view of this editorial I submit that the hon. member for York-Simcoe and, particularly, the Leader of the Opposition, should withdraw the comments they have made which, not only in my opinion but in the opinion of the Toronto *Sun* editorial board, fail to reflect accurately the Petro-Can-Pacific Pete transaction.

The hon. Minister of Finance (Mr. Chrétien), clearly and succinctly, put before the Canadian people the economic direction in which this country is to move within the ensuing year. It was a budget based not on political gimmickery but on sound principles of financial management; I submit a responsible budget. Generally, with the exception of the proponents of further deficit financing, the reaction has been favourable.

The reduction in the federal sales tax will help the consumer by slowing the rate of inflation. Other measures will help industry and induce them to invest. This creates permanent jobs in the long run. For example, Mr. Harvey Parliament, president of the Mining Association of British Columbia, is reported in the *Express*, November 20, 1978, as follows:

The next tax incentives improve the climate in the industry a lot. If there are mining properties that were thinking of going into production, but were teetering on the brink of making a decision, this may make them decide to go ahead.

As hon. members know, the proposal allows mining companies to write off 100 per cent of mining development costs, instead of the 30 per cent allowed up to now. Mining men and those in forestry are pleased with the budget's decision to allow a $100 deduction for every $300 spent on construction of townsites and the social assets that are involved. Similar favourable reaction has been received from these B.C. industries respecting the federal government's decision to maintain the write-offs for pollution equipment. The increase in the tax credit for new plant and equipment for expansion was also welcomed by industry in British Columbia.

Favourable reaction to this was given by the Employers' Council of British Columbia. They issued a press release on November 16, 1978, written by William Hamilton, President of the Employers' Council of British Columbia. I quote from their brief:

Given the constraints he faced, Chrétien has produced a better budget than most business people expected. He had distributed a variety of tax changes between the personal sector and the business sector which will stimulate the economy. The western provinces will enjoy some particular benefits: He has re-emphasized the importance of our resource industries, especially mining, forestry, and petroleum, as a very basic source of Canadian economic growth.

We agree completely with the great emphasis Chrétien placed on the responsibility of the private sector and individuals to pass on the benefits of this budget and to exercise personal restraint. In this way all Canadians will benefit from the measures announced which should provide a framework for further improving Canada's competitive position internationally.

We have some reservations about Mr. Chrétien's forecast of inflation and economic growth which seems to us somewhat optimistic. However, we are encouraged by what seems to be the government's determination to exercise restraint and begin to build strength in the Canadian economy for the 1980s.

Unquestionably the budget was not expansionary. I submit to add to an already large deficit would have exacerbated our present economic situation. Canada is living in a tough, competitive world. Our unemployment rate is too high, especially among young Canadians. Prices are coming down, but not as fast as we would like. The Canadian dollar has declined in value.

Underlying these real economic challenges is the issue of national unity. We see a provincial government aiming to break up this country, to remove one province, a part of Canada, from this land of ours.

All hon. members have seen the deliberate, staged performances of René Lévesque at first minister's conferences. We have heard all his blather about the federal government not helping the province of Quebec, that the federal government was not spending any money in Quebec. I could not believe it. Here was the premier of the province of Quebec saying his government does not receive any financial help from the federal government. The Minister of State for Urban Affairs (Mr. Ouellet) corrected this fabrication. We are not only helping Quebec, but in many instances Quebec isn't even availing herself of the help we are offering.

● (1632)

Then we hear the cynics say the whole national unity issue is a government plot, a conspiracy to hold on to power. Well, I am not going to apologize for wanting to fight back when I see somebody, whether a pequiste or a western separatist, setting out deliberately or overtly to destroy my country. Neither does the Prime Minister (Mr. Trudeau) have to apologize for being determined to keep Canada strong and united.

There are cynics who say national unity is a government smokescreen to distract people from the economy. That's nonsense. I have talked to business people from the United States. They are not prepared to invest in a Canada that might fall apart. Of greater concern is the movement of Canadian business and industry from Quebec—I think, for example, of the Sun Life Corporation. It doesn't take a financial wizard to know that the unity crisis affects investment.

People in Vancouver East are concerned about national unity, but I know the issue can be pretty remote when one is unemployed and the cost of living isn't coming down fast enough. I know the people of Vancouver East are more concerned with the bread and butter issues, jobs and inflation. Even so, I don't have to remind you, Mr. Speaker, that unless we remain a strong country we won't have to worry about the economic challenges facing Canada.

Let's talk about the economy. Back in 1975 I spoke at the convention of my party and outlined Canada's economic problems as I saw them then. I should like to restate a few of the points I made because I think they are still applicable today. I began by talking about inflation, about what it was doing to Canada and to Canadians, about the way in which it disrupted financial planning by business and government, how it priced our goods out of world markets and created more unemployment. I talked about the way in which inflation undermines the position of those least able to protect themselves—pensioners and others living on fixed incomes. I said that the uncer-

tainty caused by inflation provoked frustration, social unrest, and a distrust of private and public institutions. I said that it threatened the validity of collective bargaining and that it set labour up as a scapegoat for all our economic ills. I said that people were looking to the federal government for leadership and that, in my opinion, the federal government has fallen short of handling the economy as well as it could have done.

I called for a system of flexible wage and price controls. One month later, the federal government introduced them. Mr. Speaker, the anti-inflation program has worked. Controls were a success. When controls are phased out starting April 14 we shall all have to exercise the self-restraint which both labour and management have been telling government it would have to demonstrate once the controls are lifted. I, personally, do not anticipate any "bubble" of high wage demands and unwarranted price increases and, from what I have seen, this has not occurred. For one thing, Canadians are more aware than they were two and a half years ago of the impact which wage and price levels can have on our competitive position. There is a greater appreciation on the part of both labour and management that jobs and profits can be lost if our wages and prices get out of line with those of our competitors. We are more aware of the importance of economies of scale, entrepreneurial skills, and access to markets, as factors in our competitive situation.

I believe most Canadians feel that, despite its rough justice, the wage and price control program was about as fair as any such program could be. Workers, for example, are aware that while the guidelines may have restrained their wage demands, they also restrained prices. On balance, workers came out a little ahead of the game, which is better than one can say for their inflation experience in the two years before the controls program. The statistics support these calculations. Over the two-year period 1976-1977, wage increases under collective agreements monitored by the AIB amounted to roughly 18 per cent while the consumer price index increased by 15.9 per cent. This represents on average a gain in real wages of better than 2 per cent.

Another measure of the wage-price relationship is our experience with shares gross national product. The share of the GNP accorded to wages increased from 51.8 per cent in 1961 to 56.6 per cent in 1976, an increase of 5.1 percentage points. The wage share continued to rise, and in 1977 it was 57.2 per cent. It is wrong, therefore, to maintain as some still do, that the anti-inflation program was anti-labour. It is true that the guidelines placed restrictions around collective bargaining, but price increases have been restrained relatively more. The share of national income going to corporate profits has been fairly constant at 10.7 per cent to 11 per cent over the last decade, including the period under controls.

What has the government done about the bureaucracy? For two years there has been almost zero growth in the federal public service. The first ministers' conference agreed that compensation, wages and pensions to civil servants should follow those in the private sector. The first ministers also agreed to submit the growth of bureaucracy and regulations to the Economic Council for study. A good start, but much more can be done. While there are many highly competent and highly dedicated people in the civil service, some civil servants are bilking the taxpayer by not giving a fair day's work for their pay. When I served on the sub-committee studying the penitentiary system I definitely saw this and I believe I could find the same thing in every federal department.

The federal government has lately regionalized many operations. Unfortunately, regionalism has come to mean little more than duplication of head office positions in the field without due concern for line and staff functions. I am gratified to see the government taking this aspect of the sub-committee's report on penitentiaries very seriously. What is required is not regionalism for the sake of regionalism, but real decentralization. Let me illustrate them with an example.

Some guards from the Kingston maximum security penitentiary went to the Ottawa airport to pick up prisoners. Because the plane was late, the guards went and got drunk. Fortunately, the RCMP officers accompanying the prisoners refused to turn the prisoners over to them. What was done about these guards? Their director wanted to fire them. The regional director wanted to fire them. Were they fired? No. Treasury Board officials advised they could only be suspended for a few days because of red tape. That is intolerable, Mr. Speaker.

We need to put the work ethic back into the public service. Managers should be able to hire, fire and transfer personnel more easily, and be able to offer cash incentives for good work. This is what we recommended for the penitentiary service, and I am sure the same is applicable to other departments. Managers, just as strongly as the public, want to get rid of the red tape that ties them up until they cannot function.

Now I should like to outline some of the things the government is doing to ease unemployment. First of all, why are so many people out of work? Is there something basically wrong with the system? The fact is the system is working pretty well considering that Canada is in the midst of an international economic recession. Last year the economy created more than 250,000 new jobs. In fact we had led the world in job creation and economic growth for years. Right now, though, two factors are coming together during a world-wide economic slowdown. We are still trying to absorb the last wave of the post-war baby boom into the labour force. At the same time, increasing numbers of women are leaving the home and entering the job market after being out of the work force for a few years. The result is a bulb in the labour force, and the job creating ability of the economy cannot keep up because our export and production performance is slowed down by world conditions.

● (1642)

Once the world recovers sufficiently from the present recession, the Canadian economy will pick up, and we will be able to bring unemployment down to normal levels. In the meantime the federal government is providing a gradual stimulus to production and investment, creating jobs directly and provid-

ing training and experience to young people so that they will be employable workers when the economy has recovered.

Let us look at the record. First, there have been income tax reductions amounting to $2 billion so that we can stimulate consumer demand.

Second, there has been a $900 million cut in corporate taxes to encourage private enterprise to invest and create jobs.

Third, more than $1 billion has been spent on direct job-creation programs. Since 1974 Vancouver East has received $6,751,499 under the Local Initiatives Program, the Canada Works Program and the Young Canada Works Program, and 1,278 jobs have been created.

Fourth, the experimental $100 million employment tax credit program will encourage the private sector to create more permanent jobs.

Fifth, the Alcan pipeline legislation will create 100,000 man-years of employment. For British Columbia a total of 1,800 man-years will be required from 1981 to 1982 to construct the pipeline. At peak periods the work force will reach 1,750 people.

Sixth, the $150 million salmon enhancement program for British Columbia will help ensure adequate stocks of this natural resource and double the existing $200 million wholesale value catch.

Seventh, the 200-mile economic zone for coastal provinces will be a distinct advantage to the British Columbia fishing industry. Presently I am working with the port of Vancouver to establish better facilities for fish processors.

Eighth, a government subsidized loan of $1.5 million has been made to establish a proper drydock facility in the port of Vancouver.

Ninth, of a $117 million expenditure for West Coast ports $40 million was spent on the new Vanterm container facility and $26 million on Lynterm, the sister facility of Vanterm, which is designed for bulk loading.

Tenth, there has been a commitment by the federal government to build a new federal building in Vancouver. Unquestionably, that will pick up the slack in the construction trade, which is suffering 30 per cent to 40 per cent unemployment. It will create 250,000 man-days of work.

Eleventh, a $50 million tourist agreement has just been signed with the British Columbia government.

Twelfth, there is a $186 million agreement for agricultural and industrial incentives under the Department of Regional Economic Expansion.

I would like to say a few words about western alienation. There is a myth that somehow we in the west are bankrolling the rest of the country. Lately this myth has attached itself to the equalization policy, under which all taxpayers in Canada share equally in the services for which their taxes pay. One sometimes gets the impression that the people who believe this myth think that bags of money are being loaded on to planes in Vancouver, Calgary and Edmonton so that they can be dropped from the skies on to Quebec and the maritime provinces. The fact is that Canada is one country, and we all contribute to the well-being of all Canadians. Quebeckers and maritimers pay taxes just as Albertans and British Columbians do, and the federal income tax rate is the same wherever we live.

I suspect that there is a certain amount of prejudice behind the myth that the west is paying for the east. The complaint is always about how much Quebec receives in equalization payments. We never hear people complaining about how much the federal government gives in equalization payments to Saskatchewan and Manitoba, or even Newfoundland. The other half of the myth is the false assertion that the federal government has not done anything good for the west. This old chestnut is still being kicked around, despite the fact that we need only pick up a newspaper to see how the west has benefited from confederation.

Let us look at some of the things which have been done by the federal government in the west. The government has recognized that the economic base of western Canada must be widened. That is why massive amounts of federal money and effort have gone into saving the Syncrude development of the Alberta tar sands.

The federal government has recognized that Canada's old trade patterns, based on trans-Atlantic trading, are outdated. That is why Ottawa has been pulling out all the stops to boost trade with Japan and other Pacific Rim countries which will buy our products. I note that the Minister of Industry, Trade and Commerce (Mr. Horner) is in the House. He just returned from a trip to Pacific Rim countries with that very object in mind.

Ottawa has recognized that the decision-making, employment, and purchasing powers of the federal government should apply outside central Canada. That is why the mint was moved to Winnipeg. That is why a taxation data center is being opened in Surrey, British Columbia, to handle all tax returns from British Columbia and Yukon. That is why the Department of Regional Economic Expansion has been decentralized all over this country.

Let us consider the massive federal assistance which will be needed to make development of the northeast coal deposits in British Columbia a major shot in the arm to the provincial economy. A $10 million study into environmental, social, engineering and transportation aspects of coal development has been initiated as a result of a federal-provincial agreement. Let us consider the millions of dollars in federal subsidies which will support coastal transportation communities on the north coast.

The main contribution to British Columbia which the federal government makes is in the area of federal-provincial transfer payments. From 1975 to 1978 the federal government gave British Columbia more than $3 billion in federal transfer payments. That figure includes direct federal payments to individuals through family allowances, old age pensions and veterans' benefits. Apart from that $3 billion blockbuster, the federal government pours hundreds of millions into the British

Columbia economy every year to keep normal government operations going.

The people who work in local Manpower offices, the Federal Business Development Bank, the Post Office, immigration offices and so forth, are British Columbians whose salaries are being paid out of the taxes which all Canadians pay to the federal Department of National Revenue.

In 1975 and 1976 the Post Office spent more than $95 million in British Columbia. Transport Canada spent more than $44 million, and the Department of Industry, Trade and Commerce spent $10 million. The Department of Supply and Services, which purchases all the equipment and goods which the federal government uses in its operations—from paper clips to trucks—spent more than $146 million. Just think how many suppliers of government contracts keep their businesses alive because they have the federal government as one of their customers. Just think how much that means to the economy of British Columbia.

Unfortunately the total amount of federal spending in my province is unknown. No one has ever worked that figure out because our nationhood is not based on a balance sheet.

Before I finish, there is one other topic I wish to spend a few moments discussing, and again I draw attention to the fact that the Minister of Industry, Trade and Commerce is in the House. In the throne speech debate back in 1976 I spoke about the desire of western Canada for freer trade. With the government's decision to impose quotas on shoes and textiles I submit that the government is moving away from its commitment to freer trade. Protectionism costs Canadians from coast to coast money. We are all consumers, whether we live west of the Rockies or east of the Ottawa River. If we do away with import duties, we will all be better off from an economic point of view.

Some hon. Members: Hear, hear!

PROCEEDINGS ON ADJOURNMENT MOTION

[*English*]

SUBJECT MATTER OF QUESTIONS TO BE DEBATED

The Acting Speaker (Mr. Ethier): Order. It is my duty, pursuant to Standing Order 40, to inform the House that the questions to be raised tonight at the time of adjournment are as follows: the hon. member for Halton (Mr. Philbrook)—Health and Welfare—Request government reconsider cut in family planning grants program; the hon. member for Ottawa-Carleton (Mrs. Pigott)—Urban Affairs—CMHC divesting itself of low-income properties; the hon. member for Brant (Mr. Blackburn)—Urban Affairs—Alleged failure of department to promote home insulation program.

GOVERNMENT ORDERS

[*English*]

THE BUDGET

FINANCIAL STATEMENT OF THE MINISTER OF FINANCE

The House resumed consideration of the motion of Mr. Chrétien that this House approves in general the budgetary policy of the government.

● (1652)

Mr. Heward Grafftey (Brome-Missisquoi): It is amusing, Mr. Speaker, to witness this government in its last gasping death throws. The backbenchers are handing out statistics to show Canadians, who know otherwise, that things are very good economically. It reminds me of Louis XIV who was about to disappear when the minions were handing him his towel as he jumped out of the shower. Such was the speech the hon. member just made. In fact he made quite a good speech but I think it was more or less prepared for the hustings in the election which the Prime Minister (Mr. Trudeau) did not have the guts to call. I think that my analogy of Louis XIV is accurate in terms of the statistics the hon. member was quoting.

There was a headline in the press today that the present Auditor General does not like horror stories. Although he may not like them, and although we on this side of the House have only had a few hours to study his report, already the horror stories are coming out. There are plenty of them in this Auditor General's report, as in the reports of other auditor generals that have been produced since this government has taken power.

We on this side of the House have only had a little time to study the general meaning of the report, but there is one comment in the report which I would like to refer to all hon. members. It says that there are no criteria in place guiding the decision-making powers on over $10 billion for capital projects in place for 1977-78, and that competitive bidding practices are not in place over a high percentage of this. This confirms my view that this government is the most patronage ridden government this country has had since Confederation. I have said this all along, and I have been accused of being too partisan, but now the Auditor General is saying it.

The Auditor General also says that we are now moving into an era of comprehensive audit, with emphasis on special procedures in cost effectiveness, designed to change the attitudes of those managing the systems because as it appears now the quality of management leaves much to be desired. There is no myth about who is responsible for this; it is the government. The only thing wrong with this country is the mismanagement of the present government. A little kid in my riding last week told me that this government is going to go out like a bullet in the next election.

The Auditor General also said that in his opinion there was widespread lack of due regard for economy and efficiency in the operation of the government, and that inadequate attention

is being given to programs costing millions of dollars and whether they are accomplishing what parliament intended. This report, together with reports of previous auditors general, and the views of millions of Canadians confirm that this government is the most wasteful government since confederation and is mismanaging our economy as no other government has mismanaged it since confederation.

In looking through chapter three of the Auditor General's report with regard to airports, the Auditor General virtually suggested that he was going to withhold what is referred to in the private sector, as the normal time of auditing certification. In other words, he almost wanted to disown himself from the disaster. What is implicit in his comments is that he is withholding normal auditing practice certifications. It is the first time that this sort of thing has happened in any Auditor General's report in my time here in the House of Commons.

If this government took as serious the reports of the auditors general over the last number of years—and I know that my hon. friends to the left will support me on this—we could have saved millions and billions of dollars and channeled them into vital social and welfare programs.

[*Translation*]

Mr. Speaker, we are of course in agreement with some proposals in last week's budget including, as the hon. member for Ottawa-Centre (Mr. de Cotret) would have clearly indicated yesterday afternoon, the reduction from 12 per cent to 9 per cent in the federal sales tax as it affects a number of manufactured goods.

However I would have to put a number of questions at this point to the Minister of Finance (Mr. Chrétien). These questions are clear and simple. I would like to ask this to the minister: What proposals does your budget include to help low income people, the poor? What proposals does your budget include to help small businessmen, solve unemployment, stimulate the economy, or eliminate economic stagnation? And here is another question of significance to the Auditor General: To control budget deficits, to control inflation, what proposals are there? This is another question I am putting to the Minister of Finance.

Mr. Speaker, the answers are quite obvious. This budget means no real growth for the economy, and an analysis of the proposals put forward by the minister clearly shows that unfortunately we will have more unemployment in the future, no improvements in the inflation rate and a larger budget deficit.

In his speech, the minister discussed the outlook for the future. Frankly, Mr. Speaker, I did not listen very closely because the minister's forecasts have always been proved wrong. The public and the House both lost confidence in the minister forecasts. And I repeat, the Canadian people have lost all confidence in the government.

Mr. Breau: No, they did not!

[*English*]

Mr. Grafftey: Like many Canadians I said to myself a number of months ago, "Why did Mr. Goldfarb"—I mean the right hon. Prime Minister—"not call an election?" I do not think that I am known on Parliament Hill as being a hidebound traditionalist, but there is one tradition that has been here a long time, and that is that we are supposed to have an election every four years in this country. Since he did not call the election Canadians assumed that the Prime Minister must have something, apart from civil war in Quebec, very big in mind. He gave no explanation of why he was not calling an election.

We all then awaited the throne speech. In my 20 years on Parliament Hill, the last throne speech was the worst. I am not kidding myself, but when we were in power, although the throne speeches may have been a little vague, they at least had some meat to them. After hearing the throne speech and realizing there was nothing in it, I thought that we should be patient and wait for the government's legislative package. Once again there was nothing. Perhaps the hon. ministers opposite have isolated themselves in their ivory towers in their death throes, because there was not one single thing.

• (1702)

The Prime Minister said that he had something big in mind, but in the view of the Canadian people it was certainly not in the throne speech or in the legislative package which has been presented to parliament. And we are almost at Christmas time. But no matter, Mr. Speaker, even if he did present something relatively big now, it would be far too late for anything that may happen this winter, so we can rule out anything happening in terms of meaningful legislation.

Now we have this budget, Mr. Speaker. When I was a parliamentary secretary many years ago with the minister of finance, we regarded a budget as a major document which told the Canadian people where we had come from and where we were going. It was a major document that showed the Canadian people the economic direction and economic policy of the government of the day. By bringing down three budgets in one year the federal government has virtually undermined the credibility of a budget. I challenge the government opposite to go to the Canadian people on this budget, on their legislative package, and on their throne speech. I say there is not one single item that authorizes the Prime Minister to go beyond the traditional mandate for calling an election.

As I have said, Mr. Speaker, budgets are supposed to be a grand design that indicates government policy to the Canadian people. I admit that because of the gross economic mismanagement of the worst government we have had since Confederation, the poor Minister of Finance (Mr. Chrétien) has been placed in a hopeless pickle. He had two alternatives. One was to dare to go ahead with a bold new design and cut new ground; the other was to work within the confines of the narrow parameters set out for him by this awful government. He chose the latter, and what we got was tinkering and lack of vision.

I ask, is that what has kept parliament going on? I hope not. The only possible excuse, having seen the government's budget, its throne speech, and its legislative package, is this. The Prime Minister used to be an NDPer in Quebec but he took over the Liberal party. As a result, there now exists this Liberal disease, which is that hon. members opposite have some divine right to continue to rule this country, even when they have brought this country to its economic knees. This parliament has been prolonged not for the survival of Canada but for the survival of the Liberal party. They keep underlining day after day and year after year this divine right to govern this country, even after the years of gross economic mismanagement.

Just what do we have, Mr. Speaker, after ten years of this government? Unimaginable budgetary deficits, record unemployment, inflation, the lowest dollar relationship to the United States dollar since confederation, and, last but not least, record interest rates that hurt most of all Canadians of low income. These are the very people I have always said members on both sides of the House are here to protect. These are the very people who have been shafted most by the gross economic mismanagement of this government. Certainly they have been shafted the most by high interest rates.

I do not care what statistics the minions of the Prime Minister hand him as he sits in his ivory tower; in the last ten years more and more Canadians have fallen below the poverty line because of Ottawa's foolhardy policies. Gathered in cabinet on the opposite side of the House is the worst collection of economic illiterates that this country has ever seen. With their record, Mr. Speaker, how can they presume to prolong this parliament over and above the traditional mandate? But it will not be long, Mr. Speaker. You bet it will not be long. However, we on this side of the House have to look at you guys over there for another winter.

Some hon. Members: Oh, oh!

Mr. Grafftey: What have they done to help small businessmen in this budget?

Mr. Pinard: A lot, and you know that.

Mr. Grafftey: I know a lot of hon. gentlemen across the way do not think I am the greatest guy who ever came down the pike, but I do keep in touch with the people, with the foot soldiers in my part of the world. These next two sentences express the mandate that they have given to me. The right hon. Prime Minister, by not calling an election after his traditional mandate expired, has deprived Canadians of removing the worst government we have seen since confederation. We on this side of the House say: after looking at your budget, after looking at your throne speech, after denying that you have the divine right to rule, and after looking at your legislative package, in the name of God, go!

Some hon. Members: Oh, oh!

[Mr. Grafftey.]

Mr. Grafftey: They may be laughing now, Mr. Speaker, but they will not be laughing when their quarterback finally calls the election.

I am glad to see that the Minister of Energy, Mines and Resources (Mr. Gillespie) is in the House this afternoon because I want to talk about our attitude to the proposed purchase of Pacific Petroleums. Certainly their attitude with regard to the purchase of Nordair and Pacific Petroleums underlines how completely even the so-called free enterprise businessmen in the cabinet have lost touch with private sector realities.

The minister of energy proposed to give us a lecture the other day on how companies get finance. I am quite well aware, I will tell the minister, as is the Leader of the Opposition (Mr. Clark) and the hon. member for York-Simcoe (Mr. Stevens), of how Petro-Canada, with the aid of the chartered banks, proposes to take over Pacific Petroleums. Like hon. members opposite, I too have read the details of the proposed chartered bank financing of this takeover. I am as aware as the government of how it is proposed to buy Nordair. The government may have competely lost touch with reality somewhere along the line, but although they have diddled the books enough in terms of public accounting, they cannot diddle this book.

I had Frank Scott, a constitutional law expert, as my professor at McGill, and compared to him the lectures that I have had from members on the other side of the House on constitutional law, and on varying degrees of governmental responsibility for actions taken in the name of the Crown, have been pretty bad. Nevertheless, having gone through the plethora of combinations of argument, the fact is that somewhere down the line the government will indirectly incur a liability for taking over Pacific Petroleums and Nordair.

I ask the minister of energy to state yes or no a little more clearly than he has in the past just what is the position. I do not buy the argument that the government can satisfy its quasi-doctrinaire propensities for cutting back because it has an ex-NDPer who took over the Liberal party as a short-term prime minister. That side of the House has the worst of both worlds—the worst of the free enterprise world and the worst of the socialist world. It is on that basis of lack of principle that the government has brought this country to its economic knees.

• (1712)

Mr. Knowles (Winnipeg North Centre): They also have the hon. member for Crowfoot (Mr. Horner).

Mr. Grafftey: He has only been hitting about .125 since he has been on the other side of the House.

Having said that, I would say to the ministry opposite that in purchasing Nordair and Pacific Petroleums Ltd., somewhere down the line they will be incurring indebtedness, indirectly. I think it is a pretty poor show during a week when the Minister of National Health and Welfare (Miss Bégin) is in Toronto telling her provincial counterparts that we will cut back on health resource programs, health research and bloc

funding of social services at the community level, that the government, to satisfy its quasi-doctrinaire urges, purchases Pacific Petroleums Ltd. and Nordair.

I am a little surprised at my colleagues to the left. I usually have a great deal of honest admiration for their spokesman on energy, but I was a little surprised the other day that he supported this move which involves billions of dollars at the same time as we are cutting back on health and welfare services and the like. They, too, lose their sense of reality when they get caught up with their doctrinaire urges, which I submit are more realistic for a bygone age.

This week and last week the Minister of Finance announced the unilateral cutback of programs affecting the provinces. The Prime Minister said this is because of fiscal restraint. I reiterate that in the case of bloc funding of social services at the community level not only the question of money was involved but also a whole new system that the federal and provincial ministers of welfare had worked out with the provinces over a long period. Holus-bolus, unilaterally, the Minister of Finance cancelled the programs. Apart from considerations of restraint, is this the way to deal with the provinces? I suggest that when programs like that are cancelled unilaterally, the waste of money is incredible.

Let me be more specific about the government's plans for cutting back on the health resources fund, Mr. Speaker. The position of this party on restraint is very clear. I am sure I am representing the party when I say we must be selective. Very often Treasury Board moves into certain programs like a bull in a china shop, without understanding the implications, and so the results are incredible.

If there is one thing I have some knowledge of it is the health resources fund. It was a multi-million dollar fund put in place not only to organize community health services, to humanize and make more decent the delivery of health care services, but also one of the centrifugal aspects of the fund was to rationalize costs. One of the means of doing this was to train paramedical people to take the place of high cost doctors, by building units less expensive than the curative community hospitals, and by helping research. In the name of restraint, however, the government went hog-wild. Treasury Board, with no knowledge of the centrifugal aspect of this program apart from its human dimensions, just cut costs. They went in to cancel and cut. I maintain that by cutting in the area of health resources you waste rather than save.

I want to lay another myth to rest, Mr. Speaker. Time and time again in past weeks the Leader of the Opposition (Mr. Clark) and his party have put forward propositions vis-à-vis local tax deductions for housing. With an almost Pavlovian dog reaction, the government said this was for the rich and not for the poor. I think we have laid to rest the argument that not all homeowners with young families and sizeable mortgages can automatically be classified as rich. Apart from that, however, it is quite a fallacious argument.

The benefit we want for homeowners is a benefit that lessees have been getting indirectly for years. The owner of buildings, houses and condominiums, rents them and directly or indirectly has been able to benefit from the tax provision that we provided for homeowners in the past. The benefits that we are proposing for future homeowners are benefits that have largely been enjoyed by lessees in the past.

Hon. members opposite sneer at our proposal. It is not just an ad hoc proposal like so many made by the government but is one that goes to the heart of the principles and philosophy of this party. As we go to victory at the next election, we say that we believe that democracy is well served, in the best sense of the word, when the individual citizen has an ownership stake in the country. Unlike the socialists and the Liberals, holding on to their doctrinaire ideas which were more relevant in the thirties than today, we believe that government has a role to play in encouraging what I call a property-owning—

Mr. Gillespie: Like Petro-Canada.

Mr. Grafftey: While the minister is out buying more and more for the government, we are encouraging individual Canadians to own more and more. We believe that governments have a direct and indirect role through tax incentives and the like, in encouraging more good farmers to own their own farms, more businessmen to own small businesses. The government is not interested in the small businessman and did nothing for him in the budget. We have and are articulating policies, as our leader said, to get our money "out of the sock and into stocks". We have a policy to encourage more Canadians to invest in Canadian enterprise.

We believe that democracy is well served when more Canadians are encouraged to own their own homes. That, Mr. Speaker, is a private sector or individual policy; it is not just an ad hoc thing we thought of overnight. It goes to the heart of the principles of this party. It is one of the reasons that I am a Progressive Conservative, because I believe in a property-owning democracy when the people own the property, not the government.

The Minister of Energy, Mines and Resources did so well in the private sector that he now wants billions of tax dollars to satisfy his quasi doctrinaire propensity. We on this side of the House believe that our—

The Acting Speaker (Mr. Ethier): Order, please. I regret to interrupt the hon. gentleman, but his allotted time has expired.

Mr. Gillespie: Mr. Speaker, I wonder if the hon. member would accept a question.

The Acting Speaker (Mr. Ethier): The hon. minister is seeking permission to ask a question. That can be done only with unanimous consent. Is there unanimous consent?

Mr. Paproski: Yes, Mr. Speaker, if he can have more time.

The Acting Speaker (Mr. Ethier): Order, please. There does not seem to be unanimous consent. I did not get unanimous consent.

Mr. Gillespie: Mr. Speaker, we are prepared to allow him to finish his remarks. If he is allowed more time, that is fine by us.

The Acting Speaker (Mr. Ethier): I asked if there was unanimous consent, and it was not given with conditions. Now conditions are applied to it, so I recognize the hon. Parliamentary Secretary to the Secretary of State for External Affairs (Mr. Duclos).

● (1722)

[*Translation*]

Mr. Louis Duclos (Parliamentary Secretary to Secretary of State for External Affairs): Mr. Speaker, I wanted to take part in this debate to state openly and publicly that I fully agree with the responsible approach of the government with regard to the financial and economic management of our country. Mr. Speaker, the government could easily have taken advantage of this budget brought down by the Minister of Finance (Mr. Chrétien) to pander to the tastes of the people. On the other hand, the Prime Minister (Mr. Trudeau) could easily have abstained from making the decisions which required the support and co-operation of the Canadian people, but he chose to do so, because we know that in spite of all the speeches made by members opposite and all the half-truths spread by them, the Canadian people prefer a government which assumes its responsibilities and tells the truth.

Mr. Speaker, the best proof given by the government that it intends to run this country in a responsible fashion and to seriously curb its spending has been its decision to come to grips with a program which was indeed very popular in some quarters but gave rise to abuses and excesses that could no longer be tolerated, namely, the unemployment insurance program.

As a result of the decisions taken by the government to reduce and make more stringent the provisions of the Unemployment Insurance Act covering benefits and the eligibility of Canadians, Mr. Speaker, from now till the end of the current taxation year we will save $150 million while for 1979-80 we will save some $580 million and for the following year almost $1 billion by making the unemployment insurance scheme much more restrictive.

Mr. La Salle: On the back of the unemployed.

Mr. Duclos: The member for Joliette (Mr. La Salle) will have the opportunity to speak in due time, Mr. Speaker. He makes me laugh because a survey made by Ottawa University Professor Bodkin shows that the generosity of the government with its unemployment insurance policy has created an artificial unemployment of at least 2 per cent so that the real unemployment rate in our country must be about 6 to 6.5 per cent. Indeed, what happened is that the original intent of the unemployment insurance scheme has been distorted. This is not an insurance against unemployment any more, Mr. Speaker; it has become a social welfare measure which too many Canadians take advantage of as soon as they meet the legal requirements. Mr. Speaker, I think it is time that the government thought about those who work, who pay taxes, who get up in the morning and have the guts to go out and earn a living and I think the government is doing just that. Of course, the present economic situation makes it impossible for some of us who really want to work to find jobs and we deplore that fact. The government does not want to penalize these people anyway, but to punish those who found a way to systematically take advantage of the generosity of our program.

[The Acting Speaker (Mr. Ethier).]

Mr. Speaker, one of the big deceptions I had in recent weeks or even months was to hear some ministers of the Quebec government mislead Quebeckers by pretending that the federal budget restrictions were aimed first and foremost at jeopardizing the interests of the province of Quebec, and yet they had already recognized the advisability and necessity for the federal government to reduce its spending in some very specific fields. For example, using an analogy, the finance minister said that it was a bit like someone clearing the snow in his driveway by shovelling it over to his neighbour's entrance. I think the Quebec finance minister could have told the population that those people who will no longer be eligible for unemployment insurance because of the new requirements in the law will in some cases get welfare benefits of which, Mr. Speaker, 50 per cent are financed by the federal government under the Canada Assistance Plan.

I would add, Mr. Speaker, that in any event fewer than 10 per cent of those who will no longer be eligible for unemployment insurance will become recipients of welfare benefits because in several cases they are young people still living at home with their parents, and their parents can support them. In some cases it is a man or a woman whose spouse is working and earning an adequate income. Mr. Speaker, when I was a student, I never thought about that, it never occurred to me that by working so many weeks I could have applied for unemployment insurance. Not only me but also my fellow students. People with whom I used to study managed to work during summer. We were saving enough money and then were studying for eight, nine or ten months at the university with the modest amount of money we had managed to save.

● (1732)

Mr. Speaker, I was also deeply disappointed to hear in the last few months a minister in the Quebec government, the Minister of Industry and Commerce, denounce throughout Quebec the position of the federal government on the Ford matter. He stated on several occasions that the federal government prejudiced Quebec's interests by allowing Ford Motors to build their plant in Ontario. Mr. Speaker, the people in Quebec should know that the choice was not between Quebec and Ontario. The choice was between an investment by Ford Motors in the state of Ohio, in the United States, or an investment in the Windsor area, in Ontario.

An hon. Member: That is all!

Mr. Duclos: All in all, would the Quebec minister of industry and commerce have preferred the investment to go to the United States rather than benefit Canada because it was made in the province of Ontario? I think, Mr. Speaker, that the benefits Canada will derive from that investment will also be felt in Quebec, if only indirectly, and I can assure Quebeckers that the government is making every effort in the case of General Motors to have that investment made in Quebec. But such decisions are not made by governments finally but by business leaders who think in terms of economic profitability.

Mr. Speaker, I am a member of a party which is very tolerant, and for that reason, I feel well at ease to bring that matter to the attention of the House, and I am glad to note that the Minister of Energy, Mines and Resources (Mr. Gillespie) is now in the House because it is a matter which I know is of great interest to him. What I have in mind, Mr. Speaker, is the issue concerning the heavy water plant in Laprade, Quebec.

Strictly speaking, Mr. Speaker, it is obvious that the arguments raised by the minister make a lot of sense because there is no point in building a heavy water plant if, on the one hand, there is already overproduction of heavy water in Canada as a whole and if, on the other hand, the cost to Quebec consumers is going to be higher if they are supplied by the heavy water plant which could be built in Laprade. However, Mr. Speaker, I wonder why the federal government signed that agreement earlier this year. I suppose the reasons we have been bringing forward since last August were already as good in January and February.

Mr. Speaker, rigorously and objectively speaking we are certainly right but I think the minister should understand the significant political dimension of that matter. The minister should understand that the credibility of the federal government is at stake in the province of Quebec and that its credibility is very important given the important debates now taking place and given the major decisions that Quebeckers will have to make in the coming months. I think there is a symbol here and it would therefore be very important to reconsider the entire matter. Indeed, 1,500 jobs are at stake and I think that it is imperative that the Minister of Energy, Mines and Resources make a proposal to the government of Quebec. What he should do is offer a compensation such as the extension of the natural gas pipeline to the east or simply accept to give further action to the agreement already signed because what is noticeable for people is that an agreement has been signed and that we withdraw unilaterally from it now.

Mr. Speaker, the government budget restrictions cannot be prejudicial to Quebec's interests. It is easy to prove, regardless of what the Quebec government may say. Let us take, for example, the revision of family allowances. In 1979, Mr. Speaker, this change, which will benefit low income families and require of the more privileged that they forgo $5 a month for each child, means, as far as Quebec is concerned, an additional injection of $60 million during the coming year.

Also, I should like to take this opportunity to stress that as far as the riding of Montmorency—which I have the honour to represent here—is concerned, the net result of this measure will be an additional 2.7 million in family allowances. This means that the population of Montmorency will get a total of $25 million, only in family allowances. And if we add to that old age security, a sector where the Minister of National Health and Welfare (Miss Bégin) has performed a feat in spite of budgetary restraints, has managed to raise almost $300 million, of which $82 million will go directly to Quebec, I wonder, Mr. Speaker, how one can say that this government do not serve the interests of Quebeckers.

As far as my constituency is concerned, the riding of Montmorency, and as far as old age security is concerned, with the guaranteed income supplement being raised by $20 a month, an additional sum of $1.5 million will be injected into the constituency during the coming year, which will increase to $36 million the money received from the federal government by the senior citizens in my constituency. In all, Mr. Speaker, following the revision of family allowances and the increase in the budget for old age security, Quebec will receive in the coming year $142 million more than it did last year.

Mr. Speaker, a few weeks ago, we studied Bill C-5, a measure which specifically provided for this $20 a month increase per household for senior citizens, and also a six-month extension of the spouse allowance to help the spouse who loses his or her partner to death to face the situation more easily. Naturally it is easy to say that something is not enough. I say, Mr. Speaker, it is a step in the right direction. I find that rather strange. I remember the hon. member for Kingston and the Islands (Miss MacDonald) and the hon. member for St. John's East (Mr. McGrath) expressing pity for the fate of the women and the men who, having lost their spouse, would also lose their pension. I found that strange, that taken individually, those hon. members of the opposition may be sincere; I am willing to trust them. But, Mr. Speaker, they should realize that their worst ennemy, if they are really sincere, is their party, taken as a whole, which constantly and indirectly, with great subtlety, attacks the social policies of the government, insinuating that it does too much for the people. That is very easy to do, Mr. Speaker, to create an atmosphere in the country, to have the country sway to the right, so that tremendous pressures—

Mr. La Salle: It is going to hell.

Mr. Duclos: —are exerted against the government. Mr. Speaker, does the hon. member for Joliette ever use parliamentary language! I think he should be a bit more polite. In any event, I feel I should not attach too much importance to such despicable comments. About this whole matter, the problem of

older people, I think we have to be extremely careful lest in allowing the spouse, aged 60 to 65, to keep the pension—which in itself is desirable, we create at the same time an injustice towards the other individuals of 60 to 65 who, being single, are under no circumstances entitled to the spouse's allowance.

● (1742)

This is why, Mr. Speaker, I believe that the answer, which must nevertheless take into account the taxpayer's capacity to pay and the government's capacity to spend, would be to lower gradually the age of eligibility for old age security in the case of people who leave the labour force and have no other source of income. Mr. Speaker, I would suggest to the government that starting next year, let us say in 1980, we start paying the pension from the age of 64 and that we lower the age of eligibility by one year annually so that in 1984, all Canadians over 60 who will have left the labour force and have no other source of income could receive a pension.

Mr. Speaker, according to the studies which have been made, about half of all Canadians between the ages of 60 and 65 would take advantage of this pension and retire from the labour force. If we brought about such a reform of our social security system right now, it would cost $1 billion, Mr. Speaker, and I do believe, as my colleagues do, that Canadians have enough of a sense of their responsibilities to understand that in the present economic situation the government cannot spend an additional $1 billion. However, I believe that the government could spend a bit more than it does now so that eventually old age pensions would be available at the age of 60. One of the beneficial results of such an action, Mr. Speaker, would be to free jobs for our young people who want to work, and there are some young people who want to work, Mr. Speaker. There are a number of spongers in our society, but I believe that most young people want to work, to have an interesting job and to be motivated.

Mr. Speaker, I would now like to discuss the attitude of our friends opposite concerning the economic situation of Canada as a whole. On the one hand, the hon. member for York-Simcoe (Mr. Stevens) asks for a considerable reduction in our deficit. This is not a bad idea; I believe that it is a valid objective, Mr. Speaker. On the other hand, the Leader of the Opposition (Mr. Clark) maintains that we must reduce taxes. It would not be a bad idea to reduce our deficit and reduce taxes. However, I believe that this would entail lower expenditures.

When discussing income tax reduction, Mr. Speaker, we are immediately reminded of the proposition made by the Leader of the Opposition who would have municipal taxes and mortgage interests made deductible from the taxable income of the taxpayers.

Mr. Speaker, I believe that if we think about it for one second we see this is a totally irresponsible proposition. Mr. Speaker, it is known for instance that after four years—because this scheme would cover a four-year period—the federal government would lose at least $2 billion in fiscal revenues, not to mention the $750 million lost by the provinces which, of course, would not collect these revenues. Besides, I would like to point out the interesting fact that we are very often blamed for not consulting the provinces when we implement various policies. Mr. Speaker, in an area closely related to provincial taxation, I do not believe that the Leader of the Opposition bothered to consult very many provinces, I believe that in future he should not teach us too many lessons in this respect. And besides, if the home owners who have completely paid off their mortgage or have paid part of it were to decide—as they would probably do because nobody is stupid enough not to grab such and opportunity—to refinance completely their house, we cannot even project the possible costs, the taxes that might be lost by the government.

Mr. Speaker, the effects would be first an increase in mortgage interest rates. When money goes to the mortgage market, there are less funds available for industrial development, mining development and the various economic developments required by our country. Mr. Speaker, with the increase in interest rates, municipal financing would be much more costly, and in order to meet their responsibilities, municipalities would have to increase property taxes, thus offsetting the benefits that taxpayers might derive from the proposal made by the Leader of the Opposition. Mr. Speaker, it is also a socially unfair measure as, considering the progressive nature of tax rates in Canada, savings would increase with higher taxable incomes.

Furthermore, it is obvious that people with luxury homes, with the most expensive residences, will take advantage of the $5,000 maximum provided by the proposal of the official opposition leader: the owners of small bungalows would not get the maximum, but rather the people who are able to pay for luxury homes and with a high standard of living. Mr. Speaker, I do not consider this as a socially equitable policy and I am prepared, in my riding, to defend the government's position on that issue and to attack the irresponsibility of the opposition party. Mr. Speaker, I know that it is not enough to criticize. For my part, when I criticize a proposal made by my political opponents, I like to propose an alternative. The aim in my view should be to help homeowners who really need this help, while maintaining a responsible fiscal and budget policy. One proposal I would have in that respect would be to allow small homeowners to deduct up to $1,000 from taxable income, depending on how much deduction they claimed for interests and dividends because, as you know, there is a maximum $1,000 exemption for dividends and interests.

Mr. Speaker, this would help small homeowners and we know that thousands can barely pay their mortgages and taxes, and are unable to save. They would use the maximum $1,000 deduction.

Mr. Speaker, the more affluent homeowners, those already receiving dividends and interests in excess of $1,000 could not benefit, and rightly so. Such a policy would be socially fair,

because the government's first priority is to care for the small in society.

Mr. Speaker, an exemption is also needed for the aged. We are aware that a number of old age pensioners essentially live off their savings, they receive dividends and interests, so they could be allowed a deduction at the uniform and flat rate of $1,000. The advantage in that proposal, Mr. Speaker, is that we know the cost. It would be roughly $300 million. This might be implemented on a gradual basis, to conform with current economic and financial conditions, but such should be the goal. As I said, Mr. Speaker, deficit reduction is good. Income tax reductions I support. But the opposition should be a little more specific when time comes to talk about spending cuts. One hears relatively few suggestions. We have been told about 60,000 civil servants who should be laid off over a three-year period. What an intelligent proposal! Self-made unemployment, but one hopes—

Mr. La Salle: This is not true.

Mr. Duclos: But, Mr. Speaker, one knows very well that there are not 20,000 civil servants who voluntarily retire each year in the federal government. Therefore, it would be voluntary unemployment creation. I wonder what the hon. member for Joliette is going to answer to that, Mr. Speaker.

Mr. La Salle: This is not true.

Mr. Duclos: Mr. Speaker, we prefer to propose some raises. We do not suggest cutbacks but higher expenditures and I am going to give you a few examples.

• (1752)

I referred earlier to what the hon. member for Kingston and the Islands (Miss MacDonald) said, that the spouse's allowance should be paid in all circumstances to people between the ages of 60 and 65. That is $10 million more, Mr. Speaker. I listened to the hon. member—unfortunately, he is gone—the hon. member for Brome-Missisquoi (Mr. Grafftey) who talked about the financing of social services. I will tell him first that he has not done his homework because there has been no agreement yet. There was a discussion between the federal government and the provinces but no agreement has been signed. He said it was only a matter of reorganizing budgets. I will tell the hon. member for Brome-Missisquoi that if that agreement were to be signed it would result in an increase in spending of $160 million for the federal government. Always spending!

I was listening yesterday to the new member for Burnaby-Richmond-Delta (Mr. Siddon) who urged—and I think it was legitimate—that the 250 scientists working for the federal government not be fired because that would have a bad effect on the development of science in Canada. I am sure of that, Mr. Speaker, but there will come a time when there will have to be a little consistency, when there will have to be an elimination of the contradictions in the economic and financial policy of the opposition.

You know, Mr. Speaker, it is not hard, to reduce a deficit there are not very many ways of going about it. Either you reduce spending or you increase taxes, or a combination of both. There are no alternatives. If you reduce taxes, you essentially have to reduce spending. I noted that the Progressive Conservatives are even prepared to contradict themselves, are so power hungry that they are prepared to make the worst contradictions, and they think that Canadians are going to fall for that farce. You can fool all people from time to time, you can fool some people all the time but you cannot fool all people all the time. I think it is time that the opposition dropped their masks, that they showed their real face. The time for truth has come in this country. I challenge the Progressive Conservatives to present a budget. It could be called the budget of the year I of the Progressive Conservative party. A budget. We are going to be waiting for that. I ask them questions. Present that budget and answer the following questions: What would be the size of the deficit? How and by how much would taxes be reduced, by how much and by cutting into what expenditures, cutting into what programs would spending be reduced? I challenge the Progressive Conservative to put before this House a budget before the forthcoming elections with all their so-called experts who are members of the Tory caucus.

There are elementary principles which should not be forgotten. To achieve both a deficit and tax reduction expenditures must be curtailed more so than taxes. The *La Presse* newspaper from November 18 quoted a fairly typical statement by no less an authority than the most honourable Progressive Conservative member for Prince Albert (Mr. Diefenbaker), a former prime minister of Canada under whose administration our country experienced a high rate of unemployment.

An hon. Member: Quite high, indeed!

Mr. Duclos: Under the Liberals in 1955-56, the unemployment rate had been fluctuating from 3 to 4, and 4½ per cent. All of a sudden it went up to 6, 7, 7.1 per cent and when the Liberal party came back to power in 1963, unemployment started to go down. The 7 per cent unemployment rate in the conditions prevailing then, when the rate of participation in the labour force in 1960 was much lower than it is nowadays would mean a rate of unemployment of 10 per cent to 11 per cent by today's standards. Such were the achievements of the Progressive Conservative government under the leadership of that prime minister—

The Acting Speaker (Mr. Ethier): I regret to interrupt the honourable member but his time has expired.

Mr. Roch La Salle (Joliette): Mr. Speaker, I am extremely eager to join in this debate. However, I wonder if, in order to allow all these hon. gentlemen to have a good supper in view of the fact that it is already 5.55 p.m., I could not ask for the adjournment of this House so that I may resume. It seems that Mr. Speaker does not quite seem to feel that way. I certainly would like to take advantage of the few minutes which I am granted to join in this debate, in answer to the speech delivered by the Minister of Finance (Mr. Chrétien).

Mr. Speaker, once again this House has to deal with one of these quarterly interventions by the Minister of Finance in the shaping of our economic policy.

Those numerous and awkward efforts to steer to the right and then to the left prove only one thing—the glaring incompetence of the Minister of Finance. If he had seen right last spring, we would not have to discuss once again such important economic issues. Had the minister listened to advice from the opposition, because we gave him good opinions and also those of experts, Canada would now be on the road to economic recovery. The Canadian dollar would be in a stable position and we would have registered real success against inflation.

In light of past efforts and if I consider those failures which have marked all those interventions last year, this budget will fall far short of the lofty goals at which the minister is so confidently aiming. However, as the minister is crossing a political desert, he can do nothing but whistle to recover his morale while he is spending our money. Economists agree on one point: this budget will fail to stimulate the economy and appreciably cut down unemployment. On the contrary, it is evident that the Minister of Finance has decided to use unemployment as his principal instrument to fight desperately an ever threatening inflation.

Once again, Mr. Speaker, thousands of Canadian workers are going to pay for the mistakes, the foolishness and the maladministration of this government. While attempting to deceive us by talking about expenditure cutbacks, the minister is in fact increasing federal spending. Mr. Speaker, under the present government, words have lost their real meaning and only the minister has the nerve to pretend that we will reduce our spending by increasing them. Our party proposes long-term budgeting—preferably five years—but the minister prefers to table a hold-the-line budget, desperately hoping that the situation will improve as if by magic and that the government will not be defeated in the months to come.

Mr. Speaker, in the hands of this government, the budget is no longer an instrument of economic policy but simply a ploy of electoral propaganda. It is in fact one of the reasons why we heard so many economic statements this year. And in spite of a few welcomed initiatives, the same applies to the last budget. Indeed, a deficit of at least $12 billion does nothing to restore confidence among business circles nor does it strenghten our dollar on international markets. It is not the first time the Minister of Finance is engaged in double talk. While bragging about the merits of devaluating the dollar, he is increasing its value by putting the interest rates to an unprecedented level which will only worsen the stagnation of our economy. The so-called benefits of a decrease in the value of the dollar will be wiped off for the consumer by an increase in financing costs and economic activities. It is as if the minister was trying to save a drowning man he has just thrown in the lake with a milestone around his neck or as if somebody was feeling compelled to sell his stove to buy wood. In my view, this is more or less the attitude of the Minister of Finance. Our dollar is likely to go on sinking straight to the bottom as it has been doing since the minister assumed his present portfolio. Mr. Speaker, I think I am hearing some strange noises, therefore I hope to continue at eight o'clock.

[The Acting Speaker.]

THE ROYAL ASSENT

[*English*]

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

Mr. Speaker, the Honourable the Deputy Governor General desires the immediate attendance of this honourable House in the chamber of the honourable the Senate.

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

● (1802)

And being returned:

Mr. Speaker informed the House that the Deputy Governor General had been pleased to give, in Her Majesty's name, the royal assent to the following bills:

Bill C-7, an act to provide supplementary borrowing authority for the fiscal year 1978-79 and to amend the Financial Administration Act—Chapter No. 4.

Mr. Speaker: It being after six o'clock, I do now leave the chair till eight o'clock this evening.

At 6.10 p.m. the House took recess.

● (2002)

AFTER RECESS

The House resumed at 8 p.m.

GOVERNMENT ORDERS

[*Translation*]

THE BUDGET

FINANCIAL STATEMENT OF THE MINISTER OF FINANCE

The House resumed consideration of the motion of Mr. Chrétien that this House approves in general the budgetary policy of the government.

Mr. La Salle: Mr. Speaker, I will continue my speech. I readily admit that tax exemptions for some industries are very commendable indeed. My only regret is that they have not been granted earlier, as we in the Progressive Conservative party have been advocating it for a long time, especially in the

case of resource industries. The reduction of the federal sales tax from 12 per cent to 9 per cent is definitely a step in the right direction, but it is not addressed to the heart of the problem of the costs that overburden the Canadian manufacturing industry. Moreover, it is not entirely sure that the benefits of the operation will be fully passed on to consumers. The indexing of the basic exemption for personal income tax purposes will at the most enable a taxpayer to keep his purchasing power.

The tax credit granted for employment expenses which is raised from $250 to a limit of $500 seems generous at first sight, but it is really quite small for workers and will not fully compensate for the increase in transportation costs and the price of tools. I sincerely regret that the minister has found necessary to increase the airport tax by 15 per cent. There is no clearer evidence of the wealthy bourgeois mentality which characterizes this government than this tax increase the principal victims of which will be the passengers with little or no means. Air travel in this country is not for the exclusive use of the rich businessmen and vacationers .

The airplane is a vital means of transportation in the outlying areas of Canada, be it in the North or in regions where other means of transportation are not available, or on the many islands off our coasts. I am especially referring, as far as my province is concerned, to the people of the Magdalen Islands among others, who can reach the mainland by plane only and who are not exactly among the richest citizens of our country. I am also referring to the workers of the north coast and of new Quebec who once in a while want to visit their families in the Gaspé peninsula. I am also thinking about the Indians and the people working on the James Bay project whose transportation expenses will go up again. And what about the people of Prince Edward Island, of Newfoundland, of the Northwest Territories or of the northern parts of all our provinces? What about all the Canadians who are scattered all over the country and who have no other means of transportation but the airplane to get together at Christmas time or for the funerals of one of their relatives? I am thinking of those new Canadians of less than modest means who may want to go back home, to the old country, for one last time. The government would not have acted otherwise even if they had actually wanted to get at the most needy of Canadians.

I also regret that the Minister of Finance (Mr. Chrétien) has not seen fit to adopt our party's recommendations regarding deductibility of mortgage interests and property taxes on a homeowner's principal residence. This measure, which would be of immense benefit to our economy in several industrial sectors, will be one of the Progressive Conservative party's top priorities after the Canadians have given us the mandate to govern this country. And since the Prime Minister (Mr. Trudeau) likes to link the economic problem with that of national unity, I do not think that it is irrelevant for me to say a word about the pitiful and deplorable speech given over the weekend by the head of this government before the Ontario Liberals.

● (2012)

I am not much impressed, Mr. Speaker, by the Prime Minister's efforts to propel himself into the role of defender of Canada's unity. The Canadian people are not too willing to forget that it was under his government and because of his political actions that disunity came to Canada. Nor are they too willing to forget that his arrogance and his rigidity as regards constitutional matters are the main reason why so many Quebeckers want out and why the present Quebec government was elected. Recent polls published in Montreal's *La Presse* also show that opposition to the Prime Minister, his policies and especially his government, has reached an all time high. They are of such nature as to convince voters that maintaining this party in power any longer is the surest way to push a majority of Quebeckers into the arms of the party currently in power in Quebec. Even though the right hon. Prime Minister drapes himself in the Canadian flag in an effort to present the figure of a national hero, he cannot prevent anybody from seeing through the desperate manoeuvre of a politician eager to divert the attention of the public away from the economic chaos in which he has plunged the country and the serious divisions he has created among the various Canadian ethnic groups. Canadians will not fall for this pitch by a man whose credibility has fallen to the zero level. They will remember his stand against controls during the 1974 election campaign. They are not about to forget this huge political fraud, Mr. Speaker.

Should the right hon. Prime Minister decide to masquerade as the saviour of our country, Canadians would only laugh. This so-called rempart against separatism reminds one of the famous rempart the Liberal party claimed it had risen against conscription. It was not very solid. Such ridiculous claims would only make people jeer if they were not accompanied by slanderous remarks against those who oppose the government. Never has there been a party leader, let alone a Prime Minister, who has questioned his adversaries' loyalty to Canada. I do not doubt the sincerity of the leader of the government when he claims that only his policies can save Canada from disaster and I have nothing but pity for his blindness, but I deny him the right to accuse the leader of the opposition or any other public figure for that matter of being disloyal to Canada, just because he happens to favour a greater decentralization of power and a more active role for provincial governments.

Incidently, we have an indication of the sincerity of the right hon. Prime Minister when he states that he is willing to discuss a new power sharing formula with the provinces. The right hon. Prime Minister goes too far when he calls all those who do not agree with him "enemies". This man who claims to be the only one capable of uniting Canadians is the only one who,

to date, has dared use words likely to provoke division among Canadians and create a truly explosive social climate.

But the worst, Mr. Speaker, is not that the right hon. Prime Minister should have made such unworthy remarks. Today we know that he is quite capable of doing anything at all to save his bacon. The worst is that there should have been Liberals to applaud, to support those unbecoming and unfortunate calls. Mr. Speaker, this afternoon I heard several speeches and I should like to demonstrate the lack of trust in the government that has grown in this country. When the right hon. Prime Minister visited Ontario last Sunday, he went as far as to say that if the country were to have a Progressive Conservative government it would separate. I refuse to accept such a statement, Mr. Speaker. Let us remember the story of the three wisemen.

I feel it is important to recall the time when the right hon. Prime Minister, accompanied by his two attendants, came to Ottawa and decided to sink into the Liberal party. Of course, the Liberals of the day did not see them as their friends and especially not as their counsellors. Of the three wisemen, you will recognize with me, Mr. Speaker, that two have chosen fairer climes. As for the third, I think in fact he is faring about as well as the Canadian dollar. But when we look at the background of the right hon. Prime Minister, at the bed-fellows he had at the time, it is not surprising to see the type of politics we have had in the last ten years and why a lack of trust has settled in the land.

He dared claim that a Progressive Conservative government could lead to the separation of the country when he is fully aware, and all hon. members opposite know that, that the situation began to deteriorate in the last ten years, under his administration. Should I recall the fraternity which existed between the two founding peoples, between the two largest groups in Canada, during the centenary of Confederation? What happened in the last ten years? There was a lack of economic policies which increased social problems all over the country, and the Prime Minister travelled across the land making people believe that he had the whole situation in Quebec under control. He accused the mass media of making false statements whereas he alone described accurately and exactly the situation in Quebec. And we wonder today why so many Quebeckers show a lack of trust and even a lack of interest in our federal system. I should perhaps remind hon. members opposite, who have shared the same experiences, that we have witnessed many betrayals on the part of this government and of those members who came here to save the country ten years ago. In view of this terrible political and economic fiasco, we certainly cannot agree hastily to support this budget without making appropriate comments.

● (2022)

I would like to remind those who state that the government has managed the affairs of Canada well and who wonder about the indifference of Quebeckers and the objective that many of them have, that what has brought about this lack of trust and this rejection of federalism in the province of Quebec is the attitude of this government. For instance, the conflict over the French language in air traffic certainly did nothing to gain the confidence of Quebeckers even though the department involved was headed by a Quebecker, and we should perhaps ask some questions to the then minister of transport who was well aware of the situation in Quebec and who has now gone to rest in the Senate. We could also talk about the Prime Minister. Who is the cause of this lack of trust? This same Prime Minister who had as his main objective bilingualism throughout the country. He had promised a bonus to those who could work in both official languages, and in his cutbacks last summer, without any prior consultation, he boldly took back this bonus and reneged on his promise. If such an action is not liable to create a lack of trust, a lack of confidence and a lack of credibility for these people, I wonder what is.

This afternoon, Mr. Speaker, I listened to the hon. member for Montmorency (Mr. Duclos) who, with great subtlety, wanted to say to the Minister of Energy, Mines and Resources (Mr. Gillespie) that he was greatly disappointed that the federal government had broken its agreement with the government of Quebec. The hon. member for Montmorency was very careful about what he said, but I could see that he was very disappointed and that he disagreed in principle with the minister. The federal government had signed an agreement with a provincial government and it broke this agreement in this budget without any prior negotiation. Not one member on the other side can suggest the opposite. Few people complain about that. So far, so good. Recently the minister told me the closing down of the Laprade site was in the interest of Quebec consumers. If such was the case, Mr. Speaker, how come twelve months ago this government took the lead and invited the Quebec government to start such a huge project? This proves no sufficient revenues had been collected, which points to utter incompetence.

That kind of decision can only worsen the situation as viewed from the province of Quebec. These are decisions that hurt. Of course the Quebec government recently published data proving fiscal restraint was costing Quebec 18,000 jobs. I put the question to the Minister of Finance (Mr. Chrétien). I asked him whether he had made projections, assessments before announcing those cuts. The minister never answered. He suggested he wanted to put the country's finances into better shape, but he could not prove data published by the Quebec government were inaccurate. The Minister for Federal-Provincial Relations (Mr. Lalonde), who is in the habit of announcing the big bad wolf is coming, had no hesitation in suggesting those data were baseless. Of course this is no proof, and it can hardly help the government regain credibility and public confidence.

I hope that the Minister of Finance and all the ministers who have cut their spendings... We are not necessarily against cuts, we did ask for them, but I would like to know if serious assessments have been made and I would like to make sure that the province of Quebec particularly, and other members from that province will mention it, will not be unduly penalized by those budget cuts.

Until now this government has not been able to answer and I am quite sure that these cuts were made without any serious analysis, and I think we should blame this government for it. How could this government possibly maintain its credibility when there has been nearly 500,000 young people on unemployment rolls for over a year? And they will tell us all about Bill C-14 when this government has allowed the number of unemployed to reach 1.5 million. We are talking about one million unemployed but 500,000 more are not even registered. As we exceed the one million unemployed level, in the name of spending reduction they go after that category of unemployed who have no other alternative but welfare and I consider that this proposal is inhuman and ill-advised. Of course there has been some abuse in that department and in the administration of the government administration which was unable to identify those abuses soon enough. We will not blame the government because it wants to set things straight, on the contrary.

If the Minister of Employment and Immigration (Mr. Cullen) is really convinced that through these savings he can create 350,000 jobs under the 14 programs he announced—the few assessments that were made do not guarantee that he will reach his objectives—but if the minister is convinced that he can create 350,000 jobs, why did he not implement those programs sooner? And if he can really create 350,000 jobs, Bill C-14 might become useless because that number of job opportunities will reduce the unemployment rate by 30 per cent. Mr. Speaker, there is nothing to prove that the minister will succeed in meeting his objectives and if we base ourselves on the falsehood of the predictions made by the Minister of Finance since he has assumed his present portfolio, we are quite entitled to think that the Minister of Employment and Immigration will not meet his own objectives and that, Mr. Speaker is a troublesome matter. There is also an attempt to win back public confidence.

I stated earlier that little concern was given to those affected when certain cutbacks were unilaterally decided. How can this government regain public confidence when Canadians have not forgotten its position on the sales tax last summer? How can this government gain public confidence after having pledged ten times over to build Place Guy Favreau which is a project which has just been started very recently? How is it possible to trust this government which has implemented a dairy policy which has compelled thousands of milk producers to leave this market, not to mention the fact that it is still refusing indexation?

An hon. Member: It is not true.

Mr. La Salle: No, it is true. Mr. Speaker, a member opposite is telling me that it is not true. Hundreds of milk producers have been compelled to give up production some two years ago because of bad management, bad projections and bad advice on the part of the then minister of agriculture and all members know that. Of course he is careful enough not to try to justify this position. All these factors, Mr. Speaker, can only lead to distrust for this government. Nobody has yet complained on the other side. We are being told that the users of commuter trains in the Montreal area will probably have to pay 50 per cent extra for their daily ticket in order to travel from their homes to their places of employment. Here is a form of penalty because the government allows itself to forecast increases in production costs and wages, yet it will accept without a word of protest an increase of 50 per cent for the users of commuter trains in the Montreal area.

• (2032)

That seems to me a flagrant breach of the guidelines it set for itself. For a long time, Mr. Speaker, we have been perfectly aware that because the federal government kept refusing to write off the deficits of the CNR, that is why the users of commuter trains are going to have to pay an extraordinary increase. And I know that several members are very concerned by that and I simply ask them to exert pressures on their own government so it will come back to reason. This afternoon I heard an hon. member on the government side talk about reducing the age of retirement to 64. He was referring to incentives and services—

Mr. Roy (Laval): Mr. Speaker—

Mr. Deputy Speaker: Order. The hon. member for Laval on a point of order.

Mr. Roy (Laval): Mr. Speaker, I wonder if the hon. member would accept a question?

Mr. La Salle: No, Mr. Speaker. I know those questions and hon. members opposite had the opportunity to speak on this. And I did not hear the hon. member for Laval rise to blame the minister for the increase I am referring to. That is his business but I am doing so as a Quebecker and I think he should do the same, I think I have to do it—

Mr. Roy (Laval): Mr. Speaker—

Mr. Deputy Speaker: Order. The hon. member for Laval on a question of privilege.

Mr. Roy (Laval): Mr. Speaker, I think I am entitled to rise on a question of privilege because when he talks about commuter trains the hon. member for Joliette (Mr. La Salle) is referring to a jurisdiction that is purely provincial and highly recognized by the Liberal government three years ago and turned down—

Mr. Deputy Speaker: I must advise the hon. member that the point he is raising is simply a point of debate which he will be able to put before the House in his contribution either later today or tomorrow.

Mr. La Salle: Mr. Speaker, I want to say to the hon. member that the minister responsible told me last week that his officials were still negotiating this issue with the Quebec government and that he himself is still negotiating in order to arrive at some kind of solution. That is why I asked the minister to delay this increase as long as this dispute between the two levels of government remains unsettled. That is all I asked, Mr. Speaker.

The hon. member for Laval is appalled, but there is a certain uneasiness at this time. Just look at the situation on the political front and you will understand the reason for this uneasiness. However, Mr. Speaker, I have the impression that you are soon going to ask me to resume my seat, so I would simply like to conclude by saying that, as far as we are concerned, Mr. Speaker, that is not the way we intend to achieve national unity. We respect our opponents' positions. We never treat them as enemies simply because they do not think the same way we do, and our aim is not to divide Canadians in two tight clans, but to encourage them, despite their opposite views, to have mutual respect and a common love of the great country that we dream of rebuilding under the wise leadership of our leader, the Leader of the Opposition.

[*English*]

Mr. Andrew Brewin (Greenwood): Mr. Speaker, I do not intend to cover all the aspects in this budget we are debating. What I want to do is to expose an outstanding example of a wasteful program, which, if it were cancelled, as it should, could save Canada and its taxpayers $2 billion at least.

Before I deal with that, however, I want to express a few general comments first. I accept the view put forward by my party that this budget does not adequately stimulate the economy or relieve Canada of its depressed economic conditions. To put the matter another way, unemployment will not improve. Indeed, if the prophesies of the U.S. lack of growth are fulfilled, the situation of unemployment in Canada may become a good deal worse. To my way of thinking, unemployment should have the highest priority of all. It should come first in any sound scheme of values in dealing with the economy. I am not thinking only of the economic waste of 1 million employable Canadians making no contribution to the growth and economic prosperity of the country. I am thinking also of the individuals, many of them in my constituency, who are living and will live frustrated lives, not having employment which is the economic base for individual well-being and a necessity to their sense of identity and success in life. I am thinking particularly of those many Canadian children whose lives may well be stunted by the apparent economic failure of their parents.

Why does the minister, who is clearly a man of compassion and intelligence, accept this situation? I can only attribute it to the devotion of his party to private enterprise. Private enterprise, is not, cannot, and will not do the job or provide the jobs—

[Mr. : No, M.]

An hon. Member: I thought you people were always talking about small business.

Mr. Brewin: —and an industrial strategy in which both private and public enterprise, combined to provide full employment, is essential if we are not to drift on in our present unhappy situation. I have reason to think that the Conservatives would not do any better.

Mr. MacDonald (Cardigan): That is right.

Mr. Brewin: They equally pay obeisance to private business.

However, to get to the main thrust of what I have to say, we all know that we are in a time of stringency and restraint. Above all, waste in government and private expenditures must be ended. It is tragic that the most conspicuous example of such waste is entirely overlooked by the government. I refer to a matter discussed briefly this afternoon when the Minister of National Defence (Mr. Danson) made a statement concerning the proposed purchase of 130 to 150 fighter planes. Of course, defence and security are high priorities, but they are not sacrosanct. Defence expenditures must be scrutinized like any other expenditures, and firmly resisted if they are not necessary.

The purchase of these planes, we are told, is to cost roughly $2.3 billion in 1977 dollars. With continued inflation and the decline in the Canadian dollar, I would estimate that at least $3 billion is involved. This is by far the greatest expenditure on armaments made in this country in its history. By far the greatest expenditure is to be on manned interceptors to defend this country against a massive bomber attack by the U.S.S.R. Some part of the total no doubt, will be used for providing cover for ground troops in Europe under the provisions of NATO. Whatever may be said now, it is clear that by far the largest amount is to go to the so-called active North American defence.

I propose to show, Mr. Speaker, that these fighter planes are obsolete in the missile age. The essential task of anyone determining the distribution of defence dollars available is to weigh the importance and necessity of the proposed role for our military forces. The task is to weed out those roles not essential to the security of Canada and the stability of the world. There is ample evidence to suggest that fighter planes are not required on a substantial scale in any intelligent consideration of Canada's role. The reason for this is simple, namely, that the threat of a massive Russian attack by manned bombers is non-existent. The allocation of substantial Canadian funds for fighter planes in North America is an outstanding example of the wrong allocation of roles.

I well remember hearing more than ten years ago, in the parliamentary committee on national defence, two very distinguished Canadian soldiers, General Simonds and General Foulkes, who had risen to the top in active service during the

over the world. The need has been suggested in Namibia and in the Middle East; no doubt, other needs will arise. This contributes to the peace of the world, it is something Canada has shown it can do, and it is something we should be prepared to do. We are not against Canada taking a share of responsibility for military commitments, and it is essential that we arm our forces to fulfil these roles. But let us get away from commitment to expenditures that help nobody yet hang a vast debt around the necks of the Canadian people.

All of us are looking at the effects of the cuts that are being made. Many of those cutbacks are painful and unfortunate. We regret the effect they will have on such things as equalization payments, assistance programs, health and medicare. We regret that the cuts affecting the CBC will help destroy the high level of artistic endeavour and quality which has been built up. We object to the CIDA budget being frozen at the expense of those throughout the world who are most in need. We object to the cuts in loans for public housing. We object to the cutting back of forest research stations. There are many acts of this kind, inefficient and selected at random, though some of them are necessary. But let no one say that we in this party did not criticize them and offer alternatives. By all means let us strike out programs and expenditures which we need, to use common parlance, like a hole in the head. The axe must fall, perhaps, but let it fall on what we do not need, on what we could well do without. Let it fall on this unnecessary production of highly sophisticated aircraft whose capability, I believe it is safe to prophesy, will never be used at all. Let us get rid of fantasy and look at the world as it is, making the best contribution we can and minimizing those cutbacks which adversely affect the welfare of the poor, the development of productive resources and the artistic future of this country. Let us use sense about these things and not be swept away by the theory that defence expenditures are sacrosanct. Of course, some are necessary, but none of them are sacrosanct and when we are told by our allies in the United States that the manned bomber is no longer regarded as presenting any considerable risk,—it has been downgraded to almost nothing—why must we go ahead with a project of this kind that we do not need? Is it because we are committed to it, because we do not dare to say no to the military? I believe the military people are wise enough to recognize that it is only when they are doing something worthwhile that they earn the true respect of the people of this country. I hope they will earn that respect. Let us have the guts in our government to say no when no is the obvious answer.

Mr. F. A. Philbrook (Halton): Thank you, Mr. Speaker, for the opportunity of taking part in the closing hours of this autumn budget debate—perhaps tonight I should call it a winter budget. I should like to congratulate the Minister of Finance (Mr. Chrétien) on a budget which is appropriate and responsible.

● (2102)

An hon. Member: Why?

Mr. Philbrook: It is nice to hear from one of the new members opposite. His interjection was typical. I point out that I have been attentive and quiet while members of his party have spoken, and I am sure he will afford me the same courtesy. This budget has been called many things in the last few days. It has been called a pro-business budget, and I for one do not apologize for that. I think private business and industry are the most capable of bringing about a healthy economy and a better life for all Canadians.

I would also like to congratulate some of the new members who have spoken in the House. One has been my colleague, the hon. member for Westmount (Mr. Johnston). Another has been the hon. member for Ottawa Centre (Mr. de Cotret). Both those hon. members made very fine maiden speeches.

Some hon. Members: Hear, hear!

Mr. Philbrook: Of course, they were based on their own points of view. I would like to say a word of thanks to the official opposition for recognizing some positive features in this budget. I think that is a step in the right direction.

Political parties still have far to go in that direction, but that recognition is certainly better than nothing.

In my speech tonight I would like to deal with positive public reaction to this budget. I will also deal with some complaints which have come in from my constituency. I want to make a few general remarks on budgets and then deal with the general economic picture which provides a context for this or any other budget. I know that my hon. colleagues opposite will understand and forgive me if I quote some of the positive remarks which have been made in reaction to this budget. The proof of the pudding for any budget is found a few weeks or months down the road, but in the meantime we can learn a great deal from the important sectors of our society. Their reactions are articulate, and they tend to be accepted as non-partisan. For example, Mr. Sam Hughes, executive director of the Canadian Chamber of Commerce, said:

> It's a sensible and responsible budget, and he has avoided going political.
>
> Mr. Chrétien apparently listened to bankers and economists who urged him to refrain from over-stimulating the economy.
>
> He could easily have been much more stimulative but has chosen the more practical route.

A spokesperson for the Canadian Federation of Independent Business said:

> We're delighted. It's a masterful job.
>
> We're particularly happy with the special 25 per cent research and development tax credit for small businesses.

Mr. William Small, president of the Housing and Urban Development Association of Canada, said:

> The government's decision to extend for another year the capital cost allowance for multi-residential building construction will be helpful.

Mr. Erik Nilsson, not our distinguished colleague opposite but an economist with the Canadian Manufacturers' Association, said:

> It was basically a good budget.
>
> Chrétien didn't have much leeway, but we're pleased he didn't fly in the face of economic realities and introduce a program of massive stimulation.

The CMA has recommended the R and D incentives and improvements in investment tax credits.

Peter J. Dawes, foreign trade director of the Canadian Importers Association, said:

We are generally pleased and particularly happy with the federal sales tax cut, which we expect our members and the Canadian importing community generally to respond to and pass along with future shipments to Canadian consumers.

That has been a point of concern. He went on to say:

We're pleased to note the minister's reaffirmation of its commitment to General Agreement on Tariffs and Trade negotiations and of course we're delighted that the tariffs remain unchanged for the present.

The commitment referred to was the commitment of the government.

Mr. Reg Ryan, president of the Mortgage Insurance Company of Canada, said:

It is important to take an over-all view of what Chrétien was trying to do.

We have to endure some more pain before we get back to the days of low inflation and low interest rates.

It showed some restraint and some stimulation without going too far in either direction.

Mr. Cliff Bulmer, secretary of the Council of Ontario Contractors, said:

It will allow developers to write off the carrying cost of unused land, which may have the effect of encouraging developers to order builders to build because it will keep their costs a bit lower.

Mr. H. J. M. Watson, comptroller, Steel Company of Canada, said:

Chrétien has provided some stimulus, but we as a country have got to bite the bullet a little harder to reduce the deficit.

It will benefit the steel industry from the cut in the sales tax, investment credits, and unemployment insurance cuts.

From my home town of Oakville, Mr. Ron Bennett, president of Ford of Canada, said:

We welcome the reduction in sales tax, and this together with the cumulative effect of the other measures taken, will contribute to a sustained growth in vehicle sales and the economy in general.

Since the budget, we know that both Ford and GM have announced average $150 car price cuts.

Mr. Russell E. Harrison, chairman of the Canadian Imperial Bank of Commerce, said:

In view of Canada's complex economic problems, I expect it will be mildly stimulative, which is essential if it results in increased over-all production, through the economic stimulus provided by the appropriate tax reductions.

From the very important province of Ontario, treasurer Frank Miller was reported to be pleased by what he considers a private sector budget, with special incentives for manufacturing industries and positive steps such as the 3 per cent reduction in the federal manufacturing sales tax, added encouragement to research and development and enhanced investment tax credits. Mr. Miller considered this budget a private sector budget. I also mentioned that, and proudly, at the beginning of my speech.

Mr. Miller said that the reduced sales tax and the research and development incentives will make manufacturing more profitable and more attractive to new investment, and that that means the creation of new jobs. He said that the reduced sales tax will make Ontario more competitive with the northern United States.

Several economists reacted in a positive way to the budget. Two were Mr. Douglas Peters, chief economist of the Toronto-Dominion Bank and Mr. Ben Gestrin of the Canadian Imperial Bank of Commerce. Judith Maxwell, who I believe is no stranger to the Leader of the Opposition (Mr. Clark), endorsed the budget and said:

He has used all the room that's available to him to stimulate the economy.

That is a remark with which we agree, but it is sometimes greeted with strange reactions when we say it. Economic investment houses like Pitfield, Mackay, Ross and Nesbitt, Thomson, Bongard saw other things in this budget, according to their comments. One comment was that costs and inflation will be relieved by tax cuts and unemployment insurance reductions. Another was that investment and manufacturing expansion will be aided by the investment tax credits.

Another was that it is difficult to affect unemployment directly overnight. Another was that expansion is up to Germany and Japan, not Canada.

There has been some favourable reaction from the general media. Mr. W. A. Wilson of the Ottawa *Journal*, a distinguished journalist and political analyst, reflected on the budget.

Mr. Friesen: A good friend.

Mr. Philbrook: The Ottawa *Journal* is not usually considered a Liberal newspaper. With regard to restraint, Mr. Wilson said:

The budget's tax changes can be defended in good conscience.

He acted with restraint and despite all the howls of disappointment that have followed, a large increase in the deficit would have been contrary to the public interest.

On inflation he said:

There has been some post-budget scepticism about Mr. Chrétien's optimism over inflation, but he is by no means alone in this outlook.

On growth, Mr. Wilson said:

The problem of estimating next year's growth with any accuracy is, however, complex and difficult because conditions in this country will inevitably be affected by American developments.

Coming from Mr. Wilson, it is hard to interpret that as an alibi. On stimulation he said:

The budget contains other devices aimed at stimulating investment so the government's emphasis remains what it must be: that an increase in business investment is essential to this country's health.

I emphasize the word "remains".

In the latest edition of *Maclean's* magazine, Ian Urquart covered essentially what the minister covered. He said:

On the evidence of the first day following the budget, he won that gamble as the dollar did not merely hold its own, but actually picked up a bit.

Its value rose to above 85 cents American. How did he do this? According to Ian Urquart:

war, stating that a manned U.S.S.R. bomber over North America would only be possible if the Russians were crazy. They said, that of course, this is not the case.

As I said, we live in a missile age. A manned bomber attack would involve a couple of hours' transport from bases in Europe or the U.S.S.R. to North America. The important thing is the means of detection. If the attack were detected a matter of hours before it actually happened, targets in the American strategic arsenal would be removed and the defence prepared. Suppose, however, that the Russians did attempt a first strike. They have not now, and are not likely to have in the near future, the means of destroying the American retaliatory power. Swift retribution destroying the U.S.S.R. as a civilized community would follow even a successful first strike. A first strike capability cannot prevent a retaliatory attack in which all the cities of the U.S.S.R., and the strategic bases would be wiped out. This has been recognized both in the United States and the U.S.S.R.

Brian Cuthbertson, writing in "Canadian Military Independence in the Age of the Superpower," published in Toronto in 1977, says, at page 81:

—it appears fairly certain that Soviet strategy sees only a small role for the long-range bomber and for the U.S. anti-bomber defence has become a strategically redundant role.

That is really saying in round-about language what I have been trying to say. It is a waste of money because it has no purpose from the military point of view. He goes on to say that the United States plans to reduce its present 405 interceptors to 212 F-106s by the mid-1980s. At page 87, he refers to the strategic redundancy of anti-bomber defence.

● (2042)

Mr. James Schlesinger, who was the United States Secretary for Defence, visited Ottawa in September, 1975. That was for the express purpose of consulting about Canada's role in the alliance. He saw the then minister of National Defence, the hon. member for Winnipeg South (Mr. Richardson), and the Prime Minister (Mr. Trudeau).

According to the report which I have, dated September 27, 1975, he played down the Soviet bomb threat and urged Canada instead to beef up its forces and equipment in Europe. To use his own words, well equipped ground forces in Europe would be the most illustrious contribution Canada could make to western security.

In 1977, Mr. Cuthbertson wrote about the weaknesses of NORAD in the following words. He referred to the vulnerability of its installation to destruction by missiles, its poor capability in the detection of low level flights and lack of capability against bombers launching missiles outside the interceptor range.

These circumstances demonstrate that the defence of North America depends upon maintenance by the United States of a retaliatory force, either in fixed sites, ICBMs, which may become vulnerable—they have not yet, but they may—or in submarines equipped with missiles which are not now, and are not likely in the foreseeable future, to become vulnerable. This submarine-based force exists and is not likely to be substantially reduced by technical changes for many years to come.

It is suggested by some that the Russian development of the backfire bomber has changed all this. The Russians presently have 50 backfire bombers in commission, according to the International Institute of Strategic Studies Military Balance for 1978-79. That is not a great many.

They lack intercontinental range, but with a compatible tanker force can be refueled in flight. It would not be correct or fair to say they could not reach North America directly. They are also capable of flying below radar detection. Cuthbertson suggests that when employed with a tanker force, they would have a "peripheral role". However that may be, there are two main defences: the first is the same as the defence against any manned bomber, namely the impossibility of destroying an effective retaliatory force and therefore the assurance that the use of such bombers would provoke a retaliation which would destroy the U.S.S.R. as a functioning society. The second is that efforts could be made to improve the detection capacity of defence forces in North America.

It is sometimes said that Canada's commitments under NORAD, while strategically useless, are justifiable on political grounds. When this question of the political grounds is pressed, it appears that the political ground is the view that the United States desires the continuing of NORAD and of the Canadian contribution to a fighter anti-bomber.

There is no evidence to support this. Indeed, the view expressed by Mr. Schlesinger is exactly the opposite of this, as is the down-grading of the American interceptors to a secondary role.

When pressed for positive evidence, neither the former minister of National Defence nor the present President of Privy Council (Mr. MacEachen), who was then Secretary of State for External Affairs, could give any basis whatever for their statement that the United States was anxious that the NORAD arrangement be continued. Indeed, the former minister of National Defence in the committee on external affairs, said that his belief was based on a conversation with an unnamed person at NATO and was not supported by any documents or evidence whatsoever. The same is true of the similar claim asserted by the then Secretary of State for External Affairs, now President of Privy Council. It would indeed be a strange surrender of Canadian judgment if we were to be governed in our views of policy by a non-existent, non-proven political view that the United States desired Canada to maintain this role, in view of their own actions and their own words and the clear indication that an anti-bomber is strategically redundant in their eyes.

It is to be noted that I have concentrated my remarks on the defence of North America and not on the need for air protection for our troops committed under NATO in Europe. We, in this party, fully recognize that whatever we may think of NATO, Canada is committed and Canadian troops are committed to that theatre. We must give them all necessary support. However, it does not appear that what is needed to strengthen NATO is a provision of sophisticated fighters by

Canada. Indeed, Mr. Schlesinger's statement, which I quoted, is to the contrary.

One could only wish that Canadian military plans were not based upon obsolete and outmoded concepts, but upon new developments. There are highly important new developments taking place in military concepts and weaponry which affect NATO and Canada. I refer to the "smart" bombs, which is a nickname for what are more accurately described as precision guided weapons, which use lasers to secure an infinitely more accurate means of hitting targets, promise revolutionary changes. Throughout the course of military history, very few weapons actually hit the targets. These new precision-guided weapons will, in fact, hit the targets.

They can be used with light portable weapons with greater accuracy and are effective anti-tank and anti-battlefield aircraft weapons. They enhance defence and strengthen the position of smaller powers.

There is still much development required before "smart" bombs are in general use but they promise the strengthening of defence, and such defensive alliances as NATO making more important the individual contribution of trained men. They may indeed represent a sharpening of the distinction between nuclear and non-nuclear weapons.

Haziness of distinction in this field is one of the greater dangers of war developing into an all-out nuclear holocaust. It would be a happy change if proposals for Canadian expenditures were imaginative and looked forward, rather than proposing the substitution in obsolete roles of more obsolete weaponry.

In the *Scientific American* of October, 1978, there is an interesting discussion on precision-guided weapons, and there is an Adelphi Paper published by the Institute of Strategic Studies in 1975 by James Digby of the Rand Corporation spelling out in some detail the implications of the PGM.

There is one good ground for questioning the proposed expenditure on the acquisition of fighter interceptor plans, and that is that it has never been clearly explained. The whole process of seeking these replacements has been shrouded in secrecy. It is not enough for the Minister of National Defence to say that these planes contribute to our national security. Such a statement begs the question. Nor can it be said that they are demanded by our commitment to NORAD or NATO. Both of these treaties leave to individual member countries the decision as to the nature of their contribution.

In the debate in the United States Senate on the neutron bomb, Senator Clark set out the Senate approach as follows:

> Any program with respect to nuclear armaments shall include a complete statement analysing the impact. The requirement of an arms impact statement is fully justified for it demands of the executive a thoughtful and reasoned analysis of the over-all significance of the weapon under consideration.

● (2052)

Senator Clark added:

> The requirements of the law are clear; before we appropriate money for a system, we must know what the system will do; we must have this statement; the lack of this alone justifies withholding Senate approval at this time.

[Mr. Brewin.]

Not only has this House not received any such impact statement related to these proposed purchases, but we are told a new white paper on defence is on the way. If I understood the minister today, they are too busy at present to get out a white paper, so what we are doing is this—we are putting the cart before the horse, we are getting the weapons and then deciding on a policy to fit them, rather than deciding on a policy and then acquiring the necessary equipment. So the minister is doing precisely the reverse of what he should be doing. The minister emphasized the advantages to Canada of providing "offsets" by the employment of Canadian resources and the development of Canadian technology. Others will no doubt do the same thing. This, it is said, will be followed by other advantages. Offsets are the amounts of money which will be spent by those who sell the planes to employ Canadian labour and technology. This is supposed to provide considerable advances in Canadian technology. The argument is without substantiation. At the present time the aircraft industry is extremely buoyant and the effects of further purchases in this field will be highly inflationary.

There is a very good article by Mr. Sheppard, the Executive Director for the Science Council, which appeared in the *Globe and Mail* of October 2, in the course of which the author stated:

> The answer ought to lie in the transfer to other sectors of Canadian industry, technologies critical to our future competitiveness in commercial markets, for instance in energy products, automobile parts, communications equipment, transportation and computer equipment.

We are not objecting to spending money on improving Canadian technology. What we wonder is whether it is necessary to improve technology to supply weapons systems to countries which are already, in the global insanity of the day, spending $400 billion a year on armaments which, if they were ever used, would destroy us all and which, if they are not used, will suck up the resources, both material and monetary, of the whole world so that the pressing problems of mankind cannot be met. There is no need for us to contribute to this madness. My plea to the government has nothing to do with a choice between various suppliers of aircraft. We do not care whether there are three, four or ten possible suppliers. My plea is that we look carefully at the question of the basic need for what we would be committing ourselves to buying if the government goes through with its plan.

The first decision to be made is whether we should proceed with the purchase of fighter planes at all. I know there have been verbal commitments, that promises have been made, that there have been talks about all this, but there is no firm commitment at the moment, there is still room for the government to use a little common sense and change its attitude toward the whole thing. There are many roles of great importance that Canada has to play in the military field. One of them, of course, is the protection of our sovereignty by providing surveillance of our air space. Another is to build the naval craft necessary to protect our sovereignty over our territorial waters and, incidentally, to protect our fishing industry from depredation by fishermen of other countries. Lastly, there is a continuing need for Canada to supply peacekeeping forces all

● (2112)

He cut both the prices and taxes, and plugged loopholes. Chrétien decided to hang tough rather than give in to opposition demands for deductibility of mortgage interest payments, massive spending on housing and transportation, or any vote-grabbing gimmickery.

Something even bigger is happening for manufacturing, the government's industrial strategy program through the federal-provincial conferences.

The GATT meetings also have an important bearing.

Now we are starting to get the general background to this budget. In the *Financial Times* it was said that this is a "non-political budget" and, to its credit, "not dramatically stimulative." It goes on to say:

But a major upturn is just around the corner. Let the recovery take place of its own momentum, helping it along very gently, and not attempting any measures that might diminish business confidence or put increased pressure on the dollar.

Chrétien and his advisers are pinning their main hopes for improved performance on forces already at play in the economy; the devalued dollar, controlled labour costs and increased corporate investment plans.

One of the key aspects of this budget is the background economy against which it is set. The *Financial Times* describes two reasons for the budget at this time as it plays its small part in the whole economic picture. They are, first, an accounting of the August announcements made by the Prime Minister (Mr. Trudeau) and, secondly, some useful measures which are better than nothing.

In terms of positive community reaction, it has come from the various business associations, such as the chamber, small business, CFIB, the CMA, and the CIA. We have had a positive reaction from the area of construction and housing such as HUDAC, the mortgage associations and the Ontario Construction Association. Other positive reactions have come from such sectors of our economy as steel, Stelco; automobile manufacturers, such as Ford, and banks, such as the Bank of Commerce and the Toronto-Dominion Bank. There has also been a good reaction from some of the provinces, including my home province, Ontario, one of the key provinces in our economy. We have had good reactions from various economists and from the media. It is a fair cross section of the Canadian community.

There are always complaints. There are two or three areas where I would like to see improvements, and I would like to mention them, in the hope that the government will perhaps take a look at them to see if something can be done. One area was mentioned earlier today, that is automobile sales. Many automobile dealers are stuck with cars on their lots which will be more expensive than the new ones because they were purchased before the manufacturers' sales tax was reduced from 12 per cent to 9 per cent. Perhaps it could be written off as the luck of the game, because we did not hear from the car dealers in the spring when the provincial sales tax cut took place. We heard from the consumers then because they were the ones who lost out by buying one day early. However, it amounts to a lot of money to these dealers, and apparently there are precedents where the government has provided rebates, I believe, in the years 1958 and 1974.

There is also concern in the area of personal service corporations. Here the special rate of tax was provided for small businesses in manufacturing, not services. It was provided for small Canadian businesses competing against large foreign owned ones. It does not apply to athletes or entertainers who have incorporated and have had the advantage of low tax rates. However, there are concerns from people providing services who are incorporated, such as people in consulting, various kinds of management services, and perhaps development services. People in these areas can put up the argument that they are providing something valuable for the country and the economy. Certainly they are providing employment which may be reduced if they have to scrap their small corporation. Perhaps we have cast the net a bit too wide and some adjustment could be made there.

Another area of concern, a matter which is held over from the April budget, is the area of RRSPs. The minister was good enough to take care of the problem of child dependants whose father and mother are killed at the same time. According to the information I have received, there still remains the problem of widows who are under age 60 who cannot afford to transfer their husband's RRSP into some other plan or annuity upon his death. These widows need the cash to live, but they cannot afford to pay income tax on it. They are in a very poor financial situation, and it is aggravated when they see civil servants able to retire at an unusually young age. The widow, however, is held to age 60 on this particular benefit.

One of the difficulties for the public is understanding budgets. I think that the media provides good coverage for the public if they will use it and refer to post budget developments to point out adjustments which should be made. The limitation of a budget is that it is supposed to provide a few specific changes, but things do vary from time to time, and it may not necessarily be the same type of thing each time. For example, in one case it may have an effect on the general economy through what economists call macroeconomics, and at another time it may be individual benefits or microeconomics. In some cases it can even be a combination of both.

It is all part of the ongoing process built up through previous budgets and other major programs which influence the economy. For example, perhaps even more important than this budget, are the GATT negotiations presently going on in Europe which will affect our trade for a long time to come and have an effect on all levels of government. Another influence would be federal-provincial conferences, such as the one coming up. It is an important area of industrial strategy. I think all parties agree that it would be beneficial to have an industrial strategy. The only question is, how do we get there? I think at the present time there are some very exciting happenings which are the outcome of our federal-provincial conference on the economy. We had one in February and another one is coming up soon.

● (2122)

One of the main programs coming from that conference was a study of our industry and a positive basis for long-range planning. It was a study, in the first instance, of 23 sectors of the economy, and leading from that, there was a more select

group which produced the so-called "Tier 2" report. This is one of the most exciting and important developments of our time. I hope it will produce concrete results that we can all support.

I spoke last week at a conference in this regard and found that the people there, our fellow Canadians, were tuned into the subject and looking forward to things happening. We have something very worthwhile on which to work in this regard and we will see more come from that in the next week or so, right here in Ottawa.

Finally, as I said, I think sometimes that a budget can be disappointing as a result of it being overrated. It may be important in itself but when thought of in terms of being a panacea for everything, including our economic concerns particularly, it may be disappointing because it is cast in the wrong role.

There is a great deal going on at the present time and a more general positive economic outlook developing. We have seen many positive economic statements regarding the near future made by people such as Mr. Earle McLaughlin, chairman of the Royal Bank of Canada, and Mr. Andrew Kniewasser of the Investment Dealers' Association of Canada. He spoke here in Ottawa recently, claiming that the 1980s will be the best decade in Canadian history. This was documented by John Bullock, the head of the small businesses group, CFIB. We have seen positive results from the new computer wonder, Trendicator of the Canadian Imperial Bank of Commerce, as well as from statements in the *Financial Times* to the effect that the 1980s will see a return to economic stability. I hope that is the case. There have been many other positive reports, such as the one in the *Globe and Mail* which said that a nationwide gain will be seen for domestic growth in 1979. We have seen all of these generally positive predictions for the near future in respect of the Canadian economy.

Certain writers, like Jack McArthur and Anthony Westell of the Toronto *Star,* and James Reston of the New York *Times*, have been pleading for people to look on the brighter side, and questioning the gloom and doom which has been with us for far too long.

There are other more specific signs of better days ahead. For example, after tax profits have been reported to be up by 31.9 per cent in the third quarter of this year; the August consumer price index was up only 0.1 per cent, the smallest rise since 1975; consumer buying and confidence is reported to be up, according to the Conference Board; there is no surge in wages in major contracts this year; higher production and employment is predicted for 1979 by the Conference Board; farm cash receipts jumped 14.3 per cent in the past year; and there is a general belief that the lower dollar means more jobs, and that it is working, in fact, in terms of increased trade, increased exports and increased industrial activity.

In terms of the important area of business expansion, there has been more investment, more expansion and more production. Recently we had the very good news that business spending in this country will probably double next year to a rate of increase of 16.2 per cent, and also that next year United States companies intend to increase their investment in Canada. We have heard the news that manufacturers expect production levels to increase in the fourth quarter. In addition to generally improved economic outlook and plans for expansion, there is this important area of trade which, as I just said, has been undoubtedly stimulated by our lower dollar, and the predictions in this regard also are good.

Our trade surplus may be as high as $4 billion this year, up again, and apparently our trade performance for next year would indicate a bright picture. Again, in a general way, predictions for the 1980s indicate that our trading position will strengthen.

We have a reasonable budget here, and again I believe the minister deserves credit. The budget should be seen in perspective for what it is and what it cannot be. It should be seen against the background of a great deal of other economic events and activities which will make a very positive difference for this country.

In concluding may I say that I know everyone would wish the same as I do, namely that the federal-provincial economic conference coming up in the next week will be very successful and will provide another step forward, just as I believe this budget has. Thank you very much, Mr. Speaker.

The Acting Speaker (Mr. Turner): I recognize now the hon. member for Halifax-East Hants (Mr. Crosby) and I should like to remind hon. members that this is that hon. member's maiden speech.

Some hon. Members: Hear, hear!

Mr. Howard Crosby (Halifax-East Hants): Mr. Speaker, it is an honour and a privilege for me to participate in this budget debate and, with your indulgence, I shall make some remarks of a more general character relating to the economic state of the nation.

First, let me express to you the compliments and good wishes of the people of Halifax-East Hants, and may I ask that you express my greetings and best wishes to His Excellency, the Governor General, and his lady.

It is not difficult to bring to this assembly the views of my constituents on our economic problems. Time and time again during the recent by-election campaign the concern of the people for the financial and fiscal future of this country was brought forcefully and emphatically to my attention. Make no mistake about it, the state of the economy is the number one issue in Halifax-East Hants, and I suspect it is the number one issue in the great majority of constituencies across this country.

In rising to speak in this chamber, hon. members may be interested to know that I follow belatedly in the footsteps of my grandfather. He was elected to this House over 70 years ago along with Sir Robert Borden as a dual member for Halifax.

Before making some remarks on the subject of the economy and other aspects of the budget I should like to comment very

briefly on my constituency and on some of those who have represented Halifax-East Hants and Nova Scotia in this chamber and elsewhere.

All hon. members of this House are well aware of the importance of the contribution made by yourself and your confreres in the chair. As it happens, the hon. member whom I have succeeded has made the same important contribution as Deputy Speaker. In addition, for many years he served his constituents and all Nova Scotians in parliament in matters of special concern to them. Judge Robert McCleave, whom I succeed, was a long-time member of this House and an articulate and effective representative. It is apparent he was as much admired in this chamber as he was in Halifax-East Hants.

Some hon. Members: Hear, hear!

Mr. Crosby: Let me record the admiration I hold for Judge McCleave. I know the same sentiment is held by all his former constituents.

I would like to mention how honoured I feel at taking my seat in this House in the presence of the hon. member for Halifax (Mr. Stanfield) and the right hon. member for Prince Albert (Mr. Diefenbaker). Again I want to record the respect and admiration I hold for those hon. gentlemen. I was engaged in the public service of Nova Scotia during the early years of the administration of that province by the former Leader of the Opposition. Recently he celebrated his 30th year in government and in public service. Not only Nova Scotians, but all Canadians have benefited from his dedicated service over the years as premier of Nova Scotia and as the national leader of the official opposition. The reverence and respect with which the right hon. member for Prince Albert is held by Nova Scotians has not diminished in the years since he first held office as prime minister. When the right hon. member speaks, Mr. Speaker, I can assure you that Nova Scotians listen and will continue to listen.

● (2132)

My references to Nova Scotia prompt me to mention that we now have in the province a new administration. The new government, headed by Premier John Buchanan, took office in October of this year. I have said on many occasions, and I repeat in this House, that Premier Buchanan will follow in the footsteps of the right hon. member for Prince Albert and the hon. member for Halifax (Mr. Stanfield) in providing leadership that is responsible and that is concerned. That is what I believe all Canadians expect of government today: they expect responsibility in the management of the nation's financial matters, responsibility in the administration of the affairs of state, and they expect those who govern to be concerned with the lives and the legitimate pursuits of all Canadians.

And so we should ask ourselves whether and to what extent the government and hon. members opposite have demonstrated responsibility and concern in this budget and in the other affairs of government. First, my thoughts extend not only to the constituency that I represent, but to my province and the Atlantic region as well as to Canada. It is a fact well known, and often recorded in the debates in this House, that Nova Scotia and Atlantic Canada have not prospered in the passage of time since confederation. Nonetheless, the loyalty of the Atlantic people to confederation and to the sovereign lady who heads our state is unwavering and undiminished. Our loyalty will continue, whatever events the future holds. We are proud to be Nova Scotians, but we are equally proud to be Canadians, and we will never change. There is no support in my area for any policy or stratagem for our nation that does not embrace one Canada and our sovereign, the Queen.

Some hon. Members: Hear, hear!

Mr. Crosby: Nonetheless, Mr. Speaker, the economic forces that are present in our confederation demand review and reassessment. Halifax-East Hants, like many areas of Nova Scotia and Atlantic Canada, does not have an assured economic base. This leads to an economic psychology in which hope for the future is often drowned in despair.

Historically, Canada has developed into regions which have been differently defined, but always on the basis of provincial boundaries. Over the past number of years, those who attempted to define the regions of Canada nearly always join the four most easterly provinces as the Atlantic region. Regardless of the measure used to determine the economic state of the regions, be it per capita income, employment or unemployment, or population and growth, the Atlantic region always comes out at the bottom of the scale. Needless to say, Ontario always comes out on top, although the areas to the west now challenge the economic superiority of central Canada.

What has developed from a comparison of the regions of Canada, however defined and whatever the measurement device, is the concept of regional disparity. What is more important is the question whether the federal government and the provincial administrations will recognize that we must move from a state of economic disparity to a state of economic equality.

The movement from disparity to equality is not an easy goal to reach. Some would regard it as improbable, if not impossible. To date, despite federal programs and provincial cooperation, there is no real evidence of progress toward economic equality across Canada in income, employment or opportunity.

Many knowledgeable people, particularly in the academic field, will contend that unless we resolve the problem of regional economic disparity and create equality in Canada, we will live with the possibility of national disintegration. I for one do not believe that this nation will disintegrate for economic or any other reasons, but I do believe the spirit of Canada can be so adversely affected by our economic state that, while we will not die as a nation, we will not obtain the quality of national life that we ought to enjoy as Canadians.

While all hon. members are bombarded on a daily basis with statistics respecting income levels, unemployment rates and other economic indicators, I think, Mr. Speaker, you will permit me to remind you that residents of Atlantic Canada

suffer an income level not much more than half the income level in Ontario. And the rate of unemployment in some provinces is twice that of provinces with high levels of employment.

National unity has become a key phrase to support a great rush of government sponsored activities. Expensive brochures and materials are dealt out to schools, exchange visits are arranged, programs are erected and disbanded, new policies are formulated and then abandoned, institutions are established and then collapsed, services are implemented and then terminated—all in the name of national unity.

If there is a real concern, Mr. Speaker, with national unity, and if there is a real belief in the danger of national disintegration, then I believe the government should sponsor and implement a national assault on disparities of income and employment. These differences arise out of the structure and history of the Canadian economy and have led to the regional disparity suffered by Atlantic Canada.

If we cannot have an all-out national assault on regional disparity, then at least we can have a national strategy designed to reduce, if not to eliminate, those disparities in income, employment and opportunity. We cannot simply redistribute existing economic activity. Transfer payments and grants are not enough.

Any national strategy must locate and foster new opportunities, new sources of capital and new entrepreneurs. We must combine our strength in natural resources with capital investment and managerial and technical capability. The new strategy must embrace a new natural resource policy, a research and development program, and public support for enterprise that will create consumer products from our resources.

There is nothing, Mr. Speaker, in the budget that even remotely indicates a move toward a new national strategy designed to eliminate the disparities that exist between the regions of Canada. In fact, we have been told that the transfer payments intended to equalize services or correct deficiences will be reduced. In the result, Atlantic Canada cannot look to the future with great expectations of a changing economy, and that is my first and foremost criticism of the budget. I will not even mention, Mr. Speaker, the failure adequately to support the revitalized fishing industry, because I know my colleague from South Shore (Mr. Crouse) will speak to that.

I mentioned my grandfather and the fact that he was a member of this House. I should mention that he also held a seat in the other place for several years. I was interested in what he might have said during his term in office, possibly in the hope that he might have uttered something more profound that I am likely to offer. In reviewing the debates of more than 50 years ago, I was struck by the timelessness of the interchange. While I found nothing especially profound or prophetic, I discovered that the matter of national unity was, then as now, the preoccupation of many. What my grandfather said on this matter over 60 years ago is a very simple statement but is still apt today. He said, that the great trouble we have in this country is misunderstanding, that we do not know each other well enough, that we do not mix and that we do not get together.

● (2142)

I am confident, Mr. Speaker, that good faith, common sense and mutual respect can resolve the differences between us once we know and understand the problem. In this as in all other matters government must be fair but it must be firm.

My second area of concern in relation to the budget and economic matters is the plight of the young persons in my constituency and in my province. Mr. Speaker, there is no greater despair in a nation that embraces the work ethic than to enter the employment market for the first time and find no job waiting.

The many universities, technical institutes and other educational facilities in Nova Scotia train and graduate an increasingly larger number of young people qualified in professions, technical occupations and trades. These young Nova Scotians cannot put education and training to use in their home province or elsewhere in Atlantic Canada. It is not uncommon for university graduates to work as waiters and waitresses or as sales clerks.

You will not convince these young people there are no solutions to these problems. They believe, and I believe, that a greater effort can—and must—be made. It is prudent to warn those who do not regard the legitimate demands of our young people that about one-third of the voters at the next general election will be in the 18 to 25 age bracket.

While age and experience have a value that is recognized by all, youth and enthusiasm cannot be discounted as a national asset. It is trite to say that the future of this nation is in the hands of the young people, but how many listen to their demands? I suspect those who do not listen to the young will not survive to govern the people.

What does the standard of living enjoyed by most Canadians embrace? I heard hon. members opposite and other supporters of the government decry and debase the proposal to permit tax relief for mortgage interest payments. They say this is pandering to the rich. They say we are neglecting the poor people and the less fortunate, that their numbers are so great they will rise up and strike us down.

I cannot speak for the great constituencies in central Canada in which home ownership is apparently reserved for the rich and powerful, but I can say this for myself and for my constituency—I believe, and have always believed, that every working Canadian should have the opportunity and the financial capability to acquire, in his or her lifetime, some form of home ownership. I believe that the national government should, to the extent possible, assist Canadians in reaching that goal.

While I am on the subject of young people and young Canadians, let me say, Mr. Speaker, that I was one of those who sat in the House and listened to the remarks of the Minister of State for Small Business (Mr. Abbott) in defence of the budget. What he said, Mr. Speaker, is recorded in

Hansard but I take his point to be that the hon. Leader of the Opposition (Mr. Clark), in his opinion, is too young, too youthful, a mere child, and not of sufficient status to form a government. Mr. Speaker, the Leader of the Opposition will be 40 next June. I can say from my personal experience and observation, being beyond that milestone, that the law of diminishing returns sets in well before that date. With the greatest respect to the hon. minister, I can think of no better age for a person to take over the office of prime minister than the magic mark of 40.

Mr. Speaker, I had the honour in Nova Scotia of establishing the first province-wide legal aid program. I did so with the help and support of a dedicated group of young lawyers who were full-time employees of the program.

My experience with those young people taught me many things but, most important, it taught me this: the young people of my province and of Canada are ready, willing and able to respond to the challenges of the day. The hon. member opposite will never convince me a man of forty is too young to govern.

If I may, Mr. Speaker, I should like to describe to hon. members very briefly my constituency of Halifax-East Hants so that I may describe the budget and the performance of the government from that perspective. The Halifax county portion of the new constituency contains two of the fastest growing communities in Nova Scotia; I refer to Sackville and to Bedford. The residents of these communities have shown active and dedicated interest in the development of their areas. Before much more time passes, I expect that these communities will attain town status and may even become cities. In any event, because of the dedication and work of those concerned citizens in each community, I know these areas will become models of good urban development. Certainly, I will do all I can to assist them.

There are other equally progressive communities in my constituency which stretches from the Atlantic ocean near the famed Peggy's Cove to Cobequid Bay on the Fundy Shore. We have typical Nova Scotian rural life in East Hants county and we have the finest of residential suburbs in the city of Halifax area. I am proud to say that the new premier of Nova Scotia is an elector in Halifax-East Hants. I know the support I received from his provincial constituency of Halifax-Atlantic, and I want to record my thanks to the residents of that area and to all the electors of Halifax-East Hants for electing me as their parliamentary representative.

I have spoken, Mr. Speaker, of problems of regional disparity and their resolution and I mentioned my special concern for and interest in the young people of Canada. For my own constituency, let me say this: this budget offers nothing new and nothing progressive and nothing that will change our situation.

The tax benefits are not the kind that will filter down to the market place in such a way that economic activity will be generated. In terms of buying power, the amounts involved will not alter the life-style which already is below the standard of the national average. I believe the gulf will be widened rather than reduced.

What we require, Mr. Speaker, as I have said, is a national strategy and a national assault on disparity. Failing that, we, in the Atlantic region, require more direct aid and assistance. It might be said that this kind of help is available through the Department of Regional Economic Expansion. As many know, DREE is the successor to a long line of government institutions designed to help the maritimes. I well remember the great hopes we had for the Atlantic Development Board. Unlike that misadventure, I think DREE, as a legitimate department of the government, can help.

It must be remembered that government departments are designed to perform functions. DREE's activity is geographical—it cannot assist the areas it is intended to aid if functional decisions are made in the Department of Transport, the Department of Public Works, the Department of Industry, Trade and Commerce and other departments which destroy the programs designed to benefit deprived regions. Dree must be given a better foundation and a stronger voice in government decision-making if it expects to accomplish its aims. There is no evidence that the government intends to change its ways in that regard.

Hon. members opposite may say: you want us to cut back on government spending and yet provide assistance to your region. Can that be done, Mr. Speaker? I say it can.

First, you must cut back on government spending in functional areas and in regions where it is not essential to generate activity. You cannot cut spending in the Atlantic region because you will end up spending more on welfare and unproductive benefits than you save on cuts.

● (2152)

Second, one must examine the kind of expenditures that are being made and assess the economic value of the expense. There is no member of this House, and, I suspect, not one Canadian, who cannot catalogue many items of unnecessary and useless government spending. If these funds were redirected to economic development, the Atlantic area would prosper.

I am not forgetting the vast amounts required for Petro-Canada, Nordair and other ventures.

I do not want to end on a pessimistic note. There is hope for Halifax-East Hants and Atlantic Canada. That hope is a new government which will look more kindly on us and move to correct the imbalance and disparity which now exists.

I said earlier, the Leader of the Opposition will celebrate his fortieth birthday on June 5, 1979. If our electors give him a proper birthday present and allow him to form the new government, I am sure he will respond to the needs of our people with responsibility and concern.

Some hon. Members: Hear, hear!

Mr. Martin: Mr. Speaker, I rise on a point of order. Just before we proceed, I believe there may be some disposition for us to continue beyond the ten o'clock hour and have two

additional speakers, namely, the hon. member for Sherbrooke (Mr. Pelletier) and the hon. member for Huron-Middlesex (Mr. McKinley). In the process, we would forgo the normal late show.

Mr. Paproski: Mr. Speaker, yes, there has been agreement in the House that we would allow time to speak to the hon. member for Sherbrooke (Mr. Pelletier) and also the hon. member for Huron-Middlesex (Mr. McKinley). We would hope to adjourn at 20 minutes to 12 a.m.

Mr. Martin: Mr. Speaker, there is a slight correction to the hon. member's statement. I am sure the hope would be that these speeches would each be of approximately 20 minutes' duration, and that will take us to about 25 to 11.

The Acting Speaker (Mr. Turner): The suggestion is before the House. Is there unanimous consent?

Some hon. Members: Agreed.

The Acting Speaker (Mr. Turner): Agreed and so ordered.

Mr. Irénée Pelletier (Sherbrooke): Mr. Speaker, first of all I should like to congratulate the hon. member for Halifax-East Hants (Mr. Crosby) on his maiden speech.

Some hon. Members: Hear, hear!

Mr. Pelletier: Being a native maritimer from New Brunswick, I would also like to tell the hon. gentleman that I have studied at St. Francis Xavier University in his province. I subscribe completely to what he said about youth and about the maritime provinces, although I do not share his last few words concerning this government.

[*Translation*]

Mr. Speaker, the budget speech like the Speech from the Throne gives us a chance to discuss matters that we cannot deal with when legislation comes before this House since we are then restricted to the specific subject matter of the bill introduced in the House. I would like to avail myself of the few minutes I am allotted today to tell my colleagues about a problem which faces the Sherbrooke area, which I have the honour of representing here. I would like to deal with the controversial question of relocation, that is the federal government plan to relocate in Sherbrooke the mapping branch of the Department of Energy, Mines and Resources. This was announced a year ago and until now the negotiations have not led to any positive results. But before that, Mr. Speaker, I wish to say a few words on the textile situation in the Eastern Townships since this industry was and still is the most important of the area in terms of employment.

The situation of the textile industry has never been more encouraging in the last ten years that it is now. The action taken by the Canadian government in November, 1976, to redress an unbearable situation which had been denounced by union, labour and industry has yielded positive results. The government has agreed to implement the recommendations and proposals made by the Canadian Textile and Clothing Board as well as the corrective measures proposed by some members in the House, such as the hon. member for Drummond (Mr. Pinard), the hon. member for Gamelin (Mr. Portelance) and the hon. member for Compton (Mr. Tessier). The devaluation of the Canadian dollar has also contributed to the recovery of the textile industry. The Quebec government's sales tax cut on clothing was also instrumental in bringing about an improvement in this area. There are of course a few sectors in the textile industry which will need special attention over the next few months. These sectors are a little softer than others which we have improved to a large extent by implementing the measures we announced in November, 1976.

Last year, negotiations between Canada and seven of the major textile exporters have led to the signing of renegotiable five year agreements. All these developments have contributed to a large extent to the recovery of the textile industry. To put it in a nutshell, at the present time, the textile industry is in excellent shape in the eastern townships, the province of Quebec as a whole and Canada in general. We can say that the industry is expanding and it is important to mention it, Mr. Speaker, because the area I represent, in spite of commendable efforts at industrial reorganization, is still a region where soft sectors predominate, which makes the whole area of the Eastern Townships and more particularly Sherbrooke very sensitive to adverse economic conditions This prompts me to deal with the problem of decentralization, that is the mapping branch of the Department of Energy, Mines and Resources.

• (2202)

Five years ago, the federal government decided to decentralize some departments which could easily function outside the federal capital. In Quebec and this criticism has often originated with provincial members, organizations and even governments—the federal government has often been blamed for centralizing everything in the national capital, while some of the services could very well have been operated normally in other areas of the country. That is why the federal government has been led to consider the possibility of relocating several of its agencies or departments in the provinces. In this process, Sherbrooke was elected to receive a complete section of the Department of Energy, Mines and Resources, the mapping branch, and on October 3, 1977, the then solicitor general, the hon. Francis Fox, announced in a press conference that he was advising Sherbrooke of the official decision made by the Canadian government to decentralize that department, and relocate the mapping branch in the eastern townships.

In August 1974, the cabinet asked the Treasury Board to examine in detail the removal of public services and the decentralization of certain departments. The cabinet ministers thought that if it was well executed such a specific program could promote the federal policy of national unity, regional economic development, balanced urban growth and better services for Canadians.

In May 1975, the then president of the Treasury Board, the hon. Jean Chrétien, was asked to develop a program and to designate the groups of civil servants in the national capital area and of the large urban centres in Canada who could be transferred. The main objectives of the Government of Canada were first, to bring the administration of federal programs closer to those directly concerned; secondly, to help slow growth and high unemployment areas; thirdly, to make the federal administration more conspicuous in the communities where it was not much felt and, where activities related to the country as a whole can contribute to maintain national unity; and finally, to reduce the undue concentration of civil servants in the national capital area.

In Canada, the federal public service is mostly concentrated in the national capital area, where are found more than 30 per cent of the federal civil servants, that is more than 75,000 people. Such concentration is much higher than in other confederations, in the United States, for example, where only about 12 per cent of the federal employees work in the area of Washington D.C. The total capital expenditures required by the government for the decentralization program will amount to some $200 million. This will not require additional expenditures, since most of these are charged against the normal construction budget of the Department of Public Works.

The capital expenditures related to the decentralization will obviously benefit the communities, where these services will be established way before the actual move. In many cases new buildings will have to be built, and it is estimated this will directly create some 4,000 man-years of employment in related sectors. The re-establishment and the decentralization will also contribute to promote the government policy as regards regional economic expansion and balanced urban growth. The federal government's decentralization efforts in the last few years have already produced concrete results. For example, Northern Transportation Company Limited headquarters, were moved to Edmonton, Petro-Canada headquarters, to Calgary, the Royal Mint to Winnipeg, the Department of Regional Economic Expansion's activities and services, were divided between four areas and established within the provinces, only the headquarters remaining in the national capital.

We all know that 24 Canadian cities have been selected by the federal government to receive these transfers. Six cities have been chosen in Quebec, and Sherbrooke is one of them. The projects in Matane and Shawinigan are already operating. I am told that a week or so ago tenders were called for excavation works at Jonquière. The cargography service of the Department of Energy, Mines and Resources has been selected to move in Sherbrooke, and on October 3, 1977, the federal government announced its intention to proceed, by 1983, the target date for official opening, with the moving of over 750 public servants and their families to Sherbrooke in the eastern townships.

The surveying and mapping branch is the Canadian government organization responsible for basic mapping in Canada. Its major programs include grids for geodesic control surveys, the topographical maps in the National Atlas and the aeronautical maps. The maintenance of the international border and the surveying of Canadian lands are other major activities of that branch. The surveying and mapping branch head office now located in Ottawa includes some 945 jobs, of which 75 per cent are filled by people in the scientific, professional and technical group. According to current plans, some 750 jobs will be transferred, the remaining work being gradually farmed out. Total annual salaries for the relocalized part of the branch will be in the order of $15 million. The relocation should cost some $40 million. It seems the government decided to relocate the branch to Sherbrooke for a number of reasons: the presence of two universities—one French and one English—two CEGEPS—one French and one English—a number of high calibre education institutions, both French and English, and finally the Eastern Townships environment, a bilingual environment that perfectly suited the relocation as admitted by everyone.

Sherbrooke, with a population of about 90,000, is some 90 miles east of Montreal and 135 miles southwest of Quebec city. It is large enough to absorb an organization of that size and is considered the most important growth centre in the eastern townships. Because of the major economic impact of the project, its numerous employment opportunities both current and potential in an area that has a great need of it, and the leading effect of an organization of that size, the decentralization to Sherbrooke of the Department of Energy, Mines and Resources has become for us a very urgent and most important issue. Large investments in our areas depend on the decisions that will be taken by the Canadian and Quebec governments. I am also convinced a large number of foreign, Canadian, Quebec and Sherbrooke investments would be made at very short notice if both levels of governments were to come to an agreement.

Therefore, the decision to implement that plan will have for Sherbrooke and the eastern townships as a whole a leading effect that is difficult to evaluate at this point. We can readily realize however the considerable impact this would have on an already weakened Sherbrooke economy. As regards employment the announcement made on October 3, 1977 gave rise to great interest. Mr. Speaker, it has always been our view that too many young people in the eastern townships and Sherbrooke had to leave our area because they could not find a job. It is abnormal indeed that people in the eastern townships and Sherbrooke, having acquired institutions of higher learning and great quality, cannot benefit from those investments. Many of them had to make sacrifices to build our two universities and our two junior colleges and today too many of our graduates have to leave for Montreal or elsewhere in Quebec, sometimes outside Quebec, to find a job. That seems to me

absolutely unacceptable. The federal relocation proposal brought much hope for young people especially for graduates of our two universities and our two junior colleges because there is so much unemployment among young people. Everybody agrees that the project is very important for our area, for economic development of course, but also for social and cultural development.

I would now like to say a word about this proposed relocation. Since the beginning, that is 1974, among the basic principles set by the federal government at that time there is one that the federal government has particularly emphasized and still emphasizes. This principle is as follows and I quote:

● (2212)

The transfer of any administrative unit of the federal public service implying a considerable number of an official linguistic minority will only be made when it has been ascertained through a permanent agreement with the host province that the children of federal civil servants will have the opportunity to be educated in the official language that they usually speak.

It is only after long and hard negotiations with public service officials and the provinces that the agreement was reached to abide fully by this principle when federal decentralization or relocation projects would take place within their boundaries. None of the provinces having accepted the federal government decentralization program could back out of this basic principle. When the Matane, Shawinigan and Jonquière programs were announced and implemented in Quebec—since all the other provinces had agreed on decentralization—it decided to stand by this fundamental principle of the Federal government. And when the second stage of the federal relocation program was announced in the autumn of 1977, three other cities in Quebec had been chosen and the same 1974 principles to which provinces had agreed from the outset were still included in the conditions set by the federal government. This requirement of free choice for the language of instruction has not been changed despite the changes in provincial governments since 1974. It has not been easy to obtain such linguistic guarantees from other Canadian provinces, in which francophones represent less than 5 per cent of the population in certain cases. As far as Sherbrooke is concerned, all the other conditions set by the federal government do not seem to be causing any problem to the relocation project.

At least three ministers of the Quebec government came to Sherbrooke after the announcement of October 3, 1977. One said that the provincial government "would never go down on its knees before the federal government", a second said that the federal project was "stillborn", and finally, Minister Camille Laurier said in his press conference of March 17, 1978, and I quote:

This is why we cannot accept the statement by the federal government that . . . "any relocation of an administrative unit of the federal public service involving a significant group of an official language minority will occur only when we are assured, by a permanent agreement with the host province, that the children of federal government employees will be taught in the official language that they usually use."

[Mr. Pelletier.]

Mr. Laurin then said:

It is up to the provinces to sign mutual agreements to ensure fair and desirable reciprocity because they alone are constitutionally empowered to do so. By trying to assume the right to sign a permanent agreement in this regard with a province, the federal government is once more invading the jurisdiction of the provinces and reveals its desire for centralization.

During the same press conference, Minister Laurin also said:

First, the Quebec government recognizes the economic advantages that the establishment of a service including 750 employees would have for the Sherbrooke area; and second, the government was willing to offer its full co-operation for the implementation of this project while scrupulously respecting Quebec laws.

He reminded us in this regard that Act 101 provides for a renewable authorization of temporary residence for a period of three years and that it would therefore be normal that a period of six years be provided for employees moving to Sherbrooke. This section of the French language charter—section 85—refers to temporary stay in Quebec and then suggests that those six years should remove all anxiety from the mind of public servants who might be transferred eventually. On that matter, Mr. Speaker, I would like to point out that the proposed relocation will not be for three years or six years but it will be permanent. Therefore the federal public servants who will be transferred to Sherbrooke will not be in our province on a temporary basis, but most of them will settle permanently in Sherbrooke with their family. That is the substance of the problem. The federal government, which does not have one law for the rich and another for the poor, has a principle which applies to all regions of Canada since 1974, including Quebec which is still part of Canada. On the other hand, that provision of the French language charter would not allow Canadian citizens from outside Quebec who would take up permanent residence in Sherbrooke to send their children over six years of age to the school of their choice. On several occasions, the federal government has stated that it could not accept that view of the Quebec government.

In the House last spring I asked the following questions to the Minister of Finance (Mr. Chrétien):

In connection with the Quebec government proposal to allow the federal public servants who would settle in Sherbrooke a six year maximum during which they could send their children to English schools would the minister be prepared to discuss whether, under the 101 legislation, the cartographers who expect to be moved to Sherbrooke might enjoy the linguistic privileges of the military?

And the minister answered:

Mr. Speaker, I would surely be interested in discussing such a proposal with the Quebec government. I feel it would be very desirable to have a certain number of public servants transferred to Sherbrooke as provided in the decentralization plan.

When it was advised of this reply made by the Minister of Finance, the Quebec government indicated that it could not accept this proposal. Because of the problems resulting from the conflicting principles and positions put forward by both governments, several independent local organizations tried to

put together solutions which could be acceptable to both governments, but to no avail.

This is the stage we have reached now and it seems that no progress is being made, that this is some sort of a dead end, and that the project in Sherbrooke, as well as those in Rigaud and Quebec city for that matter, are greatly jeopardized. Here are two basic approaches by two levels of government which seriously endanger the realization in Sherbrooke of this relocation project. The fact remains, however, that the people in Sherbrooke are very eager to see this project come true, a project which should mean significant economic benefits for Sherbrooke and the eastern townships generally.

For the sake of political decency, we cannot let the hopes of a whole population hang in midair without knowing what will happen. The federal government is determined to relocate that service in Sherbrooke, in accordance with the commitment given to the public servants and all the provinces in the House in 1974. Let us think about it: it concerns 750 employees, plus their spouses and children, a total of about 2,000 people. It means creation of at least 1,500 direct and indirect jobs, total annual wages of over $15 million, and capital investments in the range of $40 million. In brief, a project with absolutely tremendous economic repercussions.

I would conclude by recalling what a distinguished editor in the region very appropriately wrote about this last winter. I quote:

> It would suffice that the Parti Québécois acknowledge that all-out nationalism does not put food on the table and does not create jobs whereas simple logic would help bring 700 new jobs to Sherbrooke.
>
> There is nothing humiliating about that; it is just a matter of knowing how to add, of recognizing what everyone knows, except the government, that Quebec is still part of Canada and that Canadians are not immigrants in the province of Quebec.
>
> If the Péquiste government persists in refusing jobs like that, in being haughty in several respects, the political balloon that will burst will be its own. It will have lasted only four years.
>
> We have always maintained that English-speaking Canadians from the other provinces could not, as long as Quebec is part of Canada, be assimilated with the immigrants like the others, as far as the language of schooling is concerned.
>
> If Quebec were to persist in applying Act 101 in its entirety to English-speaking Canadians, it would prove that it cares less than it professes to about economic development. Ottawa does not ask that Quebec deny its principles it does not intervene in its legislative process, it proposes—

—always according to that editor—

—acceptable terms.

> Mr. Lévesque should soon agree that he is not expected to capitulate but simply to try to cooperate a little.

To conclude, Mr. Speaker, I would say that the government offer is there; it is explicit and unequivocal. The requirements are the same for all provinces in Canada, and they were felt acceptable everywhere else in Canada. It seems to me that by depriving Quebeckers of a fair distribution of federal expenditures, therefore of their own taxes, under the relocation program of the services of the Government of Canada which was established to extend better service to the population, the government of Quebec fails to pay attention to the most urgent needs of an area like the constituency I have the honour to represent in this House.

[*English*]

Mr. R. E. McKinley (Huron-Middlesex): Thank you, Mr. Speaker. First, I want to express my appreciation to the members of the House of Commons for agreeing not to see the clock tonight, and also to the staff of the House of Commons.

Reflection on this budget leaves one wondering increasingly just what deserves praise. On the face of it, the budget appears to be cautious and, as the media describe it, responsible. Well, here perhaps is one quality that deserves praise: compared with the wild riot of spending we have grown to expect from the government, this budget is responsible. It is a sad commentary on the state to which our economy has been brought that we can praise a government as responsible simply because it is not quite as irresponsible as it was before. It is as if we were to congratulate a murderer because he had cut back to aggravated assault, or an arsonist because his fires were getting smaller. Nevertheless we recognize that while this government clings to office, we cannot expect the best of all possible worlds, and this being the case we can still welcome the decision not to penalize private industry in the resource sector, particularly mining and pulp and paper. What we should bear in mind, of course, is that the government has not given anything new to these industries; it has simply decided to take less away. It is slackening its chokehold.

● (2222)

The intention to increase tax credits for investment and to encourage more research and development is a welcome feature, but it draws attention to an underlying pattern, namely that the budget is directed toward winning the approval of big business. The fact that a loophole, used mainly by large corporations for debenture financing at bargain rates, has now been closed should not obscure the underlying pattern. This is essentially a budget to make big business happy.

With this pattern in mind, I want to look at the budget from two points of view and from the perspective, not of large and often foreign-owned businesses, but from the perspective of small businessmen, particularly the kind of small businessman I have been sent here to represent, the self-employed farmer who sustains a good many small Canadian communities. From this perspective I want to talk of areas of government performance as they are reflected in the budget, one dealing with the government's enormous capacity for spending money, and the other with the feeble measures with which it has come up to help this particular kind of Canadian business earn money.

This government has proved to be extremely good at spending money, a habit it increased as if it were a drug addiction during its short marriage to the big spenders in the NDP while we had a minority government a few years ago. Until circumstances and a strong public protest forced it to haul back a little in its dying days, the government has shown no more concern than the most short-sighted freeloader on the socialist benches about the sources of the money it spends.

In the real world, you do not just print money; you earn it. I want to offer an example of how Canadians have shown they can earn money. I use this example to examine what this government has done to help or hinder them. I have chosen an example from my own riding with which I am familiar. In my riding, people have been quietly producing wealth for the country for years, only to see this government squander it faster than it can be produced. I refer to the business of producing white beans. That is not a crop which attracts headlines. It does not have the prominence of wheat, but within several counties of western Ontario, and especially in the riding I represent, it is an essential crop produced, on the average, by about 3,500 producers. It may not be a prominent crop, but white bean production has grown in Ontario by well over two and a half times in the past 15 years, even though the domestic market has declined steadily during the past decade.

What has sustained this industry, is the powerful growth of exports of these beans. Ontario is the world's largest exporter of white beans, having surpassed the United States as an exporter several years ago. Since 1963, the export share of the market has grown from about 30 per cent to about 85 per cent.

In 1975, exports of white beans were worth about $24 million. This strong exporting position makes this particular crop of considerable interest within Canada's agricultural export picture. It earns foreign currency which is badly needed to save the country from the government. This industry deserves support by the government.

White beans are only one crop of many, and I mention this crop because I know about it. How many other industries in Canada go begging because this government ignores the potential to produce demontrated by small Canadian businesses?

A study conducted by a Nobel prize-winning economist suggests that the world population will be rising rapidly in the next 20 years and that demand for farm products will be rising at the rate of 5 per cent per year. If the government is serious about its commitment to research and development, let us see its commitment in support for proven research programs from which Canadian producers have benefited in the past and from which they continue to benefit.

We in this party support the idea of stimulating Canadian research and development by private industry, but we will continue to argue for a genuine commitment to research. In terms of many small businesses in this country, the present budget proposals seem more like a pat and a nod and a bid for business support than a fully thought out commitment to move the economy ahead.

Agriculture seems remarkably under-emphasized in this budget, which is surprising since only this summer when the cost paring knife was being wielded, agriculture attracted more than its fair share of attention. Before the summer cutbacks, agriculture accounted for only 1.6 per cent of the government's budgetary expenditure, but it was asked to accept a full 6 per cent of the cutbacks. Whether the government has decided that farmers and everyone else associated with agriculture are already lost votes anyway or whether it simply does not understand how important agriculture is and always will be to this country, it has done precious little to take advantage of the strength in this industry in its plans for the future.

The milk industry offers another interesting example of how low agriculture figures in the government's mind, or perhaps I should say of how agriculture figures in the government's low mind.

Late last summer a director of the government centre for the study of inflation and productivity suggested that Canada was producing too much industrial milk and that farmers would benefit, while the government would save on subsidies, if industrial milk production was cut by a third. In other words, he was proposing a cut in our gross national product of over $1 billion, which the National Dairy Council of Canada estimates would cost tens of thousands of permanent jobs. Why did he propose this cut? Because this year we are facing a depressed world market for skim milk powder, and we will have a surplus. If this cutback in production occurs, it might save the government $130 million in subsidies this year, but it would also result in a cutback in Canadian butter production of 135 million pounds, which the government would then import and sell to consumers. Consumers would save nothing by this proposal. The government would save subsidy money, and apparently it did not look ahead to decide what or who would provide for the dairy farmers who would be put out of business. Again, short-term expediency, a paring down of the government's own expenses rather than a genuine contribution to the economy of the country, seems to underlie the dealings of the government.

The Minister of Agriculture (Mr. Whelan) seems to feel that consumption of dairy products in Canada is bound to drop so that a price rise to producers would merely hasten the process. He has even suggested that dairy men agree with him, although the howls of indignation from that quarter have caused him to invite producers to Ottawa to give him some proper lessons.

This proposed drop of a third of our industrial milk production comes at a time when industrial milk is already in short supply in Ontario. The problem with the international market at the moment has to do with surplus skim milk powder which might, under prevailing circumstances, become a precious and desired part of our food aid to other countries. Yet in Ontario very little powder has been shipped to the Canadian Dairy Commission for some time. Furthermore, under its present milk quota, Ontario is barred from producing even as much butter as it consumes, and it is not producing anything like the amount of specialty cheeses, yogurt and ice cream that it could absorb. It continues to import specialty cheeses with a continued outflow of Canadian dollars—more and more as the dollar continues to sag, of course—when it could be producing them in greater quantity if quotas did not operate against producers. This year farmers were so heavily penalized for over-production, that many have tried to produce less than their allowed quotas. That, with a little help from unco-operative weather and other factors, has led to the present shortage of industrial milk in Ontario.

Something is drastically wrong with our milk policy, when the successor to the Anti-Inflation Board can propose importing 135 million pounds of butter while cutting industrial milk production by one third. Something is drastically wrong with our quota system when Ontario must produce less industrial milk than it produces. Something is drastically wrong with this government when, instead of seeking ways to increase the prosperity of this industry, it argues that higher prices would, nevertheless, cut demand. The fact is that the milk industry is not treated by this government as an industry out of which wealth may come, but as an arm of policy. It suggests cutting its subsidies by $130 million, even though the country as a whole will not be saving this amount, but instead will pay to import foreign butter. In other words, the present initiatives of the government in dairy policy are calculated to cut down on the visible spending of the government, whether the cutback benefits the country or not. The government wants to cut its spending even when it increases the country's costs.

● (2232)

Here again in dairy policy, then, Mr. Speaker, we have an example of confusion and of disregard for the economics of our vitally important agricultural sector. Years of milking the public have not taught the government's economists to milk a cow. You do not turn on production overnight, nor can you cut it off overnight without severely dislocating a heavily capitalized industry, and of course, cutting back milk production by a third certainly does not cut back a dairy producer's costs by one-third. It forces him to absorb fully the losses which subsidies are designed to cushion.

What benefits, one might ask, can the government expect from damaging the Ontario dairy industry? One is that it can get out of some subsidies it does not want to pay. Another is that Quebec can become an exporter of milk to Ontario, a consideration that might satisfy some policy requirements of this government that have nothing to do with producing wealth but a lot to do with maintaining the government's last bastion of voter support in the country.

So far, Mr. Speaker, I have been looking at how the government fails to support Canadian industries in the important agricultural sector as it attempts to cut its own spending and its losses with the public.

I want to now look at ways in which the government spends money, and again I want to employ an example with which it is my responsibility to be familiar. I refer to the government's public works spending, which has grown during the period of this present parliament to astronomical proportions. I want to refer in particular to the mushrooming of the government's office inventory in the national capital region. Again in pursuit of policy objectives which have nothing to do with saving the taxpayers' money, the government has singlehandedly and at one and the same time saddled future governments with enormous commitments of the taxpayers' money—much of it comitted in rents to private developers—and handed the city of Ottawa, which has grown up as the service centre for the government, a crisis of yawning, empty office buildings.

Let us look very briefly at the pattern of spending this government has shown in its public works policies. In 1972, the Department of Public Works administered 42 million square feet of Crown-owned office space across Canada and 17 million square feet of leased space. It spent roughly $100 million in 1971-72 on building construction and acquisition.

By 1976, it spent two and a half times that much on building construction—almost a quarter of a billion dollars in a single year. Its Crown-owned inventory grew by 25 per cent, while its inventory of leased space more than doubled.

Recently, the Department of Public Works has gone from a system of accounting for space in square feet to a system using square metres. The Minister of Public Works (Mr. Buchanan) told us in the House a while ago that he was an old-fashioned man who still had to multiply these metric figures by 11 to understand them. If we multiply the current figures by 11 and then knock off a bit so that we are more accurate than the minister, we find that the government inventory of space stood, at the beginning of this year, at 67 million square feet, while in 1972 it stood at only 58 million square feet. Accordingly, the total inventory increased by 9 million square feet, or about 15.5 per cent from 1972 to the beginning of 1978.

Now let us look at the jump since January of this year. It is a jump of over 20 million square feet in 10 months, or 30 per cent in this year alone. No wonder the government has gone metric during the last few months; the figures do not sound nearly as harmful when they are divided by 11. The government will say that this last figure of 30 per cent is unfair, that many projects have suddenly been added to their inventory this year that were in the planning and construction stages for several years. Allowing for the sudden addition of projects that have been several years in the works, we are left with an increase, since 1972, of over 50 per cent in the space administered by the Department of Public Works' accommodation program.

The cost of the program, then, has increased two and a half times since 1971 and the space administered has increased one and a half times. In the last three fiscal years, building construction and acquisition has totalled $750 million, which is roughly half of the total cost of government accommodation in those years. Half the budget for accommodation goes simply on new building. How fast is this country supposed to be growing?

What are the benefits of this amazing program, Mr. Speaker? Have Canadians enjoyed so much better government that the boom in government building has been worth it? For that matter, have civil servants noticed a huge increase in their ability to serve the public?

Before I close I want to draw attention briefly to comments in the annual reports of the Department of Public Works for the years 1975-76 and 1976-77. In the first of these reports is the following comment:

The five-year accommodation plan was updated by PP&C (The program planning and co-ordination branch of the department) in January (1976) in the light of new federal constraints on public service growth and the implications of decentralization—

In the following year's report, we are told

The January 1976 accommodation plan for the national capital region was approved by Treasury Board in July 1976. Based on this approval, outline implementation plans were prepared: this affects more than half of the public servants now occupying space in the national capital over the next four or five years.

The year 1976 appears to have been a key year, Mr. Speaker. Despite an acknowledged awareness that restraint was called for, the government decided to go ahead with a spending program to house new departments, which has cost $750 million since then and which has left downtown Ottawa dotted with empty buildings and rental signs. The ripple effects on the economy of this city must make other cities, which have to deal with the federal government, shudder. But the costs will go on, Mr. Speaker, because this government did not know when or how to stop. It has these enormous buildings now, and the country is stuck with their cost for years into the future. Only now, now that the damage is done, has the government announced what should have been obvious long ago to anyone with sense, that the public service is too big and must be cut back, with a corresponding cutback in the office space needed for it.

I could elaborate on the figures which document the government's mismanagement of public spending through the Department of Public Works, a great deal of which is not in the least attributable to the hard-working servants of the department but simply to the economic incompetence of the government. There is the $150 million spent on expropriation at Mirabel airport, and the $88 million spent on expropriation for the Pickering airport, and the sum—which is far from final—of over $100 million which the government is spending on a new office building in downtown Montreal so that it can create more empty office space there. Mirabel, Pickering, and more empty office space in Montreal: these are government follies which all Canadians can see, even if their final costs can not easily be measured.

No wonder we have a debt this year of over $12 billion. No wonder the international community has lost confidence in our currency, when the government spends it hand over fist on unnecessary offices, unneeded or even unbuilt airports, and unworkable postal plants. No wonder the people of Canada have lost heart, and no wonder the Auditor General, for the third year in a row, has had to call attention to the inadequacy of the government's accommodation program in the Department of Public Works.

I want to end my remarks, Mr. Speaker, by drawing attention to a few of the comments of the Auditor General in his report just issued. Last year he suggested that:

The government should consider establishing long-term guidelines on the growth of the public service to facilitate planning for office accommodation, with due consideration to decentralization and other government objectives.

Well, of course, if the government had had an adequate plan for accommodation when it updated its accommodation plan in 1976, the Auditor General should not have had to make such a comment last year.

[Mr. McKinley.]

In this year's report, the Auditor General notes that two years ago he had also commented on the inadequacy of accounting for accommodation. This year, noting that under present arrangements parliament is not informed of "the cost of accommodation services requested and used by individual departments", the Auditor General has added his voice unequivocally to the voice of the national finance committee of the other place in its report this fall, and to the voice we have raised in opposition, with a recommendation that departments be required to pay Public Works for the space they use.

● (2242)

This concept of revenue dependency was proposed as long ago as 1962, and the Conservative party then in government had already instituted a method of showing, in the annual estimates of departments, the cost of their accommodation. Since the last Conservative government was in office, the recommendation of the Glassco commission urging this concept of revenue dependency, or "user-pays", has just sat there. The Department of Public Works itself has welcomed the proposal. It is the government which has not acted.

A week or so ago I asked the Minister of Public Works and Minister of State for Science and Technology if he intended to introduce legislation to update the Public Works Act, as a committee of the other place had recommended. He said he did not intend to introduce such legislation now. Now that the Auditor General has joined the chorus of voices which recommend a change in the nature of accounting for government accommodation, we can only hope that the government will think again. Its hesitation becomes a bit more understandable when we notice that the Auditor General, whose concern is that public spending should be both visible and accountable to parliament, urges this change, because at present the accounting system used to keep track of the cost of government accommodation buries much of the actual cost. The real costs would be even more startling if they were shown openly.

One quotation from the Auditor General's new report will suffice, Mr. Speaker. The report states that both when the government builds a building of its own and when it leases accommodation on the private market "current reporting arrangements understate the actual cost of new accommodation; consequently, it is difficult to make valid comparisons of the relative merits of construction, purchase and leasing alternatives." This suggests that the government could not and did not know what it was getting into when it committed itself to lease-purchase agreements for new office accommodation, agreements which by one estimate may cost $179 million more than if the government had built Crown-owned buildings in the first place. Once again, the government has appeared to save money by committing future governments to years and years of rent, instead of showing openly and honestly what money it has spent.

Mr. Speaker, in indicating our lack of confidence in this government, I am merely echoing what Canadians from coast

to coast and from the American border to the Arctic have been showing all year, that this country is strong but that the government is weak and must go. It has harmed us enough. Let us look forward to the end of it and a beginning of recovery within the country. Thank you, Mr. Speaker.

The Acting Speaker (Mr. Turner): Order, please. It being 10.45 p.m., this House stands adjourned until tomorrow at eleven o'clock a.m., pursuant to Standing Order.

At 10.45 p.m. the House adjourned, without question put, pursuant to Standing Order.

HOUSE OF COMMONS

Friday, November 24, 1978

The House met at 11 a.m.

● (1107)

ROUTINE PROCEEDINGS

[*English*]

GOVERNMENT EXPENDITURES

CALL FOR COMMITTEE STUDY OF ALLEGED MISAPPROPRIATION OF PUBLIC FUNDS—MOTION UNDER S.O. 43

Mr. G. W. Baldwin (Peace River): Mr. Speaker, I have a motion to put forward under Standing Order 43 which should appeal to all members of the House. It being quite plain from the 100th report of the Auditor General, outlining details of government spending, that the government and its bureaucracy continues to bilk Canadian taxpayers, in disregard of reports of auditors general over the last ten years or so and will continue to do so until parliament, collectively and individually, gets off the sidelines and reasserts its authority to detect, prevent and punish such action, I move:

That a parliamentary committee or committees be directed to propose ways and means of achieving the objective of coping with this massive misappropriation of public funds, and that the prime minister assign to a sympathetic minister responsibility for collaborating with such committees in bringing about parliamentary reform along these lines.

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

Some hon. Members: Agreed.

Some hon. Members: No.

* * *

OLD AGE SECURITY

REQUEST FOR ESTABLISHMENT OF SPECIAL CPI FOR SENIOR CITIZENS—MOTION UNDER S.O. 43

Mr. Stanley Knowles (Winnipeg North Centre): Mr. Speaker, under the provisions of Standing Order 43, and seconded by the hon. member for Greenwood (Mr. Brewin), I move:

That this House notes that the consumer price index issued today is based on a basket of goods and services in which the importance of food has been downplayed, which works against senior citizens, and this House therefore calls on the government to establish a special index for senior citizens, based on the goods and services they have to buy, so that the indexing of their pensions will more accurately meet their situation.

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

Some hon. Members: Agreed.

Some hon. Members: No.

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CONSUMER AFFAIRS

MINISTER'S STATEMENT ON IMPORT QUOTAS FOR BEEF—MOTION UNDER S.O. 43

Mr. Jack Murta (Lisgar): Mr. Speaker, I rise, under Standing Order 43, on a matter of urgent and pressing necessity, namely, the statement attributed to the Minister of Consumer and Corporate Affairs to the effect that he favours higher import quotas on lower grade beef, and some form of maximum-minimum price for beef products.

I move, seconded by the hon. member for Moose Jaw (Mr. Neil):

That the Minister of Consumer and Corporate Affairs appear before the Standing Committee on Agriculture so that he may be fully briefed on the cattle industry in this country, because if his ideas were implemented they would certainly cause a Canadian beef shortage in Canada.

Mr. Speaker: Such a motion can be introduced for debate at this time only with unanimous consent. Is there unanimous consent?

Some hon. Members: Agreed.

Some hon. Members: No.

* * *

GRAIN

REQUEST WHEAT BOARD OFFICIALS APPEAR BEFORE COMMITTEE TO EXPLAIN POLICY RESPECTING PURCHASE OF HOPPER CARS—MOTION UNDER S.O. 43

Mr. Doug Neil (Moose Jaw): Mr. Speaker, I rise, under the provisions of Standing Order 43, on a matter of urgent and pressing necessity.

In view of the announcement by the Canadian Wheat Board that it intends to purchase from 500 to 2,000 hopper cars, apparently out of producers' funds, and in view of the fact that the board was set up to ensure the orderly marketing of grain, and by no stretch of the imagination on the part of the producers and responsible politicians, was the board to involve itself in the movement of grain by using producers' money to

purchase hopper cars or any type of rolling-stock, I move, seconded by the hon. member for Swift Current-Maple Creek (Mr. Hamilton):

That the minister in charge of the Canadian Wheat Board and officials of the Canadian Wheat Board appear before the Standing Committee on Agriculture to explain their action, and that the standing committee be authorized to carry out a study to determine the reason for the deferral and loss of sales which has cost the producer and the economy of Canada countless millions of dollars.

Mr. Speaker: Such a motion can be introduced for debate at this time only with unanimous consent. Is there unanimous consent?

Some hon. Members: Agreed.

Some hon. Members: No.

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CANADIAN WHEAT BOARD

REQUEST THAT AUDITOR GENERAL STUDY BOARD'S ACCOUNTS—MOTION UNDER S.O. 43

Mr. Frank Hamilton (Swift Current-Maple Creek): Mr. Speaker, I rise, under the provisions of Standing Order 43, on a matter of urgent and pressing necessity.

As high-handed and sloppy transportation programming by the Canadian Wheat Board is largely responsible for the billion dollar loss sustained by western grain producers so far this year through lost and deferred sales, interest and demurrage, etc., and the Canadian Wheat Board's move to purchase up to $100 million worth of additional grain cars with producers' money is an abuse of their authority under the act, I move, seconded by the hon. member for Moose Jaw (Mr. Neil):

● (1112)

That the government immediately refer the Canadian Wheat Board accounts to the Auditor General for study and comment.

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

Some hon. Members: Agreed.

Some hon. Members: No.

ORAL QUESTION PERIOD

[*English*]

GOVERNMENT EXPENDITURES

EXPLANATION OF OVERRUNS ON CAPITAL WORKS PROGRAMS

Mr. Allan Lawrence (Northumberland-Durham): Mr. Speaker, my question is to the Prime Minister, whose last words in this House yesterday afternoon had to do with Mickey Mouse.

Some hon. Members: Oh, oh!

Mr. Lawrence: While the Prime Minister is in this inward-looking mood, I would like to ask him, in relation to the very gross overruns and runaways as far as capital expenditure projects are concerned, if he has an explanation to give to the Canadian people and to the House today in relation to these expenditures—on capital works programs, for instance.

In addition, what explanation does he have for the "R" class icebreakers costing six times what they were expected to cost and what the contracts called for when they were originally let? What explanation does the Prime Minister have for a runaway cost like that?

Right Hon. P. E. Trudeau (Prime Minister): Mr. Speaker, the House will realize that I have not verified all the statements by the Auditor General, but each minister has been informed of them and is studying the report. They will be prepared to deal with each particular case that the hon. member or other hon. members opposite might want to concern themselves about. This particular one would come under the Minister of Transport, and I can undertake to ensure that he will be informed of the hon. member's concern.

Mr. Lawrence: Mr. Speaker, I am one, and I am sure there are countless thousands across the country, who believes that the Prime Minister, being in charge of this government, simply cannot ignore the problem any longer, having a merry-go-round like the one we have seen this morning. For instance, the gentleman who was in charge of Public Works was promoted this morning. Can the Prime Minister indicate how in the world, presumably under Public Works, the Malton, Toronto, airport additions would increase almost three times over what they were expected to cost? This is not something he has to confirm: it is there; it is a fact. What is the Prime Minister's explanation? Don't shuck if off on somebody else.

Some hon. Members: Oh, oh!

Mr. Trudeau: Mr. Speaker, I must confess, in all humility, that I do not know the detail of every item of expenditure by the government. That is why we have ministers with different departments. The ministers will gladly give the answers and explanations for the cases which interest the hon. member. I do not think it is too much to suggest to the hon. member that it is not possible for the Prime Minister to verify, personally, every expenditure by every minister in every department. That is indeed, why we have an Auditor General, so that he can make this kind of report. It is the duty and the role of the opposition to ask questions on it either in the House or in committee when the estimates of the particular minister are before the committee.

Mr. Lawrence: Mr. Speaker, I would have expected that since the Prime Minister and his ministers have had notice of these items for many weeks, it is also the duty of the Prime

Minister to be informed especially of major capital projects such as this and the obvious ball-up in his own government respecting them. In any event, that is past history.

What guarantee can the Prime Minister give to the people of this country, today, that this type of exorbitant overrun in respect of capital projects will not be repeated? We have a $10 billion program this year. Can the Prime Minister give his guarantee that this will not happen again?

Mr. Trudeau: Mr. Speaker, when the budget of the government is in the order of some $40 billion—

Mr. Stevens: Fifty billion.

Mr. Trudeau: —it is not surprising that there shall be some instances of regrettable financial accounting or expenditure control. This would exist, and indeed it does exist, in any large corporation. The difference with the Government of Canada is that we have an Auditor General who pinpoints these publicly. He is an Auditor General who is chosen by parliament to do this very job.

• (1117)

The hon. member wants to know what guarantees there will be in the future. I could say there has been no time in the past one hundred years since we have had auditors general that he did not, in every government, of whatever stripe, find some instances of neglect.

Mr. Diefenbaker: Not of this kind.

Mr. Trudeau: If the right hon. member for Prince Albert wants to get into the act, I welcome him, because I see that his successor is not in his seat. I am sure that, in his absence, he would welcome the right hon. member for Prince Albert.

Mr. Diefenbaker: Don't be childish all the time.

Mr. Trudeau: I am very willing to answer questions, but out of deference I am asking the right hon. member to say that the auditor general never found any concern over spending during the time he was in office.

AUDITOR GENERAL'S REPORT CONCERNING DEPARTMENT OF TRANSPORT

Mr. John C. Crosbie (St. John's West): Mr. Speaker, my question is to the Prime Minister. I do not want to disturb his serenity: he just had a cabinet shuffle of the lost souls. It is a question of the quick leading the dead.

I would like to ask the Prime Minister this: very serious charges have been made by officials of the Department of Transport against ministers. I refer the Prime Minister to page 539 of the Auditor General's report, where officials of the Department of Transport state that recognition of the political process is not evident in the reports on the choice of sites for the training institute and the motor vehicle test centre, or Toronto or Calgary airports. I quote:

> The early commitments made by ministers based on circumstances extraneous to the department were particularly significant in the decisions on the timing, location, size and scope of these projects. The strength of these early commitments made it difficult to contain projects at later stages.

In view of these serious charges, is the Prime Minister going to ask for the resignation of his ministers of transport since 1972? Or if he will not do that, will he at least have a public inquiry into these charges by officials of the Department of Transport against their ministers over the past six years?

Right Hon. P. E. Trudeau (Prime Minister): Mr. Speaker, the Auditor General's report has been referred, as the hon. member perhaps noticed yesterday, to the public accounts committee. The hon. member can use his rapier wit at that particular committee to show how bright he is at reading texts from the Auditor General's report.

Mr. Crosbie: It is not rapier, Mr. Speaker; it is rape of the political process.

Some hon. Members: Oh, oh!

Mr. Crosbie: It is not a matter of the public accounts committee; it is a charge of political interference which caused the waste of hundreds of millions of taxpayers' dollars. In those circumstances, does the Prime Minister agree that the matter to which I referred, and the charges made by these officials of the Department of Transport, reproduced by the Auditor General, as their explanation of these increases, warrants more than a public accounts committee but, in fact, a public inquiry with proper powers of subpoena and complete independence from the government? Will the Prime Minister not realize the seriousness of this?

Mr. Trudeau: Mr. Speaker, I do not share the hon. member's contempt for the public accounts committee. I think they do a good job.

Mr. Crosbie: Mr. Speaker, because of the dance of the macabre this morning, the Prime Minister will not take this matter seriously. The public accounts committee does not have power: it is in the hands of the majority; it is controlled by the Liberal majority.

An hon. Member: It has your chairman.

Mr. Crosbie: The chairman is independent, but he is one of a minority. The Prime Minister and his ministers have referred to the Auditor General in glowing terms. Will the Prime Minister investigate this serious matter, or try to forget it as he is trying to do? This is a most serious charge. I do not think a previous auditor general's report ever had a department make this kind of statement about its minister and the political interference it suffered. Will the Prime Minister take this seriously and quit joking about the public accounts committee?

• (1122)

HEALTH AND WELFARE

INCREASES IN OLD AGE SECURITY PAYMENTS AND FAMILY ALLOWANCES

Mr. Stanley Knowles (Winnipeg North Centre): Mr. Speaker, I have a question for the Minister of National Health and Welfare. Some of us are pleased that she has not been shuffled.

Some hon. Members: Hear, hear!

Mr. Knowles (Winnipeg North Centre): In the light of her tentative statement the other night on a CBC television program that she was hoping to get an assurance from the provinces that they would not take any steps to cut back the increases Canadians will get by way of old age security payments or family allowances, is she in a position to tell the House that she has received such assurances from the provinces?

Hon. Monique Bégin (Minister of National Health and Welfare): The only response I have from the provinces is that Ontario, British Columbia and Alberta are going to pass on the increases to the recipients of the provincial supplement such as GAINS in Ontario. Newfoundland and other provinces are recommending it to their cabinets now. As to the child tax credit for children which we want to be fully passed on to mothers on mothers allowance and other welfare payments I am unfortunately still not in a position to give assurance to Canadians and I would like to give a last chance for provinces to go to their cabinets.

Mr. Knowles (Winnipeg North Centre): May I express the hope that the minister will have this assurance from all the provinces before we get back to the discussion of Bill C-10 some day next week?

* * *

VETERANS AFFAIRS

ASSURANCE THAT WAR VETERANS ALLOWANCE WILL NOT BE REDUCED BECAUSE OF INCREASED GIS

Mr. Stanley Knowles (Winnipeg North Centre): On the same subject, may I put a question to the Minister of Veterans Affairs? It arises from his tentative assurance that an effort is being made to make sure that recipients of the war veterans allowance will not have their allowances cut back because of the increase in the guaranteed income supplement. Is he yet able to give the House and the veterans that assurance?

Hon. Daniel J. MacDonald (Minister of Veterans Affairs): This is in the normal process of discussion. The assurance which the hon. member is seeking is not possible to give today. As he knows, the act pertaining to this supplement sponsored by the Minister of National Health and Welfare, has received royal assent, so I expect to have some information for the hon. member shortly.

[Mr. Crosbie.]

[*Translation*]

AGRICULTURE

REQUESTED ESTABLISHMENT OF MARKETING BOARD FOR POULTRY—MINISTER'S POSITION

Mr. Adrien Lambert (Bellechasse): Mr. Speaker, my question is directed to the Minister of Agriculture.

Yesterday I called the attention of his parliamentary secretary to a question of paramount importance, namely the establishment of a national marketing board for poultry. The parliamentary secretary replied that this question is very seriously under review and that a decision is forthcoming. Then I directed a question to the right hon. Prime Minister, and I understand better this morning the reply he gave me yesterday when he said that he could not always look after everything himself and that is why he has ministers. I accept his reply.

Therefore, I should now like to ask the Minister of Agriculture whether poultry producers may expect in the very near future the establishment of a national marketing board to protect the interests not only of producers, but of consumers as well, as Bill C-76 would have it?

[*English*]

Hon. E. F. Whelan (Minister of Agriculture): My parliamentary secretary answered that question correctly yesterday, Mr. Speaker.

[*Translation*]

ALLEGED PRICE-FIXING RESPECTING TURKEYS

Mr. Adrien Lambert (Bellechasse): Mr. Speaker, I should like to put a supplementary question to the minister.

It will soon be Christmas and it is customary for families to buy a turkey for the supper after the midnight mass. According to reports this morning, some combines have taken steps to make believe that there will be a shortage of turkeys in Canada thus inordinately increasing prices. I would like to ask the Minister of Agriculture whether he is aware of that situation and if he is not whether he would be prepared to inquire so that the marketing of that important meat will not be left in the hands of combines for Christmas.

• (1127)

[*English*]

Hon. E. F. Whelan (Minister of Agriculture): Mr. Speaker, I have heard about the situation. We have done some checking with the National Farm Products Marketing Council, which has been in touch with the Canadian Turkey Marketing Agency. I think it should be remembered that that agency does not have the same control as the Canadian Egg Marketing Agency. There has been hardly any increase in the price of eggs for over two years because the pricing formula is such that the agency controls the price producers receive, as well as the distribution of eggs, which is not the case with turkeys.

There are statistics which show that there should be a surplus of 17 million pounds of turkeys for Christmas. There will be no shortage at all and there should be a substantial carry-over into the new year. Projected production for the first quarter of the new year is substantially increased, so as far as we are concerned there is no shortage of turkeys. There may be a shortage of marketing turkeys. There are over 50 million pounds of turkey in storage. There will be over 50 million pounds of fresh turkey before Christmas, so there should be a surplus of turkeys when imports are included. There should be a substantial surplus, at least half the surplus we had last year, so there should be no shortage of turkeys whatsoever. Also, turkeys should be at reasonable prices because producers have received an increase of only about 4½ cents a pound for the total year, so as far as we are concerned there should not be a further increase in price.

* * *

ADMINISTRATION OF JUSTICE

SENTENCE IMPOSED ON KEITH RICHARDS FOR POSSESSION OF DRUGS

Right Hon. J. G. Diefenbaker (Prince Albert): Mr. Speaker, in the absence of the new Minister of Justice and also of other ministers involved in this matter, I will ask the Solicitor General whether there is any communication between the Department of Justice, the Department of the Solicitor General and the Department of Employment and Immigration. When the two former departments I have mentioned have complete information concerning criminal records of individuals who come into Canada, I want to know what communication there is. I am referring to the matter of Mr. Keith Richards who has a record as long as your arm and who was admitted here. I want to find out what communication there is among departments.

Hon. J.-J. Blais (Solicitor General): Mr. Speaker, in view of the vague nature of the question which the right hon. gentleman has asked regarding a very specific instance, I will take notice of the question and report subsequently.

Mr. Diefenbaker: Mr. Speaker, I am glad the minister is anxious to get information. I will give him the record of Keith Richards. He was convicted in 1973, in the United Kingdom, for offences relating to dope, arms and ammunition. One of the charges was possession of Chinese heroin. In 1973, in France, there were convictions for using, supplying and trafficking in hashish and heroin. There was a fine of 5,000 pounds. The minister wants information, and I always provide it. In 1977, one week before Mr. Richards came to Canada, he was convicted in the United Kingdom for having dope. What communication is there, and why are individuals like this allowed into Canada?

Mr. Blais: Mr. Speaker, the right hon. gentleman is free to provide information, and I take note of it. It is unfortunate that the right hon. gentleman did not make that information available to me previously.

Some hon. Members: Oh, oh!

Mr. Blais: In a situation such as this one, I find it odd that the right hon. gentleman did not give some indication prior to the question period in order to give me notice so that I could ascertain the information he has solicited. It is odd, in view of the sensitive nature of the information he has advanced.

* * *

• (1132)

GOVERNMENT EXPENDITURES

AUDITOR GENERAL'S REPORT CONCERNING LETTING OF CONTRACTS

Mr. Perrin Beatty (Wellington-Grey-Dufferin-Waterloo): Mr. Speaker, I would like to ask the Prime Minister a question about the Auditor General's report. As the Prime Minister will be aware, the Auditor General states in his report that throughout the government, contracts of great value are given out without calling for competitive tenders. For example, the Auditor General points out that the Department of Supply and Services alone signed about 90,000 contracts, totalling over $1,800 million, without calling for competitive tenders.

Would the Prime Minister tell the House how he justifies this action by his government, particularly in view of the fact that such action appears to fly in the face of the government's own regulations?

Right Hon. P. E. Trudeau (Prime Minister): Mr. Speaker, this question was asked in detail of the minister of supply and services at the time concerning the different contracts, and in each case he gave an explanation. The general explanation is that it allows the minister, as he is so authorized under the law, to use his discretion to help certain parts of the country where we want to assist in regional development.

This answer was given in the House by the minister at the time. If the hon. member has any other questions on any particular case, I am sure we will be very anxious to give answers.

Mr. Beatty: Mr. Speaker, the Auditor General is fully aware of answers which have been given previously by the Department of Supply and Services. However, the Auditor General thought the matter was of sufficient importance to include it in his annual report. His officials stated yesterday, before the public accounts committee, that they were dissatisfied with the procedures followed by the government and that they found the explanations given totally inadequate.

I ask the Prime Minister about another government activity covered by the Auditor General. As reported, he states that the government often signed open-ended contracts based on fixed-time rates and cost-plus pricing methods which actually give incentives for time-wasting on construction being carried out

and for cost overruns. When will the Prime Minister accept his responsibility as Prime Minister and ensure that future contracts do not provide incentives to waste the taxpayers' money?

Mr. Trudeau: Mr. Speaker, there is never any incentive to waste the taxpayers' money. The government follows procedures which are common in the private sector and which happen at all levels of government.

Some hon. Members: Oh, oh!

Mr. Trudeau: I understand that some hon. members over there want to enter the fray. I can only attempt to answer questions as they are asked of me. If hecklers want to get into the act, very well.

Mr. Beatty: Mr. Speaker, how does the Prime Minister justify the statement he just made with the statement on page 178 of the Auditor General's report which reads:

With fixed-time rate and cost-plus pricing methods, there is often no incentive for the contractor to control his costs; indeed, there may be a positive incentive for him to maximize hours spent or costs incurred.

Mr. Trudeau: Mr. Speaker, all I said was that in the private sector, as well as at all levels of the public sector—federal, provincial and municipal—there are cases where cost-plus contracts are entered into. It depends on the particular circumstances. That is why I invited the hon. member to not make general statements but to raise any particular contract he is concerned about. The minister, if he is given notice, will be happy to answer either in the House or before the public accounts committee.

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THE CANADIAN ECONOMY

REQUEST PRIME RATE NOT BE FURTHER INCREASED

Mr. Sinclair Stevens (York-Simcoe): Mr. Speaker, my question is to the Minister of Finance. In view of the figures released this morning, which are being described by market analysts as atrocious—inflation up 1 per cent in the month, the trade surplus down dramatically from last month, the dollar, before the Bank of Canada intervened substantially, caving in by almost half a cent from its close yesterday—would the Minister of Finance tell the House whether he now intends to at least speak to the chartered banks in the hope that they will not increase the prime rate still further, bearing in mind that the prime rate in the United States this morning went up a further half point?

Hon. Jean Chrétien (Minister of Finance): Mr. Speaker, as is usual, I do not speculate in the House on the movement of interest rates. These problems are discussed by myself with the governor of the Bank of Canada when there are circumstances which call for it.

With regard to the figures which came out this morning, I said in my budget speech last week that I expected to see price indexing increase for the month of October because of the return of the provincial sales tax. Another factor is that in the month of October we always include the CPI increases in taxes levied by the municipalities. I said that it was a phenomenon that would happen in October, but that the trend of the decline of the CPI as predicted would carry over. In the last three months, the increase in the CPI has been the lowest for any three-month period in years.

* * *

THE MINISTRY

PRIME MINISTER'S CONFIDENCE IN CERTAIN MINISTERS

Mr. Sinclair Stevens (York-Simcoe): Mr. Speaker, before putting my next question to the Prime Minister I would point out that the Minister of Finance obviously still does not understand his portfolio. I was referring to the prime rate, not the bank rate. The prime rate has nothing to do with the governor of the Bank of Canada.

My question to the Prime Minister centres around his escapades this morning referred to as a cabinet shuffle. In view of the fact that he has bypassed the Minister of Finance, has demoted the Minister of Industry, Trade and Commerce and has even shorn that minister of his deputy minister, would the Prime Minister confirm to the House that this move—appointing a nanny, if you like, over various other ministers—is a clear indication of his lack of confidence in the Minister of Finance and the Minister of Industry, Trade and Commerce, but that he did not want to hurt their egos?

Right Hon. P. E. Trudeau (Prime Minister): Mr. Speaker, I am not quite sure if the question is of urgent and pressing necessity, as called for under the rules.

Mr. Paproski: It is an oral question, not an S.O. 43.

Mr. Trudeau: It is a question about nannies. I think that is of more interest to the other side than it is to this side.

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EXTERNAL AFFAIRS

REQUEST POPULATION DESK BE SET UP WITHIN DEPARTMENT

Mr. F. A. Philbrook (Halton): Mr. Speaker, my question is to the Secretary of State for External Affairs. Considering that the problem of world population is still very serious, in spite of encouraging reports recently, and that there is now an international group of parliamentarians working on population and development which is, in fact, headed by a Canadian MP, would the minister consider setting up a specific population desk either in his department or perhaps in CIDA or IDRC?

Hon. Donald C. Jamieson (Secretary of State for External Affairs): Mr. Speaker, I am aware of the hon. member's interest, as well as that of other hon. members of the House, in this subject. I am not exactly sure what the formulation ought to be or what technique ought to be employed, but certainly I will look into it and see if there is merit in having a special centre either in CIDA or in External Affairs in order to co-ordinate these kinds of activities on a world scale.

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CONSUMER AFFAIRS

INCREASE IN PRICE OF TURKEYS

Mr. James A. McGrath (St. John's East): Mr. Speaker, I have a question for the Minister of Consumer and Corporate Affairs. Earlier this week, the minister was advised of charges made by the chairman of the Canadian Turkey Marketing Agency that turkeys were being stockpiled and, hence, withheld from the market in order to drive up prices. The Minister of Agriculture said in the House this morning, "increases should not be there as far as we are concerned."

In view of the fact that the price of turkeys is already 25 per cent more than it was this time last year, and the information already given to the House by the Minister of Agriculture, what has the minister learned from his inquiries with respect to this obvious profiteering at a time when more and more Canadians are depending on turkey as a cheap source of protein?

Hon. Warren Allmand (Minister of Consumer and Corporate Affairs): Mr. Speaker, we did find that the wholesalers had held back approximately one-third of their produce but that that was not irregular in terms of what is usually done. It is usually found that producers sell about one-third of their production each year during the Christmas holiday season. What is being held back this year is pretty much in line with what was held back in other years. In fact, what is being held back has already been sold to different retailers.

On the other hand, I was disappointed by the fact that as of November 1 the stocks on hand were only 50 million pounds, whereas last year they were 72 million pounds. We believe that there should have been an increase in production this year because of the increase in the price of beef and a tendency by consumers to move to alternative sources of protein. Therefore, we would have liked to see greater production this year, but that has not been done.

Mr. McGrath: Mr. Speaker, this is a very serious matter, especially in light of the consumer price index today which is showing a substantial increase in food prices, even with the new weighting scale that is now in the CPI which places less emphasis on food.

● (1142)

Has the minister examined the cause for price increases, in light of what the Minister of Agriculture said? For example, he said that there are adequate supplies. Now we know that the price increases are not going to producers; someone is ripping off consumers. Clearly, it is the minister's responsibility to find out who, and to take the necessary steps. Is he doing that?

Mr. Allmand: Mr. Speaker, we have looked into it and we are continuing to look into it. We have not had any evidence that anyone is ripping off the consumer. We have found that supply has decreased and demand has increased, and that as a result of those market conditions prices have gone up. If one compares the production of last year—72 million pounds in stock as of November 1—last year there was more on hand than this year, with a lower demand. The demand has gone up sharply this year because of the increased price of beef, and the supply has not been there. That is the reason for increased prices, not any ripping off.

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IMMIGRATION

REFUGEE ARGENTINIAN POLITICAL PRISONERS AND FAMILIES

Mr. Andrew Brewin (Greenwood): Mr. Speaker, I had hoped to address my question to the Minister of Employment and Immigration, but I will direct it to his parliamentary secretary, the hon. member for Wellington.

On May 16, 1978, the minister announced with some fanfare that he was setting up a special program to admit up to 100 Argentinian political prisoners and their families as refugees. He described the situation of these political prisoners as extremely desperate. On October 30, the hon. member for Egmont, the hon. member for Montmorency, and myself, wrote to the minister giving him the information that the military authorities in Argentina had refused permission for the Canadian government to visit all but two persons with a view to carrying out this promise. In fact, no one has been admitted under this program. So far, apart from—

Some hon. Members: Order.

Mr. Speaker: Order, please. I must ask the hon. member to put his question.

Mr. Brewin: Mr. Speaker, the minister has barely acknowledged the question. Will the parliamentary secretary tell the House whether the Canadian government has forcefully called the attention of the Argentinian government to its failure to co-operate in the case of these persons who, to use the minister's words, are extremely desperate and are presently imprisoned as political prisoners?

Mr. Frank Maine (Parliamentary Secretary to Minister of Employment and Immigration): Mr. Speaker, I will take notice of the question and get back to the hon. member.

Some hon. Members: Oh, oh!

Mr. Brewin: Mr. Speaker, I hope the parliamentary secretary will impress upon the minister the urgency of answering this question. I put the question to the Secretary of State for External Affairs.

Hon. Donald C. Jamieson (Secretary of State for External Affairs): I am sorry?

Mr. Brewin: I do not know whether he heard the question I put.

Some hon. Members: Oh, oh!

Mr. Brewin: I do not intend to repeat it.

Some hon. Members: Hear, hear!

Mr. Brewin: However, I intend to put the question, if I may.

Some hon. Members: Hear, hear!

Mr. Brewin: Has the Secretary of State for External Affairs communicated with the government of Argentina because of its refusal to allow Canadian immigration authorities to visit political prisoners whom we have promised to admit to this country as refugees?

Mr. Jamieson: Mr. Speaker, I would have to take notice of the question.

Some hon. Members: Oh, oh!

Mr. Jamieson: First of all, let me apologize for not having heard the preamble to the question. I will take notice of it so that I can give the hon. member and the House a precise answer.

In a general way, we have made a number of representations to the government of Argentina. We have been seeking, in every way we can, to facilitate the exit of those people who have had our authorization and encouragement to come to Canada; but whether we have made a specific kind of representation of the type asked for by the hon. member, I do not know. If we have not, certainly I do not see any reason why we should not and I will so instruct my officials.

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LABOUR CONDITIONS

MINISTER'S RESPONSIBILITY RESPECTING EASTERN ONTARIO

Mr. Walter Baker (Grenville-Carleton): Mr. Speaker, I have a question for the new Minister of Labour.

Some hon. Members: Hear, hear!

Mr. Baker (Grenville-Carleton): In the cabinet which has been described as a recirculation of tired blood, his entry is the only case of the infusion of old blood.

Some hon. Members: Shame.

Mr. Andras: That is not befitting you, my friend.

[Mr. Maine.]

Mr. Baker (Grenville-Carleton): Among his responsibilities as Minister of Labour, has responsibility been given for him to represent the interests of eastern Ontario which once again has been neglected respecting the infusion into cabinet?

Some hon. Members: Question.

Mr. Baker (Grenville-Carleton): Does he have specific responsibilities respecting eastern Ontario?

Mr. Speaker: Order, please. I regret very much that clear precedent prevents the hon. minister answering the question. If he had responsibilities of that sort, they would be political and geographic in nature, rather than administrative. There is a clear precedent that questions must be confined to administrative responsibilities.

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INDIAN AFFAIRS

AUDITOR GENERAL'S CRITICISM OF ACCOUNTING PROCEDURES OF INDIAN ECONOMIC DEVELOPMENT FUND

Mr. Doug Neil (Moose Jaw): Mr. Speaker, my question is directed to the Minister of Indian Affairs and Northern Development. In view of the report of the Auditor General regarding inadequate accounting and control procedures for the Indian Economic Development Fund involving many millions of dollars, and the fact that the minister and his officials have been aware of this problem for some two, three or four years, can the minister advise why he did not take steps to clean up this mess when he first learned of it, rather than let it continue?

Hon. James Hugh Faulkner (Minister of Indian Affairs and Northern Development): Mr. Speaker, I do not think the hon. member has put the question very accurately. The fact is that there has been a serious clean-up of the program and it has led to a new set of problems. With the available funds we have stabilized some of the previous projects. That was agreed to by the committee. I do not think it can be argued by the Auditor General unless one argues that the only type of operation we get into in the Indian Affairs program is one which meets absolutely all the criteria of the Woods, Gordon report.

The hon. member knows perfectly well that when we are dealing with economic development on or adjacent to reserves, there are certain risks involved. If the Tories are not prepared to take those risks, let them say so clearly. In my view, unless we are prepared to take some of those risks there will be no development at all on the reserves.

Mr. Neil: Mr. Speaker, if the Tories take a risk, certainly they examine the situation beforehand to see whether the risk is worth taking.

Some hon. Members: Hear, hear!

Mr. Neil: If the minister refers to page 557 of the Auditor General's report, he will find that the computer system which was set up is not adequate as far as the fund is concerned.

I have a supplementary question for the minister. In view of the report of the Auditor General respecting the lack of authority for compensation payments under the James Bay Agreement, has the minister taken or does he intend to take any disciplinary action respecting the officials who were involved?

Mr. Faulkner: Mr. Speaker, certainly I will look into that matter. I will be pleased to answer the question in committee. I think I meet with the parliamentary committee next week. Of course, the hon. member avoided dealing with the other recommendation or area brought out in the Auditor General's report, namely, the arts and crafts fund. He studiously avoided that because, in fact, we took action. Where we take action does not seem to be the subject of any comment in the question period.

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FISHERIES

DREDGING OF MIRAMICHI RIVER

Mr. Maurice A. Dionne (Northumberland-Miramichi): Mr. Speaker, my question is directed to the Minister of Fisheries and the Environment. Can he tell the House whether he is prepared to sign an ocean dumping permit to facilitate the dredging of the Miramichi River? If so, can he assure the fishermen of that area that all of their concerns will be adequately protected in that permit?

Hon. Roméo LeBlanc (Minister of Fisheries and the Environment): Mr. Speaker, repeatedly we have made it very clear that no permit would be issued until all doubts were removed. Obviously, there may be some situations in which monitoring will be required. To this effect I suggested a committee on which fishermen will be represented. The operations we put together when we had the cable going from New Brunswick to Prince Edward Island, with fishermen involved in the monitoring, were most satisfactory. I am willing to look into this as a precedent.

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GOVERNMENT EXPENDITURES

AWARDING OF ADVERTISING CONTRACTS

Mr. Jake Epp (Provencher): Mr. Speaker, my question is directed to the right hon. Prime Minister: it refers to the report of the Auditor General.

● (1152)

Studies now indicate that the federal government is the largest single advertiser in Canada, exceeding any of the large companies. At page 307 of his report, the Auditor General indicates that one company, namely, Vickers & Benson, was given advertising accounts by the Employment and Immigration Commission without tender. In fact, 80 per cent of that commission's total advertising went to Vickers & Benson.

In view of the statement of the deputy minister to the committee yesterday that it is the minister who decides who will get the advertising budget, may I ask the right hon. Prime Minister on what basis the government decides who will get its advertising contracts?

Right Hon. P. E. Trudeau (Prime Minister): Mr. Speaker, regarding the size of the advertising budget, I should like to point out to the hon. member that the government considers that it is its duty to ensure that Canadians are informed of the programs and policies which are of interest to them, so that they can benefit from whatever government policies exist. I would wager that if you total the ten provincial budgets for advertising, they would probably be higher than that of the federal government. That is the way federalism operates, Mr. Speaker: each level of government must inform its citizens of the programs which affect them.

With regard to the choice of advertisers, we look for competence, imagination and economy.

Mr. Epp: A supplementary question, Mr. Speaker. The Prime Minister has indicated that there are certain criteria, but when one looks at the Auditor General's report and at the answers of the deputy minister, political patronage seems to be very much a factor as to how the minister will decide who will get the advertising. At page 307 of his report, paragraph 14.172, the Auditor General recommends that tendering procedures be used in advertising, and in fact the commission has said that they will follow those guidelines if treasury so dictates. Therefore, I would like to ask the Prime Minister whether it will now be the policy of Treasury Board that these advertising contracts be awarded under the competitive tendering system.

Mr. Trudeau: Mr. Speaker, in a matter as abstract as judging the quality and efficiency of one type of advertising as against another, somebody has to make a decision. We think it is better that the elected representatives of the people make the decision, rather than the bureaucracy, and I would be surprised if the hon. member disagree with that.

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NORTHERN AFFAIRS

APPOINTMENT OF COMMISSIONER OF THE YUKON

Mr. Erik Nielsen (Yukon): Mr. Speaker, I have a question for the Prime Minister. As he knows, the provisions of the Yukon Act require the governor in council to appoint a commissioner of the Yukon Territory. In view of the fact that there now exists, as of the last election in that territory, a clear and decisive majority, having been exposed to the party system, will the Prime Minister assure me and the people of

the Yukon that the appointment of the next commissioner of the Yukon will be made by, and with the advice and consent of, that elected majority?

Right Hon. P. E. Trudeau (Prime Minister): Mr. Speaker, I am sure that we will be looking for the best possible commissioner, and in that we will be influenced and advised by the people of the Yukon who are the ultimate sovereigns in that part of the jurisdiction.

Mr. Nielsen: A supplementary question, Mr. Speaker. The Prime Minister kindly answered the first part of my question but refrained from answering the second part, which was: will the appointment be made with the consent of that elected majority?

Mr. Trudeau: Mr. Speaker, because they are a reasonable group of men and women, I am sure they will consent to anything reasonable that is done by the government.

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LABOUR RELATIONS

ESTABLISHMENT OF MULTIPARTITE NATIONAL FORUM TO RESOLVE PROBLEMS

Mr. John A. Fraser (Vancouver South): Mr. Speaker, my question is directed to the Minister of Labour. It was, and continued to be for some time, the first plank in the former minister of labour's policy to establish a multipartite national forum which would include labour, business and other community groups. May I ask the minister whether this is still the policy of the government and, if it is, what progress has been made recently toward this objective?

Some hon. Members: Hear, hear!

Hon. Martin O'Connell (Minister of Labour): Mr. Speaker, I would first like to thank the House for this very warm welcome and expression of good wishes; I do appreciate it.

So far as the question goes, Mr. Speaker, first I would like to say that a good deal of progress has already been made toward consultation. It began less in the form of a large forum, but it is growing in the form of consultation, working its way up through the 23 sector task forces into the second tier committee. Both business and labour have made very excellent proposals for policy development to the two levels of government. Therefore, we are working at this coming up, rather than starting with a large new structure. We are working toward it, and I think all would recognize that very significant progress is being made and I would seek to continue that.

Mr. Fraser: A supplementary question, Mr. Speaker. I take it from what the minister says that the policy remains an objective; the procedure in obtaining it has been somewhat changed. May I ask the minister this: recently the acting minister of labour said in the other place that the Woods royal commission report advocating the establishment of a public interest disputes commission was under active study by the government. A few days later the right hon. Prime Minister seemed to indicate that that was not so.

In view of the fact that I am sure all hon. members would not want this place to become a constant labour court, can the minister advise whether the acting minister, who said that the Woods royal commission public interest disputes commission proposal was under study, is correct and, if so, is the minister prepared to make a statement in the House in order to indicate what structure the government may be prepared to establish at least to diminish the number of strikes that this House has to settle?

Mr. O'Connell: Of course, Mr. Speaker, the question of bringing about labour peace and stability will be one of the first questions to which I would wish to address myself.

So far as the specific question of the study goes, I personally have studied the Woods task force proposal with respect to the public service public interest disputes commission. I would have to say that, whereas we do need to look further at that issue, it is not the answer because that commission would, after it had done what is suggested of it, in effect dump the question back into this parliament. So we would not be relieving ourselves of activities in settling disputes simply by going to some new kind of commission.

I personally will be reviewing that, as I have done recently. I would like to discuss the matter with the critic from the opposite side because I think we on all sides of the House would be deceiving ourselves if we thought some new commission which nobody takes the trouble to really examine would resolve these issues for us: they would come back here, Mr. Speaker.

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FORESTRY

ALLEGED DEPLETION OF FORESTRY SERVICES

Mr. Donald W. Munro (Esquimalt-Saanich): Mr. Speaker, against the great losses to the Canadian treasury that have been revealed in the report of the Auditor General, and against the news last night that his department is losing some very highly trained and well motivated public servants, I wonder whether the minister is now prepared to admit that he is presiding over the demise of the Canadian Forestry Service.

Hon. Len Marchand (Minister of State (Environment)): That is ridiculous, Mr. Speaker.

Some hon. Members: Oh, oh!

Mr. Marchand: The Canadian Forestry Service is a very important part of my department.

Mr. Fraser: What about the forestry labs, especially the Vancouver one?

Mr. Marchand: The forestry labs are, also. The privatization of those labs will be one of the most forward steps taken

recently in connection with the cuts which have been made by the government.

Mr. Fraser: The whole thing has already been agreed to.

Mr. Marchand: I think the hon. member talks a lot of "bull" on this question. There is some difficulty with the Ottawa lab, but as far as the Vancouver lab is concerned it has been accepted very warmly by the officials in the lab, by the universities, by the provincial government and by the industry.

● (1202)

Mr. Munro (Esquimalt-Saanich): Mr. Speaker, it is quite obvious from the reply just given by the Minister of State (Environment) that there is a contradiction in the information he is receiving from I know not where and the information that is public and is reaching everyone else in this country, namely, the forestry lab in Vancouver is also at the point of disintegration: he is going to lose more people.

I still want to know whether the minister can reveal, and if he is prepared to reveal right now, those parts of private industry which have demonstrated some interest in maintaining this forestry establishment. The information we are receiving is that there is no interest in private industry to assume this responsibility.

Mr. Marchand: Mr. Speaker, I have had conversations with private industry—a group that I met a few weeks ago in Ottawa. I met recently with the Canadian Forestry Advisory Council which, as I said in the House previously, is chaired by the chief executive officer of Crown Zellerbach, Mr. Rogers. He received that very warmly. Dr. Solandt reported verbally to me. He found the same thing, a very high degree of acceptance in industry and a lot of enthusiasm in industry, the universities and some provincial governments for the privatization of those two forest products laboratories.

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POINT OF ORDER

MR. KNOWLES (WINNIPEG NORTH CENTRE)—ANNOUNCEMENTS OF CABINET CHANGES

Mr. Stanley Knowles (Winnipeg North Centre): Mr. Speaker, I rise briefly on a point of order. I am sorry that the Prime Minister has left, but perhaps the Deputy Prime Minister (Mr. MacEachen) will pay attention to the point I wish to raise and speak to the Prime Minister (Mr. Trudeau) about it.

It used to be the practice in the House of Commons—and it is dealt with in citation 89, at pages 82 and 83 of Beauchesne's fourth edition—that whenever a major change in cabinet positions is made a statement is given to the House.

Mr. Gillies: But there was nothing major.

Mr. Knowles (Winnipeg North Centre): I point out, Mr. Speaker, that the citation makes it quite clear that if there is no change of policy, this obligation does not rest on the Prime

Minister. If there are changes in policy, however, such a statement should be made. I would point out that although the information we have thus far is not complete, it seems to me it is quite a change in policy to drop a ministry such as that of urban affairs, and also that it is a significant change to set up a board of economic development headed by one minister under whom a number of other ministers serve.

As I say, in the citation to which I refer it is clear that such a statement does not have to be made immediately, but it is also clear that the opposition has the right to ask for more than a general exposition of the main principles on which a government is formed.

I would hope that the Deputy Prime Minister would bring this to the attention of the Prime Minister. It seems to me that there is more than a shuffle; there is this new board and the dropping of a department, and a statement ought to be made about that matter. I hope any such statement might also communicate to us what minister is now responsible for the status of women.

Hon. Allan J. MacEachen (Deputy Prime Minister and President of Privy Council): Mr. Speaker, I will draw the remarks of the hon. member for Winnipeg North Centre (Mr. Knowles) to the attention of the Prime Minister (Mr. Trudeau). I would provide the information at once that the Minister of Justice and the Attorney General of Canada (Mr. Lalonde) will continue his current responsibilities for the status of women.

Mr. Knowles (Winnipeg North Centre): I was afraid of that.

Mr. MacDonald (Egmont): That is a disappointment.

Mr. MacEachen: I believe the women of the country will not share the view expressed by the hon. member for Winnipeg North Centre, because they have had a very good and satisfactory relationship in the advancement of the cause of women in Canada.

Mr. Knowles (Winnipeg North Centre): That is not the way I hear it.

Mr. MacEachen: With respect to providing an opportunity to the House to comment on what the hon. member regards as a major change, in that view I believe he is correct. Later on there will be an opportunity for the House to comment upon the creation of the new portfolio of President of the Board of Economic Development. In that respect, the requirements set forth by the hon. member will be fully met and the House will have an opportunity, as I understand it, not only to comment but to judge and decide whether it wishes to accept or reject the creation of this board.

Mr. Knowles (Winnipeg North Centre): What about the dropping of the Department of Urban Affairs?

Mr. Walter Baker (Grenville-Carleton): Mr. Speaker, the Deputy Prime Minister and government House leader has indicated that he will speak to the Prime Minister (Mr.

Trudeau) about this matter. I presume he will be speaking to the Prime Minister about making a statement on motions—I hope he will speak to him in that light—which can be examined in detail following our procedure of questions relating to the formation of the ministry.

In the course of that conversation, I wonder if he could speak to the Prime Minister about explaining the fact that a couple of very important ministries, in terms of the future of the country and the policy of the government, are joined. I note that the Department of Science and Technology, for instance, is still joined with another ministry, now the Department of Energy, Mines and Resources. That, coupled with the fact that National Revenue and Taxation is now joined with Small Business may indicate a bit of downgrading of those very important functions. I hope this will be dispelled in the statement of the Prime Minister.

I hope the Deputy Prime Minister will draw these matters to the attention of the Prime Minister, and I hope the Prime Minister will deal with them if he makes a statement on motions. I hope he will also deal with the very unfortunate question of what is going to happen to Central Mortgage and Housing, the National Capital Commission and a host of other commissions, and to whom they will be reporting. It was in that light that I directed a question today to the Minister of Labour (Mr. O'Connell). He is the closest to the national capital area. I do not know whether it is the intention of the government, but at the moment the national capital area and eastern Ontario have no minister in the House, and there has not been one for some time. Perhaps the Prime Minister will be able to justify this in his statement. This area, which has been represented since confederation, is not now represented in cabinet and has not been for some time.

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PRIVILEGE

ANSWER OF MINISTER OF STATE (ENVIRONMENT)

Mr. John A. Fraser (Vancouver South): Mr. Speaker, I rise on the question of privilege which relates to comments made by the Minister of State (Environment) (Mr. Marchand) in an exchange that took place a few minutes ago.

In response to a question from my colleague, the hon. member for Esquimalt-Saanich (Mr. Munro) the minister said that the proposition being put to him, that there was no agreement by industry in British Columbia to privatize the forest laboratory in Vancouver, was a lot of "bull".

● (1212)

The question is of very grave importance to British Columbia. It is my contention that it is appropriate, when a question of that importance is asked, when it has been well established and it is common knowledge to the public that privatization is not going ahead and the industry has not agreed to pick up this laboratory, that this House and hon. members ought not to be told by a minister of the government that it is just a lot of bull.

I would say that that is a point of privilege. If you hear me out, Mr. Speaker, I think that, through you, the minister, under the circumstances, is required not only to withdraw his remark but to explain in proper detail exactly what the situation is. What the minister said today in this House was that the information that is public is not correct and it is absolutely misleading, and I am sure the minister would not want deliberately to mislead this House.

[Mr. Baker (Grenville-Carleton).]

Mr. Donald W. Munro (Esquimalt-Saanich): Mr. Speaker, I was rising on a point of order to comment on this matter, but there is a question of privilege. I think it is quite improper language to use in the House of Commons; only the Prime Minister (Mr. Trudeau) is permitted to use language like that.

An hon. Member: You use language like that.

Mr. Speaker: Order, please. I have the role of determining the question of whether or not improper language was used. The terms used by the minister this afternoon may be slang in their nature, but there is nothing improper in the language used by him. I think we can quickly set that aside. If the minister wants to make that comment on suggestions that have been made, it is his right to do so as long as he does it in parliamentary language.

As to whether the minister disagrees with the position taken, of course, that is a fundamental disagreement and not a matter of privilege. I would need to know that there was something to this question of privilege which relates to more than a disagreement between members.

Mr. Munro (Esquimalt-Saanich): Mr. Speaker, I was setting out the question of language. The question of privilege concerns the use by the Minister of State (Environment) (Mr. Marchand) of assertions to the effect that he has assurances from private industry that they are prepared to take over that lab and also the centre in Ottawa. Those assurances must be borne out by documentary evidence.

I suggest that since the minister has suggested that he has been in correspondence—he has suggested, but he has not stated explicitly that he has been in correspondence—with these people, if there is correspondence to prove his point then it should be laid before the House.

Mr. Speaker: That may well be a very worth-while suggestion, but there is surely no procedural compulsion on the minister to do so and no vehicle by means of which the Chair could compel the minister, or any other minister, who had made that kind of reference and follow the matter with the tabling of any documents. I have not found any procedural significance in the statements made by the minister during this afternoon's question period. I have not found anything in the nature of a question of privilege. If the member feels that he has some new point to raise, I will hear him.

Mr. F. Oberle (Prince George-Peace River): Mr. Speaker, I am glad to be able to contribute to this suggestion. The point of privilege certainly must be that the minister misled the House today.

An hon. Member: Right.

Mr. Oberle: He said that he has evidence with regard to the private sector and the province of British Columbia. Let us not belittle this question; it is a crucial question because 60 per cent of the economy of British Columbia depends on the forest industry. The minister said he has evidence that the private sector is prepared to assume the responsibility and the financing of the B.C. forest products lab. I suggest, Mr. Speaker, that the minister has evidence that the private sector is not prepared to assume responsibility. I have the evidence.

Mr. Fraser: So do I.

Mr. Oberle: And so does the minister. He has clear evidence, in writing, that the private sector is not prepared, for obvious reasons, to assume this responsibility. I say the minister has misled the House by implying that he has—

Mr. Speaker: Order, please. I think we can see the difficulty that we get into when we embark on procedural grounds that are not well founded. As we enter into these discussions, the more permissive the Chair becomes in allowing discussion of points that are not well founded in procedure, the more likely we are to get into further and new questions of procedure. We are certainly very close to raising new questions when these kinds of accusations are made.

Essentially, the minister has stated his position. Members on the opposition side have stated that they disagree with the interpretation given by the minister today. That remains a disagreement and there is not, procedurally, either a point of order or a question of privilege.

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

Mr. Speaker: Order, please.

ROUTINE PROCEEDINGS

[*English*]

CANADA NON-PROFIT CORPORATIONS ACT

MEASURE RESPECTING CHARITABLE CORPORATIONS

Hon. Allan J. MacEachen (for the Minister of Consumer and Corporate Affairs) moved that Bill S-4 (from the Senate), an act respecting Canada non-profit organizations, be read the first time.

Motion agreed to and bill read the first time.

Mr. Speaker: When shall the bill be read the second time? Next sitting of the House?

Some hon. Members: Agreed.

* * *

[*Translation*]

QUESTIONS ON THE ORDER PAPER

(Questions answered orally are indicated by an asterisk.)

Mr. Yvon Pinard (Parliamentary Secretary to President of Privy Council): Mr. Speaker, the following questions will be answered today: Nos. 261, 295 and 289.

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

[*Text*]

NATIONAL REVENUE—LAWYERS IN PROVENCHER

Question No. 261—**Mr. Epp:**

From June 1, 1974 to date, what lawyers in the Constituency of Provencher were given work by the Department of National Revenue and what amount was each paid per year?

Mr. Claude-André Lachance (Parliamentary Secretary to Minister of Justice): In so far as the legal agents of the Minister of Justice are concerned: None.

ENTERPRISE DEVELOPMENT BOARD

Question No. 295—**Mr. Caouette (Villeneuve):**

1. On what date was the Enterprise Development Commission of the Department of Industry, Trade and Commerce created and who are its members?

2. Between April 1, 1977 and April 1, 1978, did any enterprises facing problems in Canada receive grants from the Commission and, if so (a) how many (b) which ones (c) what was the amount of such grants?

3. Did the Commission guarantee any loans to companies and, if so (a) in what amount (b) which companies were involved?

Mr. Bernard Loiselle (Parliamentary Secretary to Minister of Industry, Trade and Commerce): In so far as the Department of Industry, Trade and Commerce is concerned: The Enterprise Development Board was created April 1, 1977.

1. Following is a list of the members of the Enterprise Development Board along with the date of their appointment: Chairman—Mr. D. N. Kendall—appointed May 11, 1977; Vice Chairman—Mr. André Charron—appointed May 11, 1977; Members: Mr. Michael M. Koerner—appointed May 11, 1977; Mr. W. M. Murray Auld—May 11, 1977; Mr. Pierre Demers—May 11, 1977; Mr. Francis Murphy—July 28, 1977; Mr. John G. McD. Brown—December 6, 1977 and Mrs. Esther S. Ondrack—April 21, 1978. The central board members are joined by an equal number of individuals from senior levels of the public service.

2. Between April 1, 1977 and March 31, 1978 the Enterprise Development Board approved 195 contributions totalling $19,036,098. The majority of these contributions were for

innovation projects. The names of the recipients are confidential until such time as expenditures are made under the contributions, at which time the expenditures are listed in the Public Accounts of Canada by company name.

3. The Enterprise Development Board approved loan insurance totalling $100,772,600 representing 67 projects, in the fiscal year ending March 31, 1978. The names of the recipients are confidential and cannot be released without the permission of the company.

EXPORT DEVELOPMENT CORPORATION

Question No. 489—**Mr. McKinnon:**

What were the names and addresses of all lawyers and law firms in the Constituency of Victoria who performed services for the Export Development Corporation during 1977 and, in each case, what was the total amount paid?

Mr. Bernard Loiselle (Parliamentary Secretary to Minister of Industry, Trade and Commerce): In so far as Export Development Corporation is concerned: By tradition and as a matter of commercial principle Crown corporations have not been required by parliament to answer detailed questions on their administration and operation, and in the case of Export Development Corporation, the Export Development Act places the responsibility for such matters on its board of directors.

[*English*]

Mr. Speaker: The questions enumerated by the parliamentary secretary have been answered. Shall the remaining questions be allowed to stand?

Some hon. Members: Agreed.

* * *

BUSINESS OF THE HOUSE

EXTENSION OF TIME FOR BUDGET DEBATE

Mr. Paproski: I rise on a point of order. Before we begin the budget debate, I believe there is agreement in the House to carry on right through the lunch hour on this particular debate, in order to allow the participation of more speakers this afternoon. I would like that to be put on the record at this time so that we will not interfere with the budget debate.

Mr. Knowles (Winnipeg North Centre): Yes, Mr. Speaker, the statement made by the whip of the official opposition is correct. However, I should like to add one comment to it. The purpose of this is to get in as many speakers as possible. I think it is generally understood that no one is going to force a recorded vote on the main motion.

Mr. MacEachen: Yes.

Mr. Knowles (Winnipeg North Centre): If that is the case, why cannot debate continue right up until five o'clock? In effect, it would get one more speaker in. I do not know whom I am speaking for, but that is one more speaker.

[Mr. Loiselle (Chambly).]

[*Translation*]

Mr. Lambert (Bellechasse): Mr. Speaker, I must say that I did not hear about the proposal which has been made and on which all parties seem to have agreed.

In any case, I am not opposed to it. I think it is quite logical that such proposals be made occasionally because, as I see it, it aims at saving time in order to allow more hon. members to participate in the debate. I therefore say that we are completely willing to support that decision.

[*English*]

Mr. Paproski: Mr. Speaker, I appreciate what the hon. member for Bellechasse is saying, but we are doing it to facilitate the maiden speech of the new member of the Social Credit party.

Mr. Speaker: The House seems to have consensus on some subject, but I am not sure what it is.

Mr. Martin: Mr. Speaker, the point we were discussing is an agreement that was reached during the course of last evening to enable more members to participate in the budget debate. The idea was that by continuing through the lunch hour and lessening the time for speeches after the first three speakers, it would give an opportunity for more members to participate in this debate before 5 p.m.

Mr. Speaker: I have no difficulty with it, but I would simply like to know the details of what we are talking about. If the House wants me to make an order, I will be glad to do so. For the House to sit through the lunch hour, we must have an order of the House. Also, if there is agreement to shorten the speeches after the first three speakers, I will have to know by how much they are to be shortened.

Mr. Baker (Grenville-Carleton): Mr. Speaker, I think it is clear that we wish to proceed through the lunch hour. Perhaps you would make that order now. I believe there is agreement on that. Perhaps we could discuss, through the usual channels, the other matter so it can be equally clear.

• (1222)

Mr. Speaker: Is it agreed to at this time, that in order to assist the introduction of more speakers, the House proceedings will continue through the usual luncheon adjournment between one and two o'clock, and during that time there will be an effort to reach agreement as to the length of speeches after the first three?

Mr. Paproski: That is agreed, Mr. Speaker.

Mr. Knowles (Winnipeg North Centre): Mr. Speaker, I think there is also general consent to my proposition that the motion not be called until five o'clock.

Mr. Baker (Grenville-Carleton): Agreed.

Mr. Speaker: Those two elements can be introduced by way of an order at this time. Is it agreed the House will continue to

sit during the usual adjournment between one and two, it being understood that no recorded division will be compelled, and that the House will continue to sit until five o'clock to continue the debate until that time? Is that agreed?

Some hon. Members: Agreed.

Mr. Speaker: It is agreed, and so ordered.

GOVERNMENT ORDERS

[*Translation*]

THE BUDGET

FINANCIAL STATEMENT OF THE MINISTER OF FINANCE

The House resumed, from Thursday, November 23, consideration of the motion of Mr. Chrétien that this House approves in general the budgetary policy of the government.

Mr. Richard Janelle (Lotbinière): Mr. Speaker, in the past four years I listened to the budget speeches from the gallery here in the House and unfortunately, on November 16, I realized that nothing much was new. This year, I sit in the House as member for the riding of Lotbinière, a riding which had been represented for nine years by Mr. André Fortin. Mr. Fortin had won the respect of all his colleagues and was well regarded by the people of his riding because he worked for them. Today I succeed him in this place and since André often said "Hang in there, boys!", I intend to pursue his work in that frame of mind and really protect the interests of the people of Lotbinière against the whole present administration and bureaucracy.

Last Thursday's budget contained very few good news for the average worker. The minister was forecasting a decrease in the number of new jobs for 1979, down from 362,000 in 1978 to 250,000 in 1979. The only income tax concession was doubling the amount the taxpayer may deduct as job related expenses. Thanks to that measure, 6.2 million taxpayers will be able to share $270 million, and this for next year only. Thus the government resolves to repay every Canadian an average of $43.55 more in 1980. Talk about a fortune. As for the growth rate, it is set at about 4 per cent for 1978 and 4.5 per cent for next year according to the latest forecast by the Department of Finance. Some extremely difficult times are therefore expected in 1978 and 1979 for Canadian workers. Indeed, since there is general agreement to fix at 5 per cent the growth rate necessary to absorb the number of newcomers into the labour market, a substantial increase in unemployment should be in the wind.

Will the new eligibility criteria for unemployment insurance allow young people to draw benefits? Will they depend only on

their scarce resources to find a job or will they have to rely on public assistance to subsist? In his financial statement the minister also forgot to mention the percentage of unemployment insurance beneficiaries and of people who cannot get a job. Was this omission due to accident or to pre-electoral rhetoric? Let me refresh his memory. In October 1978, 910,000 men, women and young people were collecting unemployment insurance benefits. It means that 8.2 per cent of the Canadian population was unemployed. These persons will certainly not be able to benefit from the tax credits provided by the minister in his budget. Recently the minister blamed the Leader of the Opposition in the House under the pretence that his housing policy was discriminatory in the sense that it favoured the more well-to-do families, and yet he is just as unfair in his treatment of low-wage workers.

Now what about write-offs for development expenditures granted to mining and oil industries? According to the minister those write-offs to industries will create employment through the acceleration of their performance and development in a climate which is more favourable to production and growth. However, the minister forgets two things. It looks as though the first one will spring surprises. Most new production techniques will accelerate the marketing of products while creating very few jobs. In light of that argument, does the government still maintain that they will be able to create new jobs in the mining and oil industries through a tax incentives policy since the oil industry is now in full development and includes the most prosperous companies in the world? The natural development of that industry would probably have been sufficient to produce the jobs the government wanted so much without having to give tax incentives. Furthermore the government intends to bring Canadian oil prices gradually up to the international level. This policy alone should stimulate the oil industry.

In the special edition of the *Financial Post* published July 1, 1978 we can see a survey on the largest companies operating in Canada this year. According to that survey, 12 of the 40 main industries in Canada are found in the mining and oil group. The textile sector—which is represented by many plants in my riding—does not show up a single time. We therefore conclude that those industrial sectors, mining and oil, are less affected by the stagnation than the others. Still, they seem to benefit to a greater extent from the government's largess.

● (1232)

The November 16 budget only confirms that tendency. Statistics Canada reveals that in October 1978 there were, in agriculture, 17,000 unemployed; in forestry, 13,000 unemployed; note this, in the mines, quarried and oil wells, 8,000 unemployed, and in the manufacturing industry, 149,000 unemployed. Therefore, why does our Minister of Finance (Mr. Chrétien) intend to promote employment in an industrial sector which already benefits from considerable tax advantages, and in which the rate of unemployment is relatively low,

when there are 149,000 unemployed in the manufacturing sector which has the highest rate of all sectors of the Canadian industry?

Research and development in Canada have recently become the victims of political game of the federal government. Indeed, the Minister of State for Science and Technology (Mr. Buchanan) and his colleague, the Minister of Finance, seem to act in diametrical opposition to each other in that field. On the one hand, they insist on the vital importance to our economic base of a policy, for the medium term, that stimulates research and development, while, on the other hand, the government tries to camouflage the budgetary cuts reducing their funding of R and D. So, while the April budget and last week's budget provide about $100 million to finance research and development in industry, that investment is made at the expense of far greater cuts in government funding to the universities and government laboratories in the next two years.

The Minister of the Environment (Mr. LeBlanc) promised to increase the proportion of the gross national allotted to scientific research and development by .6 per cent from now till 1983, that is from .9 per cent to 1.5 per cent. Unfortunately, attaining that objective now seems very doubtful, especially since last August when the Prime Minister (Mr. Trudeau) announced that a revision of the budgetary priorities was being undertaken.

The Canadian Federation of Biological Societies and the Canadian Association of University Teachers have sent us a working paper which illustrates the scope of budgetary cuts in research and development in Canada. A research recently done by the Toronto *Star* showed the low involvement of multinationals in Canadian research and development. The Federation of Canadian Biologists asserts that the apathy of those companies stems more from negligence and lack of interest on their part toward Canadian industry in general than from a lack of fiscal encouragement. This position seems valid to us because experience shows that the developing countries have been facing this kind of problem for many years. Moreover, these countries are unable to create local infrastructure favourable to research, which gives birth to insuperable trade balance problems. Is Canada secure from international technological domination? Can Canada afford to let its trade balance deficit grow? I do not believe so.

According to important national bodies, including the Science Council of Canada, the Canadian Association of University Teachers and the Federation of Biologists, we must protect ourselves against technological domination by foreign countries. We must make an absolute commitment to encourage research and development in our universities, in government laboratories and industries in order to prevent economic stagnation. Indeed, without technological stimulation, we will find ourselves in front of an aging, inadequate and non competitive industry.

[Mr. Janelle.]

If we persist in basing our economic development exclusively on a capital intensive machinery, on a resource industry and foreign technology, it will quickly give rise to an unbalanced commercial situation in industrial and manufacturing fields. If such is the case, we must expect a considerable increase in unemployment rates from now till the beginning of the eighties.

The federal procurement policy should be structured to capitalize as quickly as possible on inventions made in our universities. University researchers are not acquainted with marketing procedures for products. They cannot either personally bear the costs related with copyright of inventions. Those circumstances thus compel the scientist to seek the support of an organization having the assets and sufficient business experience to complete the implementation of new technologies. Therefore the government must promote constant contacts between industrialists and researchers and then facilitate the marketing of new inventions. For that purpose the Canadian government should base its promotion project for research and development on the American experience. Let us follow proven experiences.

Mr. Chrétien's budget tries to give us a good over-all picture, but it has no definite features. Although neither the Progressive Conservative nor the New Democratic Party, to say nothing of the Liberals, seem to be concerned, the Social Credit Party of Canada thinks that a high national debt is not the sort of factor that will stimulate the economy. When one considers that in 1978 the interest on that debt was equivalent to the total budget for 1962, the magnitude of the problem becomes obvious. Taxes used to pay this interest are funds lost forever for public administration.

As for the decrease from 12 per cent to 9 per cent of the federal sales tax, the Social Credit Party of Canada thinks that Canadian consumers will be the last to benefit from it. Why did the Minister of Finance not distribute this 3 per cent directly to consumers by way of a discount on the purchase of Canadian made goods? The small taxpayer has therefore nothing to gain from this budget. On the other hand, big business, principally the mining sector, received a large piece of the pie as the rate of write-off of its expenses was tripled. Help is given to big business but what about the workers of those large companies? The Anti-Inflation Board recently rejected an 8 per cent salary increase for Thetford Mines miners, saying that it was too steep. That is a double standard policy. Also, if the government really wants to improve the job situation in the country, why were these tax favours not granted to small and medium-size business? Considering that in October 1978 the manufacturing sector had 149,000 unemployed, compared to 8,000 for the mining sector, why were the manufacturing industries not granted a 100 per cent write-off of their expenses, since this sector generates three times more jobs than the other sectors of activity? I have another example that shows how this budget was ad-libbed. I have here a

telegram from the Association provinciale de l'industrie du bois ouvré du Québec Inc. which represents the interests of 450 door and window manufacturers in Quebec. They are dissatisfied. This is what the telegram has to say:

> We strongly object to the 5 per cent tax imposed on materials exempted since 1975. As there was no prior consultation and as no valid reason was given for this modification, we condemn this action and want to see this discriminatory measure withdrawn. The immediate implementation of this 5 per cent tax has had serious consequences for all the people involved. At least a month's notice could have been given and many problems would thus have been avoided. Since your government wants to improve the situation of the Canadian construction industry, we cannot understand this action which will cause perturbations on a market already much affected by the slowdown in the construction industry, and we deplore the fact that all will have to pay for this decision, including manufacturers, builders and consumers.

This is signed by the general director of the association.

I believe that this telegram is quite explicit.

As concerns research and development, the government has once again failed to do anything positive. In September the government announced cutbacks of $20.5 million in 1978-79 and $55.1 million in 1979-80 for research and development alone. How can we imagine that the 10 per cent tax credit for investment will do anything useful for research in small and medium businesses when the government hacks away at the budget of university and government laboratories? At this rate our industrial research will be at a complete standstill within two years if the government does not do something soon to rectify the situation in the field of basic research. The Social Credit Party of Canada believes that we need a valid policy of research and development with a budget representing 2.5 per cent of the gross national product before 1985, of which 50 per cent should be paid by the public sector and 50 per cent by the private sector.

Moreover, in his budget the Minister of Finance has forgotten a vital and important sector of our economy. Among all the government proposals, no mention was made by him of the agricultural sector. Does this mean that agriculture has so little importance for this government that it prefers to forget it? For instance, in 1975 the Minister of Agriculture made a commitment to index the price of industrial milk, but the government has come back on this promise once again this year. Indeed the minister confirmed this in the House when replying to a question asked by my colleague for Bellechasse (Mr. Lambert). This seems to have become a habit since the same thing has been done in the industrial sector as concerns the contract about the Laprade plant which was signed with the Quebec government. They had made a commitment toward the province of Quebec relating to the Laprade plant, but they failed to respect that contract and thousands of jobs disappeared. In the industrial field, they have created unemployment; in the case of milk producers, they are making them starve to death, little by little.

In order to improve the economic situation, the Social Credit Party of Canada believes that the Government of Canada should increase the purchasing power of Canadians in the same proportion than as the increase in our gross national product. How? Through a 25 per cent discount on the purchase of any Canadian made product, through a national dividend and by lowering interest rates on loans. Interest rates were at 6 per cent in 1967, and they should come back at that level. We must keep in mind that when we say 1967, it means before the disastrous Trudeau government. The total exemption on personal income tax should be raised to $5,000 per person and to $1,000 per dependent child. Finally, as was proposed by the former Social Credit member for Portneuf, Mr. Godin, in January, 1973: "The government should give an income tax credit equivalent to the amount of mortgage interests paid on a family home and to the amount of municipal taxes up to an overall annual maximum of $1,000." Those are all measures which would certainly have been more profitable to the Canadian people than that parodical budget which was brought in by the Minister of Finance last October 16.

• (1242)

[*English*]

Hon. Allan J. MacEachen (Deputy Prime Minister and President of Privy Council): Mr. Speaker, I would like to congratulate the Minister of Finance (Mr. Chrétien) for bringing forward a budget which has addressed in a responsible way the main problems facing the country. I also congratulate the new hon. member for Lotbinière (Mr. Janelle) for delivering his maiden speech. While I disagree with most of what he has said, I think his first effort was very creditable and certainly characteristic of the calibre of service we learned to expect from his predecessor with whom we had worked in the House of Commons for a number of years.

Some hon. Members: Hear, hear!

Mr. MacEachen: In participating in this debate I would like to address myself to four main subjects. The first is the northern gas pipeline, for which I have responsibility in the government.

The second is the multilateral trade negotiations, for which I have a co-ordinating responsibility in the government and about which a number of questions have been asked by hon. members opposite. I undertook for the hon. member for St. John's West (Mr. Crosbie) to make a statement, or that another minister would make a statement on the current situation with regard to these negotiations.

Third, I would like to make some comments about the irresponsible criticism we have been receiving from the official opposition regarding the acquisition by Petro-Canada of Pacific Petroleums Limited and, in particular, the unfortunate and regrettable reflections which have been cast upon the Deputy Minister of Finance in his role as director of Petro-Canada. Comments which have been made earlier in the debate with respect to the conduct of the Deputy Minister of Finance should be answered.

Finally, I would like to return to a subject which was raised by the Leader of the Opposition (Mr. Clark) in his speech on

November 20 when he talked about the power to control government spending. I would like to put on the record some history which would indicate that what the Leader of the Opposition said on that occasion was quite wrong and quite false.

In connection with the northern gas pipeline I would like to say that since the approval by this House last April of the legislation establishing the agency to supervise and monitor the construction of the pipeline, the next most important development was the approval by the United States Congress, following many months of debate and study, of the energy bill which, among other things, establishes a system which will govern the price of gas at the wellhead and the price at which shippers sell it to consumers in the lower 48 states.

As hon. members will realize, the determination of this pricing regime was absolutely essential to the negotiation of contracts between the producers and shippers of gas and between the shippers and pipeline companies. Such contracts are in turn a prerequisite for arranging for the commitment of the vast amount of funds required to finance the building of the system.

Just this week, on the occasion of the visit to Ottawa of the Secretary of State of the United States, it was possible for both governments to emphasize once again the high priority which is attached to the completion of this project. Certainly the Government of Canada has a very deep commitment to the completion of the project, and this commitment is shared by the Government of the United States. Both governments are committed to expediting the building of this system because of the substantial contribution it can make to energy needs, industrial development, and the creation of output and employment in both countries. Indeed, by all accounts these considerations were also an important factor in persuading the Congress of the United States of the necessity for moving forward with the energy legislation and the gas pricing regime embodied in the legislation, which is so essential to the outcome of this project.

Despite the short-term changes in the demand and supply picture there is every evidence that gas from Alaska will be required to meet a pressing United States energy need by the time it is available for delivery to southern markets in the early 1980s. For that reason we remain convinced that the project is economic and that it can be undertaken by private enterprise.

It is our expectation that negotiations for contracts between gas suppliers and gas distribution companies will now proceed, so that the basis can be laid for the financing of this great project. I wish to assure those who are involved, or who may be involved in these negotiations, that the Canadian government believes it to be in the national interest that the construction of the Alaska Highway pipeline should proceed as expeditiously as possible. Our policies and future decisions which may affect the project will continue to be directed to that objective and so, I am informed, will the policies and decisions of the United States administration. As I said, that joint commitment to the success of the project was restated once again this week by both governments in discussions with the Secretary of State of the United States, Mr. Vance.

• (1252)

Turning to the multilateral trade negotiations, I need hardly remind hon. members of the significance of trade to this country and the significance of a satisfactory world trading environment. This is why Canada has attached such importance to the successful outcome of the multilateral trade negotiations which are now approaching their final stage in Geneva. Our objectives in these negotiations must be considered an important element in our efforts to promote the efficient development of Canadian industry and to gain broader export opportunities for our manufacturers, our primary producers, our farmers and our fishermen. I shall deal by way of report to hon. members on each of these sectors.

On the industrial side, improved access abroad should allow us not only to increase exports and export earnings but to achieve the longer production runs and increased productivity that are needed in many cases for Canadians to compete more effectively both in world markets and in our own. The greater liberation of trade in a number of resource-based sectors should provide similar support to the government's policy of encouraging the further processing of our raw materials prior to export. We have a major interest in broadening our markets for agricultural and fisheries products, particularly, in Japan and the European community.

On the import side, while lower tariffs will obviously involve greater competition from abroad for Canadian producers, they should also, by reducing the costs of imported raw materials and other production inputs, strengthen the competitive position of our own manufacturers as well as bring lower prices or costs to consumers. Quite apart from the changes that will be made in tariffs, I think it should be borne in mind that the new trading rules which are being drawn up in the course of these negotiations will establish the framework for international trade for the next 15 or 20 years.

As a major trading country it has been essential for Canada to take part in this process and to ensure that Canadian interests are taken fully into account. As hon. members know, these negotiations are much more complex than any previous set of negotiations. The earlier negotiations to which we have become accustomed dealt primarily with tariff questions. This particular round of negotiations is attempting to deal as well with broader trade problems, including the reduction or elimination of a wide variety among tariff barriers, and the drafting of international codes of conduct in a number of specific areas.

Attention is also being given to the improvement of certain existing provisions in the General Agreement on Tariffs and Trade to make them more responsibe to changing world economic conditions. In this regard considerable emphasis is being placed on the special problems and needs of the developing countries. At the same time efforts are being made to make the more advanced of the developing countries, a number of which are strong competitors for certain manufac-

tured goods, more fully accountable within the framework of GATT rights and obligations.

I should say, Mr. Speaker, that we have made very extensive preparations for these negotiations. We have undertaken extensive consultations with all the sectors of the Canadian economy and with provincial governments which obviously have a very crucial interest in these negotiations. These consultations will continue, and at each state, as is required, the negotiators will be holding consultations with industry, labour, and the provincial governments.

On the negotiations themselves, I think that we can report a certain amount of progress in our negotiations with the United States. In so far as the reduction of industrial tariffs is concerned, one of the important elements in this area is the prospect of a substantial agreement with the United States. Both sides are still pressing for certain improvements in each other's offer, and complete agreement has not yet been reached. The outlook, however, is promising, but the final shape of the Canadian industrial tariff offer and, indeed, of the U.S. offer as well, will also depend on what other countries, particularly Japan and the European Community, are prepared to do. As matters stand now, further improvement is needed in both cases from the Canadian point of view, and we are pressing for additional changes which would go further to meet our special concerns. In the case of the European Community this is made more complicated by the fact that last summer the Community diminished its original tariff offers on a variety of items of interest to Canada, particularly in the area of non-ferrous metals and forest products.

Agriculture remains an important and sensitive area of the negotiations. Canada has continually stressed the importance of an acceptable settlement on agricultural products. This would involve improved access to markets, particularly those of the Community and Japan, and a greater degree of control over agricultural export subsidies. Special arrangements for dairy products and bovine meats are also being pursued. As a separate matter efforts are being made to reach new understandings on trade in wheat and course grains.

Broad success in the agricultural negotiations will not be easy. In so far as negotiations between Canada and the United States are concerned, each side is still seeking further concessions from the other, but there are prospects for a mutually advantageous agreement, one that would reflect the basic interests of the two countries in their future trade and that would promise a greater degree of harmonization of North American agricultural tariffs.

As the House will be aware from the statement made by the Minister of Finance, we are negotiating with the United States and other countries separately from the MTN with respect to changes in the Canadian tariff for fresh and processed fruits and vegetables, arising from the recommendations of the Tariff Board. Finally, on a more general plain, the Community and the United States proposed an approach designed to provide a new framework within GATT for looking at ongoing problems of agricultural trade.

On the very important question of fisheries there appears to be prospects for meaningful access to the United States market, although certain improvements in its offer to Canada are still being sought. The offers so far put forward by Japan and the European Economic Community are less satisfactory, and both are being urged to put greater concessions on the table. I can assure hon. members that in these areas in the negotiations, as in all others, the priority interests of various regions of Canada are being vigorously pursued. In so far as the fisheries are concerned the reduction of trade barriers is indeed important if we are to take advantage of the potential for greater exports of both traditional and underutilized varieties arising from the extension of our fishing zones.

I come now to a very important and technical subject, namely, the international codes of conduct. In this context work has been going forward on codes which deal respectively with technical barriers to trade, government procurement subsidies and countervail, and customs valuation. In these areas not only have we been concerned with the liberalization of trade but with its fairness and certainty from the import and export points of view. In broad terms, the principal objective is to attempt to bring a greater degree of international discipline to bear on certain measures which, whether deliberately or not, can have a serious effect on the flow of trade.

● (1302)

I draw to the attention of hon. members situation report No. 4 which was published on October 30. The report deals with international codes of conduct, and it describes the situation as of that date. That would be a more efficient way for hon. members to bring themselves up to date on the question of the codes which are being negotiated at the present time.

Earlier in my remarks I referred to the work which is being done to improve and clarify certain provisions of the general agreement, to make them more responsive to changing world economic conditions. One of the most important provisions under discussion is that relating to the use of safeguards, that is to say, measures by which imports that cause or threaten to cause serious injury to domestic producers temporarily can be restrictive.

At a time when efforts are being made to reduce tariffs and further liberalize world trade, it is important to ensure an effective mechanism is in place to protect ourselves against disruptive import competition. What we and other participating countries now are looking toward in Geneva are improvements in the current rule which will accomplish two things. One is to provide more effective, efficient and more certain procedures to deal expeditiously with whatever injurious situations may arise. The other is to make sure that such procedures are not used irresponsibly. Once again we have interests both as an importer and an exporter. These negotiations are of tremendous importance to Canada. In developing our position at Geneva we have tried to provide benefits for all sections of Canada and in all sectors of the economy. As we draw to the final days of these negotiations, that will be our continued objective.

Obviously changes will take place in the Canadian economy. Some of these changes will occur regardless of the conclusion of the multilateral trade negotiations. They have taken place already, but whether changes occur for reasons apart from trade negotiations, or whether they occur because of trade negotiations, it will be necessary in consultation with industry and in collaboration with the provinces for the government to provide adjustment assistance. Already arrangements are being made to phase in tariff changes over a period of years, perhaps a fairly lengthy period of eight years. In addition to that, the Minister of Industry, Trade and Commerce (Mr. Horner) indicated that a range of measures designed to assist individual workers and firms will be put in place. It is designed to assist them in adjusting to both the opportunities and challenges which the economic environment of the 1980s will bring, including those which will flow from trade negotiations.

In conclusion, the timetable established at the Bonn Summit last summer is still in effect. Last weekend the Canadian trade negotiator, Mr. Warren, was in Geneva. At that high level meeting, once again it was undertaken that a continuing effort would be made to conclude firm understandings by the middle of December. These firm understandings would provide the general framework for future tariff changes.

There were certain dangers concerning the inability of the United States Congress to continue the waiver provision on the countervail. That difficulty has been ironed out, and now it is possible and probable that all major participants will be able to maintain a schedule and reach certain firm understandings by the middle of December. These will not take the form of tariff changes until perhaps March. All these understandings will not be put into the form of agreements until March. At that time we anticipate taking legislative action to implement tariff and other changes which have been undertaken at these important negotiations.

I should like to turn to the question of the acquisition by Petro-Canada of shares in Pacific Petroleums Ltd. The House and the country have witnessed concerted attacks by the official opposition in recent days concerning this acquisition. So, I thought it was important to put the government's point of view regarding this very important transaction on the record. While the official opposition professes to be in search of the truth of the matter, it has done everything possible to confuse the issue. Because of the confusion which has been scattered so generously by spokesmen of the official opposition, a statement of a few simple facts are in order.

The acquisition of Pacific Petroleums furthers the objects of Petro-Canada laid down in an act of parliament. Parliament enacted a law which laid down the main purposes of Petro-Canada, namely, to help ensure adequate supplies of energy for Canadians at a reasonable price, and to establish a considerable Canadian presence in the energy industry. I do not think anyone will contest the fact that the acquisition of Pacific Petroleums will assist Petro-Canada in meeting its goals. Through Pacific Petroleums, Petro-Canada will be in a position to explore aggressively for and develop natural gas finds in the high Arctic, heavy oil in Alberta, and oil and gas off the east coast of Canada, in a manner which takes particular account of Canadian needs.

An important point is that the cash flow from the activities of Pacific Petroleums will enable Petro-Canada to reduce considerably its dependence on funds from the consolidated revenue fund, and to pursue innovative technology for use in the frontier areas of energy exploration and development. Finally, the transaction aims to patriate a corporation with major energy interests in Canada.

Some hon. Members: Hear, hear!

Mr. MacEachen: The transaction has been carried out on a commercial basis, without the use of government funds, but the government approved the necessary supplementary capital budget of the corporation to allow the offer, precisely because the investment furthers the aims of the corporation and is in the interests of the Canadian public generally.

• (1312)

So why does the official opposition constantly talk about the use of government funds? Why does the hon. member for Qu'Appelle-Moose Mountain (Mr. Hamilton) talk about a massive rip-off of the public treasury when he ought to know, as every other reasonable person knows, that no government funds have been used in this transaction?

Mr. Gillies: There is a contingent liability. You are misleading the people again.

Mr. MacEachen: Much has been made of the allegation that this transaction involves the nationalization of industry in the private sector.

Mr. Gillies: Certainly.

Mr. MacEachen: The hon. member for Don Valley (Mr. Gillies) says "certainly, there has been nationalization." It is not nationalization.

Mr. Gillies: What is it then?

Mr. MacEachen: The concept of nationalization is quite different from this particular transaction, which is a straight commercial transaction in which the shareholders have been free to make their own decisions as to whether or not they wish to sell. That is quite different from nationalization, Mr. Speaker, which is a coercive act by the state against the wishes of shareholders. In this particular case the shareholders are free to sell or not sell.

Mr. Gillies: You are confusing again.

Mr. MacEachen: The transaction will also extend the reach of the federal agency in the energy industry, but in doing so will provide Canada with a highly efficient corporation with major interests in this country acting to serve the Canadian public interest in the supply of energy.

Mr. Gillies: You have misled the House again.

Mr. MacEachen: The first question asked by the hon. member—I wish the hon. member for Don Valley would—

The Acting Speaker (Mr. Turner): Order, please. I regret to inform the hon. Deputy Prime Minister that his allotted time has expired. He may continue with unanimous consent. Has the hon. minister unanimous consent to continue?

Some hon. Members: Agreed.

Some hon. Members: No.

The Acting Speaker (Mr. Turner): The hon. member for Egmont (Mr. MacDonald).

Mr. Lefebvre: Why don't you stand up and say no?

Mr. Gillies: I said no because he is misleading the people of Canada.

The Acting Speaker (Mr. Turner): Order, please. The hon. member for Egmont has the floor.

Mr. Martin: On a point of order, Mr. Speaker—

The Acting Speaker (Mr. Turner): Order, please. The parliamentary secretary is rising on a point of order.

Mr. Martin: Mr. Speaker, before the hon. member for Egmont takes the floor, I wonder whether we could clarify the situation regarding time for speakers subsequent to the hon. member for Egmont. I think there has been general agreement that speeches be limited to 20 minutes, with two exceptions. I think the one exception on our side would be the fourth member who may speak this afternoon from here on in, and I believe the House leader on the other side would like to comment.

Mr. Baker (Grenville-Carleton): Mr. Speaker, the parliamentary secretary is correct. There is agreement to the extent he said. I believe he would also agree that it should be extended to include the hon. member for Fundy-Royal, who will be making his maiden speech later on today.

The Acting Speaker (Mr. Turner): Is it agreed?

Some hon. Members: Agreed.

The Acting Speaker (Mr. Turner): Agreed and so ordered. The hon. member for Egmont.

Mr. David MacDonald (Egmont): Mr. Speaker, it was a most fascinating exercise on the part of the Deputy Prime Minister (Mr. MacEachen). I think hon. members of the House would be interested to hear the minister's views on some of what I thought were the current topics of this week, including the budget debate which we are concluding today, the report of the Auditor General of yesterday, or perhaps more interesting than anything, the proposed new Board of Economic Development Ministers, which certainly raises more questions than it answers.

It is passing strange that the government has seen no reason today to come and explain or to give an indication to the House of exactly what are its plans in this regard. Presumably it knows, and presumably we will find out. Again, the Deputy Prime Minister has been engaged in a kind of explanation of the inexplicable, and that would cover the context of his speech today, whether in dealing with GATT or his views and thoughts on Petro-Can.

I want to do something a little unusual, Mr. Speaker. I want to speak about the budget. I am delighted to have the opportunity to do so because I want to focus upon budgetary matters from what may in the minds of most hon. members appear to be a rather unique perspective. I want in fact to focus on budgetary measures that have to do with artistic and cultural industries in this country.

Quite frankly, Mr. Speaker, the proposals in the budget before us are a short sighted and limited response to the major challenges and opportunities of the Canadian nation. Never has the need been more obvious for a new government with a fresh and imaginative approach to economic planning. There is in this budget an almost complete lack of recognition of our potential in just about every field of endeavour. In particular, the opportunity and growth potential within our major cultural industries have been entirely overlooked.

Indeed, Mr. Speaker, this budget makes a negative contribution, if any, to cultural expression in Canada. The initiative taken by the Minister of Finance (Mr. Chrétien) in ending the lower tax rate for personal service corporations, which perhaps is justifiable in the broad view, will have a specific impact on the arts in Canada by driving out of this country some of our most talented and successful artists and performers whose commitment to Canada has until now enabled them to resist the strong financial lure to the south.

Earlier this week my leader presented in Toronto a totally different approach in the type of positive initiatives that we would bring to government to challenge and encourage Canadians to realize our remarkable potential, initiatives which would, if anything, attract back to this country the talented people we have lost and not drive them away. He promised, and I quote:

> —measures to encourage Canadian culture as an industry which can bring both income and identity to this nation.

I can assure my colleagues and all Canadians that this is no empty promise. As I said a moment ago, Mr. Speaker, it is my intention this afternoon to present six fiscal measures to stimulate the arts and cultural industries of Canada. Had this been a Progressive Conservative budget, these measures would even now be under consideration by this House.

I believe, Mr. Speaker, the cultural community of Canada is crying out for a renewed and imaginative federal presence. Yet what do we have? We have the Secretary of State (Mr. Roberts) responding by playing numbers games to explain away this government's budgetary cuts to the arts. The fact is that support available to the cultural community primarily through the Canada Council has dropped in constant dollars in recent years in terms of real value to our creative people. I find

it incredible that a Secretary of State would devote so much energy to muddying the waters on an issue so transparent to anyone involved with the arts in this country.

Today there is an increasingly crowded list of priorities for federal action in the field of culture which the present Secretary of State, in his two years in office, has been either unable to recognize or unsuccessful in convincing his cabinet colleagues of their urgency. This government has consistently ignored a fundamental aspect of the confederation debate—the need for Canadians to overcome the barriers of mutual ignorance and misunderstanding that separate us. We believe that a vigorous cultural life in a nation as diverse as ours should be the focus for communication for Canadians—not a target for government cutbacks—at a time when it is most needed.

The Canadian Broadcasting Corporation, for instance, is in urgent need of reform and revitalization. The CBC ought to be the centrepiece of Canadian culture, a living challenge to Canadians to share and appreciate our creative diversity. And yet increasing government opposition and insensitivity to the social, creative, and technological demands of public broadcasting have allowed the CBC almost to fade from the Canadian awareness and consciousness.

The Copyright Act is long past due for revision. Our composers are in fact locked into royalty rates unchanged since the act was brought in during the 1920s, which means, in effect, roughly two cents per playing surface to those who perform services as composers under the Copyright Act. Photocopying, cablecasting, video cassettes, even the long playing record album were unheard of in the 1920s. But it will be years before this government is prepared to give our creative talent even basic protection against a half century of technological development and exploitation of their work.

Abroad, Canada's cultural image is a shadow of its full potential. At home, our institutions of culture are starved for funding and our media of mass culture are foreign dominated almost to the exclusion at times of a Canadian presence. Such neglect of our culture, we believe, can only seriously jeopardize the well-being of this nation. We must bring a new vigour to federal responsibility.

● (1322)

The measures I am about to propose this afternoon are but a first step on our part toward confronting the serious problems in one particularly important part of our cultural life. Here I make it very clear that I am speaking primarily and most directly about the industries of mass culture in our country. I believe the federal government continues to overlook the oppostunities of culture as an industry in its own right. In just three areas of mass culture, books, films, and records' retail sales in Canada alone amounted to $1.2 billion last year. Of that, Canadian works represented only 8 per cent. Culturally, we are strangers in our own land, and economically we have been deprived of a whole market within our own borders. Yet the characteristics of the culture industry stongly suggest that a federal program of incentives would be a worth-while economic investment. For one thing, these industries are highly labour-intensive; they are overwhelmingly within the small and medium-sized business sector; they are directly linked to the rapid increase in leisure time, to entertainment spending, and have a high export potential. They could be considered a natural specialization for a country committed to diversity of culture.

[Mr. MacDonald (Egmont).]

There is probably greater unused capacity in our cultural sector than in any other industry across Canada. In short, Mr. Speaker, our cultural industries are ripe for the type of economic stimulus which only the federal government can offer.

We have been holding a number of hearings and consultations with hundreds of people directly involved in the cultural industry over the last few months. I am pleased that yesterday in the Standing Committee on Broadcasting, Films and Assistance to the Arts, the Secretary of State recognized in a positive way this particular initiative that our caucus has taken. We will continue actively to seek advice from the cultural community to this end. The measures we are proposing are, in our opinion, the minimum stimulus needed for these industries to develop their virtually unlimited potential.

The first measure would improve the present untenable positions of our artists under the Income Tax Act. Canadian performers and, to some extent, visual artists, can have sizeable expenses related to their work for which they are not compensated in their employment contracts. If they were self-employed, this would pose little problem, but for a variety of reasons they cannot claim self-employed status with the Department of National Revenue. If they had large incomes, this would not be a pressing concern, but the incomes received by our artists, with very few exceptions, are shamefully low. A fulltime professional actor, to give one example, earns in a year around $7,000, or just half the average industrial wage in Canada, despite years of difficult training and experience. There is, therefore, a serious inequity in our tax laws when these artists cannot deduct legitimate business expenses from their taxable income.

Even salesmen or railway employees have their special situation with regard to high work-related expenses recognized under the Income Tax Act. The United States gives to all of its artists the right to deduct such expenses, without distinction as to their status of employment. Yet in Canada the artist, one of the most precious resources of any civilized society, is seriously disadvantaged and even discouraged by our federal laws.

The Disney report, properly entitled "Federal Tax Issues of Concern to the Arts Community in Canada", devoted considerable attention to the problem. One of the key recommendations of this report, commissioned by the Secretary of State, was to eliminate the distinction, for the purpose of claiming business expenses, between self-employed and employed artists. Surely this is the very least we should expect from government—to alleviate the low incomes of our creative people, incomes which too often either force our artists to head south, or to work only part time at their craft.

On October 26, when I asked the minister what action he was taking on the Disney report, I was surprised to find that

after so many months it is still only a matter of study and continuing discussion with his colleagues. I am really surprised and quite disappointed that the Secretary of State so far has been unable to convince the Minister of Finance of the obvious and clearcut need for such a measure. A Progressive Conservative budget would remove this inequity from our tax laws.

The second measure we would introduce concerns the definition of Canadian films eligible for investment incentives. I suppose the single most important reason for the present miniboom in our feature film industry is the 100 per cent capital cost allowance on film investments introduced in 1976. This measure enabled Canadians to deduct from their taxable income the full amount of their investment in film making. Unfortunately, this measure has allowed tax advantages for investments of dubious lasting value to the Canadian film industry. Some fly-by-night operators have moved in and out quickly to exploit and celluloid tax shelters. More seriously, the administration of the film investment allowance has undermined the independence of our fledgling, indigenous film industry. There exists a serious danger this infant industry will become a ward of the Hollywood majors, thus defeating the purpose of creating a genuine Canadian industry.

It seems to us that the heart of the problem lies in the definition of a film eligible for the investment allowance contained within the income tax regulations. We believe it is axiomatic that any fiscal measure in support of the cultural sector must encourage both the creative and the financial control of Canadians. By that basic yardstick, the present definition simply does not measure up. This is not news to the present Secretary of State, who, I am sure, has received representations from many sectors of the film industry to this effect since he assumed office, and I am disappointed that in this budget, as in his partial film policy of last spring, no action was taken.

We believe it is important to strengthen the definition of films eligible for the investment write-off. As a minimum, we would add three requirements: the film's director, production company, and distribution company with domestic rights, must be Canadian, which we would define as a citizen or landed immigrant with one year's continuous residence, or a company that is majority Canadian-owned. We believe that these three straightforward amendments to the tax regulations would significantly enhance the creative autonomy of our film industry and the financial return available to Canadian companies for re-investment. We would also, at the same time, ensure that this strengthened definition included the production of video cassettes, and we would move to ensure that there is significantly more benefit for Canada from film co-production agreements with other countries. By this recommended change you will recognize, Mr. Speaker, we could open up a new and enticing loophole through the co-production agreements.

The third measure would apply the highly successful principle of the capital cost allowance, to which I have just referred to investments in book and sound recording ventures. The major obstacle to the commercial exploitation of Canadian musical and literary talent in Canada, since I believe other countries seem to have no difficulty making money off our artists, is the lack of venture capital. Canadian firms in this sector are too small to generate internally the investment capital needed. Much of the present financing of Canadian books, for example, comes from either our publishers' profits as the agents for foreign firms, or from the Canada Council's block grant program. This is a highly dependent and sometimes subjective relationship. In a high risk business, outside capital will not become available without some form of sizeable incentive.

Within the film sector, production has been encouraged by not only the capital cost allowance, but also by a range of Crown agencies—the CBC, Canada Council, National Film Board, and Canadian Film Development Corporation, to mention just the most basic ones. The complexity and cost of film-making, in our opinion, does justify special assistance to this sector, but not to the virtual exclusion of such influential cultural media as books and records. A Progressive Conservative budget would, therefore, have recognized the urgent need for venture capital in our publishing and recording industries by allowing investments in most Canadian books and records to be eligible for the 100 per cent capital cost allowance.

As with film, we would establish eligibility criteria that ensure creative and financial control remain Canadian. Frankly, we have no interest in allowing tax deductions for investments that are of no value to Canadian firms or artists. Books eligible for the investment allowance would have a Canadian author, a majority Canadian-owned publisher, and a Canadian printer. Eligible sound recordings would have a majority Canadian-owned production company and domestic distributor, Canadian principal performer or performers, and depending on the type of music, a percentage of Canadian-authored music or lyrics.

● (1332)

Although Canada possesses a wealth of musical and literary talent, we have seldom been able to invest the large amounts needed for our artists to compete commercially either at home or abroad. Many Canadian recordings are produced for as little as $5,000, and $50,000 is the absolute limit that any Canadian company can put into an album. Compare this to the $150,000 routinely invested by an American company in the first album of a Canadian performer, plus another $200,000 on promotion, and one begins to realize why Canadian talent represents only 7 per cent of the record sales in Canada. The lack of capital forces our first-rate creative talent to accept second-rate technical quality. We would give this incentive to our recording and publishing industries because we believe Canadian talent deserves better than that.

The fourth measure would provide federal guarantees on loans to Canadian firms producing or distributing Canadian films, recordings, books or magazines. Venture capital, as provided through the 100 per cent cost allowance, is by itself not enough to enable firms in the cultural sector to produce and market Canadian talent at their full potential. They have almost no access to credit through our regular lending institutions, although they face unusually heavy cash demands for

sophisticated equipment, advance payments, and promotion campaigns, long before they can expect a return on their investments. The foreign takeover of Canadian firms, such as publishing houses, or more frequently their failure to expand with new market opportunities, can be largely attributed to this lack of operating capital.

A Progressive Conservative budget would make special provision within existing federal programs, such as the Federal Business Development Bank or the Small Business Loans Act, for those firms which are producing or distributing Canadian cultural product. We would provide federal government guarantees on loans from the financial institutions based on three criteria: the firm must be majority Canadian-owned, the firm must have a record of commercial viability, and the firm must have shown a commitment to the development of Canadian cultural material.

The fifth and sixth measures are somewhat different from the first four I have outlined because they would deal directly with the provision of incentives to the cultural market place for Canadian products. In the areas of film, books, magazines and recordings the same problem confronts Canadian works throughout the cultural market place. The distribution systems are so dominated by foreign corporations committed to the tradition of marketing foreign material that only a fraction of Canada's potential for creative output ever reaches the Canadian public. In our domestic market only 7 per cent of records sold, 5 per cent of movies seen, 3 per cent of newsstand magazine sales, and 9 per cent of book sales are Canadian. Unfortunately, we are unique in the industrialized world in the extent to which our mass media of culture, which is the lifeblood of a nation's identity, is controlled from outside our borders. I believe we would undoubtedly lose in comparison to a good many developing nations as well.

Quite obviously, it would be foolish to attempt to close our borders to the output of foreign cultures, as they are themselves part of the excitement and diversity of our own culture. But surely there must also be a reasonable level of communication among Canadians if we are ever to share, appreciate, and even make sense of this tremendous diversity we cherish. By no imaginable standard could we conclude that Canadians today do possess that reasonable level of access to our cultural media needed to communicate among ourselves. The reason is not that we have nothing to say, not that we lack the ability for creative expression. If anything, it has been proven in the last ten to 20 years that we have had a literal explosion of creative activity from one end of the country to the other. But we lack the economic leverage which, for better or for worse, is what gets the cultural product into the mass market in our system.

It will not be enough, as we are quickly finding out, simply to produce creative works of international quality, although there is no doubt in our minds that Canada's cultural community can do so capably. We must equally find ways to gain fair access for these works to the Canadian market.

Here I want to talk briefly about quotas because this seems to have been the primary solution the federal government has advanced over the last few years. Quotas, both voluntary and mandatory, have proven at best a limited success with television, radio, and the movie chains. Where the quota is not flaunted outright, its spirit is often seriously violated. We can well imagine the difficulties of applying or extending the principle of quotas on a broader scale to book and record stores, for example.

There are other ways, so far untried by this government, but which we believe have the potential to succeed. A Progressive Conservative budget would have included incentives to the market place itself to provide fair access for our own cultural works. What this approach would do, in effect, is create a demand or a pull for Canadian books, films, records and magazines, rather than pushing them onto an unreceptive market. There are two likely routes we could follow here, either separately or in conjunction with one another. I want to deal briefly with two market initiatives which I think are quite significant.

Our first option would be to initiate a nation-wide scheme modelled on Ontario's "Halfback" program which was so successful earlier this year. Ontario's experiment was successful because it allowed the holders of losing Wintario tickets to redeem them at half value or 50 cents each, up to a maximum of $2 on the purchase of a Canadian book or magazine subscription. A national scheme based on losing Loto Canada tickets would apply equally to Canadian films and recordings, as well as books and magazines, and joint participation from provincial lotteries would also be welcomed. While it is unlikely such a scheme would be very useful if extended indefinitely, it would in a given period encourage hundreds of thousands of Canadians to try a taste of their own culture, perhaps for the first time.

The second option involves a novel use of the tax system to give an incentive to firms in the cultural market place to promote and sell Canadian. Essentially we would exempt from corporate tax the net profits realized by retail stores on their sale of Canadian books and records, or in the case of movie houses from their exhibition of Canadian films. In the so-called mass market or rack sale of paperbacks, magazines and records, we would apply this incentive to firms at the distribution or wholesale level.

I recognize that a new approach as this will naturally encounter a number of administrative difficulties. On the question of eligible items we would use the same definition of what is Canadian as for the capital cost allowance. We would probably look to the distributors of the product, who will certainly be prime beneficiaries of this incentive, to implement the necessary bookkeeping procedures. We would have to devise an efficient formula for determining the proportion of the firm's expenses used to calculate the net profit figure which is tax exempt. But I am confident that any of these difficulties or technicalities can be resolved in consultation with the firms affected. The potential in this approach certainly makes it well worth the effort. It would not force anyone to "Buy Canadian". It would not subsidize mediocrity. It does give Canadian small businesses a significant incentive to pro-

mote and make available creative Canadian works on a more equal basis than is now the case. It goes to the root of our philosophy as a party that workable incentives are a more efficient and acceptable alternative than state compulsion.

These then are the six fiscal measures a Progressive Conservative budget would have introduced to stimulate the Canadian arts and cultural industries, rather than the pale and, in one instance, negative document that we are considering today. I submit to you that they would have a significant, if not a profound, impact on our creative and cultural life.

What about the cost? Our estimates, and I admit they are rough, indicate a rise in the Canadian share of our cultural market from the present 8 per cent to at least 20 per cent. In retail sales, this is a gain of $188 million. In terms of employment there is potential for the creation of at least 5,000 new full-time jobs. From economies of scale we anticipate a reduction in the unit cost of Canadian products of at least 5 per cent or perhaps even 10 per cent.

In terms of exports, once we have a firm foothold in our domestic market, the sky is the limit with our ready access to the multi-billion dollar mass markets of the English and French-speaking world. As my leader stated Tuesday night in Toronto, "We don't need to defend ourselves against the world, but to express ourselves to the world". I think we have to get beyond the stockade mentality with respect to our cultural industry. Instead of simply resisting what has always come at us from the outside, we may have things of international quality in two official languages that others want to share with us from one end of the world to the other. That is the kind of optimism and activity a budget should have entailed with regard to the cultural industries.

● (1342)

Our estimates indicate that the combined cost to the federal treasury of these six measures would be in the neighbourhood of $5 million. That is just a bit more than the Secretary of State paid for our national birthday party, or half the cost to the government of the National Discovery Train. In fact these measures would stimulate economic activity to the extent that they would soon realize a net gain for the federal treasury. The $5 million spent on these six measures could well prove the most cost-effective investment the government could make in any field.

This is the type of investment in our future which a truly concerned government would not hesitate to implement, not simply because it makes economic sense but because, again in the words of our leader, speaking in the city of Toronto, and I quote:

> Because countries are more than economies and constitutions. When we satisfy the last lawyer, and create the last job, we will still face the question: what kind of country are we?—
>
> That is the fundamental question being asked of those of us who live outside Quebec by those Québécois who want to stay Canadians. And the answer is here—in the turbulent diversity of this city—in the potters and the weavers and the craftsmen starting business across the land—in our 7,000 Canadian authors—and our legions of local historians—and our millions with memories of what this nation means to them.

At the present time we have a burgeoning potential for cultural expression. We celebrate a diversity of interests and activities which are the essence of our country. Yet Canadian culture today is a state-subsidized activity on the margins of economic enterprise. Canadian culture tomorrow could be the growth industry of the decade. And by making it possible for Canadians to express and to share our diversity through our own cultural media, we may in fact contribute something of inestimable value to the spirit of Confederation itself.

Some hon. Members: Hear, hear!

[*Translation*]

Mr. Alexandre Cyr (Gaspé): Mr. Speaker, first I would like to congratulate the new cabinet members, the members for Matane (Mr. De Bané), Kenora-Rainy River (Mr. Reid) and Scarborough East (Mr. O'Connell) and to wish them all the success they deserve in their new duties.

Mr. Speaker, I would like to dwell on a few points of the budget speech delivered by the Minister of Finance (Mr. Chrétien). Allow me to point out that the moderate growth of the Canadian economy in 1978 is mainly the result of low consumer expenditures. I therefore want to congratulate the minister for reducing the federal sales tax from 12 per cent to 9 per cent which will promote, I hope, increased consumer expenditure while containing inflation at a time when the Canadian economy is no longer subject to price control.

The control of inflation has always been and will remain the concern of the Liberal government's economic policy. And it is precisely the widespread inflation experienced from the beginning of this decade which has been one of the main factors responsible for the decreased competitiveness of Canadian products on international markets. It cannot be denied that this is the main source of our balance of payment difficulties which have brought about the Canadian dollar devaluation over the past two years. The significance of this devaluation should not be exaggerated however as it is one of the factors which are now contributing to the economic recovery of Canada as a whole and of Quebec in particular. As a matter of fact, this factor will doubtless contribute to the rising growth rate of the Canadian economy forecast for next year.

Mr. Speaker, the Gaspé peninsula has traditionally been recognized as an area of slow growth, in spite of the sustained efforts and repeated interventions of the government which sought to favour the development of this area through its regional expansion policy. This policy is now in full swing, thanks to the special fiscal incentives the Minister of Finance has reserved for the Gaspé peninsula and the Atlantic provinces in his budget speech. On behalf of all Gaspésians, I want to thank the Minister of Finance for the special attention he has paid to the slow economic growth of their region, and I am sure that a few hours from now, the hon. member for Gloucester (Mr. Breau) will do the same on behalf of his constituents.

As a matter of fact, Mr. Speaker, the investment tax credit program which was to expire on June 30, 1980, has been extended for an indefinite period, and the basic rate has been increased from 10 per cent to 20 per cent. This is a change which I had sort of suggested myself last year. I certainly hope that these sectoral incentives will stop some of our young graduates from leaving, for lack of adequate employment opportunities in the area. Another fiscal policy which should hopefully improve the economic outlook of the Gaspé peninsula concerns the write-off for mining development expenditures which is being raised from 30 per cent to 100 per cent, as well as the fact that townsites and social assets required for new mines will qualify to earn depletion.

● (1352)

Mr. Speaker, the mining industry in the Gaspé peninsula is mainly based on the production of copper in the region of Murdochville. Despite the continuous problems that this industry was faced with in recent years, I do hope that these tax reductions together with the improvement of the competitive level of the mining production as a result of the drop of the Canadian dollar, will contribute to assist the mining industry in the Gaspé peninsula. These fiscal benefits are a new factor which could lead to the opening of the Madeleine mines, in Saint-Anne-des-Monts which have been closed down for two years now. I think we will come to a similar situation in the forest industry, especially in the pulp and paper sector. Mr. Speaker, the financial critic of the official opposition, the hon. member for York-Simcoe—who fortunately does not have to worry about a high unemployment level and about the insecurity in the activity of the two industries of wich I just talked—seems to be totally unaware at these facts.

Another measure announced in the budget speech by the Minister of Finance has to do with increasing the air transportation tax to improve government revenues necessary to finance airport services and investments. I do hope this measure will generate enough additional revenue to allow the Minister of Transport to carry out as soon as possible the commitment made by his predecessor in 1973 and reiterated by himself since he took over his portfolio to give the Gaspé area and the Îles-de-la-Madeleine a decent air transportation service. That, Mr. Speaker, is something I have been fighting for vigourously for over ten years. That lack of air service has been and will continue to be a major obstacle to the economic development of the Gaspé area wich could reduce the impact of the particular tax incentives the Gaspé area was given in the form of investment tax credits which I referred to earlier.

One last budget measure I would like to deal with has to do with the extension of the tax incentive for residential buildings. That, Mr. Speaker, is a measure which the financial critic of the opposition omitted to mention for very obvious reasons. Although those tax incentives are mainly for Canada's urban ridings, the people in the Gaspé area were able to benefit under several programs recently introduced by the Minister of State in charge of Urban Affairs, and let me name a few: Under its Residential Rehabilitation Assistance Program, the Central Mortgage and Housing Corporation is offering federal funds to repair and improve single-family houses. Furthermore, the National Housing Act provides for various forms of assistance to private non-profit housing corporations trying to arrange for low rental housing for families, old people or groups like the handicapped. Under that same act, the Central Mortgage and Housing Corporation also offers various forms of assistance whose primary objective is to provide adequate low rental housing, which can be personal residences, homes for the elderly or collective residences.

Mr. Speaker, since 1971, the Central Mortgage and Housing Corporation has contributed to the construction of 525 low rental housing units in the riding of Gaspé. CMHC loans total $9.4 million. The Central Mortgage and Housing Corporation also contributed to the construction of two homes for the elderly and loans stand at about $2 million.

For three years, people in the Gaspé area have been able to take advantage of the Residential Rehabilitation Assistance Program. This new Central Mortgage and Housing Corporation program, which is called RRAP for short, will provide loans totalling $1.5 million and grants totalling $700,000 and will enable more than 200 homeowners to repair and improve their homes. Under the three programs for non-profit housing and for the rehabilitation of owner-occupied dwellings, the constituency of Gaspé has received subsidies totalling $14 million.

However, in 1976, the Quebec government, through the Central Mortgage and Housing Corporation, authorized the construction of low-rental housing in three different municipalities of my constituency, that is Gaspé, Grande-Rivière and Ste-Anne-des-Monts. The Lévesque government has not followed up on the projects for non-profit municipal associations. Moreover, a letter addressed to the hon. André Ouellet and dated January 18, 1977, says the following:

> The Gaspé, Grande-Rivière and Ste.-Anne-des-Monts projects are expected to be dealt with within the 1977 programs of the Quebec Housing Corporation and to be the subject of a subsequent agreement. Our Quebec regional office, which is responsible for this file, will therefore know the details of this project only when the Quebec Housing Corporation submits its assistance requests following the signature of a new agreement.

We are now near the end of November 1978 and nothing has been done yet. This situation has gone on long enough and there is an urgent need for the Quebec government to accept the millions of dollars that the Ottawa government has placed at its disposal to provide residents of the Gaspé area with low-cost housing for low-wage earners and senior citizens. I submit that the Quebec government has deprived the constituency of Gaspé of 200 housing units and of an investment of nearly $5 million in the last two years.

Another program of the Central Mortgage and Housing Corporation which is very popular in the Gaspé peninsula is the one which aims at providing low-cost housing to individu-

als, families, elderly people or special groups such as the handicapped. Forty-eight housing units at a value of $1.2 million are now under construction at Chandler. Several non-profit agencies are participating in this program at Ste-Anne-des-Monts, Gaspé, Grande-Rivière and Chandler. Our forecast, Mr. Speaker, is that within two years the riding of Gaspé, thanks to this new program, will have 300 additional housing units if the government of Quebec decides once and for all to authorize the building of new low-price housing in those localities as indicated in the January, 1978 letter of the minister. In two year's time the riding of Gaspé will have 500 more housing units.

Mr. Speaker, before concluding my remarks, I would like to speak a few minutes about the fishing industry in Canada. I would feel guilty if I were not to mention the improvements which have taken place in the Atlantic fisheries since the hon. member for Westmorland-Kent (Mr. LeBlanc) took over the fisheries department. In a speech which he delivered in Moncton last November 10, on the occasion of the meeting of fisheries ministers for the Atlantic region, he said and I quote:

> Our policy was based, secondly, on our wish to control fisheries for the good of the people. Although we are entertaining hopes of expansion for our fleet, too many extravagant projects have fallen through. We did not want, at any cost, to be fooled by the extension of our fishing zone to 200 miles. We wanted to use our resources, first of all, to improve the lot of the fishermen, who very often are at a disadvantage, and make them feel they were the main beneficiaries of that common property.
>
> To stabilize fisheries and give control back to the fishermen, we needed sound foundations such as quotas, restricted access and the fishery plan which every year from now on coordinates the development of ground fish. We have emphasized the quality aspect of the products and the importance of orderly industrial operations.
>
> Our efforts have worked. It is no longer a time for laments or blackmail. Never has the fishing industry been so well.

I agree with the Minister of Fisheries and the Environment (Mr. LeBlanc) when he says that the fishing industry is better off than ever before. However, in Quebec and particularly in Gaspé we have serious problems of supply, especially as far as herring is concerned. There is a lack of co-operation between the provinces, fishermen and producers to give Quebeckers access to the herring stocks. As fish go beyond limits without being aware of it, Quebeckers should be able to take advantage of the herring fishing industry just like maritime fishermen and producers. Herring stocks are limited and the question is who owns that herring?

It is unfair to let maritime fishermen catch all the herring; Quebec fishermen should also have access to those resources since herring is fished a few kilometers off the Gaspé coasts. The fishing fleet of Quebec cannot be equipped for purse seine fishing since the Government of Canada has not issued any licence since 1970. Fishermen and producers of New Brunswick have 27 licences for purse net herring fishing and those of Newfoundland have 32 licences. Not a single licence was issued in Quebec.

The herring plants of the Gaspé peninsula and the Magdalen Islands operated only for a few weeks in 1978. The fishermen of New Brunswick were supposed to deliver part of their catches to the plants in Quebec but the agreement was not respected. Gill net fishermen cannot supply the plants because their catches are too small. The Minister of Fisheries and the Environment was made aware of the situation in Quebec by hon. members of the Gaspé peninsula, as were also his civil servants and those of Quebec fisheries.

Mr. Speaker, on behalf of the fishermen, of the workers in the processing plants and the producers, I appeal to the minister and ask him to take steps—the matter is urgent—to ensure that Gaspésians and "Madelinots" can be equipped and get licences like their neighbours in New Brunswick, Nova Scotia and Newfoundland, that they can get their share of the herring quotas in the Gulf of St. Lawrence and Chaleur Bay. Unless a favourable decision is soon reached with regard to issuing licences to the seine fishermen, the herring processing plants which operated only briefly in 1978 will have to shut down, and that, forever. The jobs in the plants which process the larger herring and the value of their production have both increased by about 500 per cent in the maritime provinces in the last few years. Mr. Speaker, the situation is not the same in Quebec. We must find the remedial correctives that are required. The fate of the herring processing plants in Quebec is therefore in the hands of the Minister of Fisheries and the Environment of Canada.

● (1402)

[*English*]

Mr. James Gillies (Don Valley): Mr. Speaker, it is a great pleasure to participate in this budget debate. I am particularly pleased to follow the Deputy Prime Minister (Mr. MacEachen), who talked about a great number of things and concluded his speech—I do not have the "blues" before me—with the implication that members of my party and my leader have been spreading across this country a great deal of information with respect to the acquisition by Petro-Canada of Pacific Petroleums which is not correct. I listened with interest to what the Deputy Prime Minister had to say about this, and it seems to me that if anyone is spreading false information or alluding to aspects of this acquisition which need interpretation, it is the government.

Let me review what the Deputy Prime Minister said. By implication he said that by taking over Pacific Petroleums, Petro-Canada was increasing the supply of energy for Canadians. At this stage that is patently unprovable. The reality is that Pacific Petroleums is a well operated company. It is operating in Canada and finding reserves. By any measure it is managed well. By the measure of profit Pacific Petroleums is being managed much better than Petro-Can. But no one in this House can say that an increased or assured energy supply will be the result of the acquisition by Petro-Canada of Pacific Petroleums. One has to be somewhat skeptical.

We do not know whether the management of Pacific Petroleums will remain with Petro-Canada. We do not know whether the management of Petro-Canada, a nationalized company, will be as efficient as the management of a private company. If we look at other nationalized organizations in this country such as the Post Office, and if we look at the scandalous management of Atomic Energy of Canada Limited a few years ago, how can we be sanguine about the prospect that the management of Petro-Canada will be any better? We certainly do not know. Therefore the first statement made by the Deputy Prime Minister this afternoon was certainly open to question.

The Deputy Prime Minister dealt with security of supply for Canadians, as if the National Energy Board does not exist. Surely the Deputy Prime Minister knows that there is no export of energy from this country without permission from the National Energy Board. Has he no confidence in that agency, which his government had a great deal to do with setting up?

I do not have the words of the Deputy Prime Minister in front of me, but his words with respect to security of supply are clearly open to challenge. When he says that there has not been a nationalization because the government has not expropriated, that seems to be a very peculiar understanding of what nationalization is all about. To anyone who understands these things at all, government ownership is nationalization. It is national ownership. Just because there is no expropriation does not mean there is not nationalization. The confusion of the Deputy Prime Minister about this matter gives me a great deal of concern. If a senior spokesman of this government thinks something is not nationalized because it is not expropriated, we are going to have very serious problems.

If the government moved in and took over the department stores of Canada but did not expropriate them, I suppose the government would not consider those department stores nationalized. Of course they would be. Why is the government pretending that the Petro-Canada acquisition of Pacific Petroleums is something other than what it is?

I was in the committee when Petro-Canada was established. As a member of that committee I asked the then minister of energy, mines and resources whether the position of the Government of Canada was that the private sector could not develop our resources effectively. The answer of the minister at that time was that that was basically the position. The government is nationalizing, and pretending it is doing something else.

The most important issue, the one which brings me into this debate, is that every time members of the government talk about this acquisition they say it is a perfectly private transaction and that the money is being borrowed from banks. We are told that the assets of Pacific Petroleums are being pledged for security for those loans and that the Government of Canada is not involved. Well, that is not true. The fact is that under the Petro-Canada Act and under the Financial Administration Act there is a contingent liability on the people of Canada in relation to this transaction. Perhaps it is the position of the government that contingent liabilities do not matter, but that is dangerous thinking. It is the kind of thinking in which this government has indulged for a number of years.

The government thinks there is no need to be responsible about spending, about accounts, or about liabilities of any kind. I am sure the government does not know whether the people of Canada would be much better served if those contingent liabilities, which are not endless, were used to back loans for housing or to back loans in other areas. Who knows? But when we are talking about this transaction and about borrowing and then not making a final statement, or following the transaction to its conclusion and pointing out that Petro-Canada as an agency of the government, either under its act or under the Financial Administration Act, has a liability and is creating a liability for the people of Canada, that seems to me to be something less than open.

If the government wants to argue that these liabilities do not mean anything, that is all right, but today the Deputy Prime Minister said that the Conservative party is misinforming the Canadian people. He did not follow the transaction through to its conclusion and point out that a liability is being created for the people of Canada. That seems to me to be less than open. It is the government that is misinforming the people of Canada.

In terms of financial obligations, financial accounting, and recognizing liabilities of one kind or another, there is a difference between the party of which I am a member and the government. The position of the government is that these things do not matter, and the government does not talk about them. It was this very type of thinking, as the Auditor General pointed out—that taxpayers' money is a bottomless pit—which has placed us into this trouble that we are in today in the operation of our economy.

• (1412)

It is interesting to participate in the budget debate on its last day. The economic indicators in the country show that the cost of the living is up a full point, the Canadian dollar has declined again, unemployment is still high, and our trade balance is down. These are all negative factors in the operation of our economy. Why do we not, in a rich and prosperous country like Canada, have an economic performance which is more tolerable than we have been getting? No longer can Canadians believe that it is because of what is happening in the rest of the world. Surely Canadians realize now that we are in the economic difficulty we are in because of the total mismanagement on the part of the government.

What is a budget about, Mr. Speaker? Up until the middle 1930s, indeed up until World War II, it had a very simple purpose, to raise the money necessary to finance expenditures which are in the estimates. It seems really naive to think that way today. Nobody today thinks that the purposes of the budget is to raise money to finance the expenditures of the Government of Canada. If the people on the government benches would realize that the things they are promoting have

to be paid for and had the courage to tax for them, then I think we would have some restraint.

After the 1940s, budget-making changed, and the purpose of the budget was more or less to set an economic policy for the nation. The goals of that economic policy-making are reasonably well known—to have relatively full employment and relative price stability. If the government is not going to use the budget to raise money to pay for its expenditures, I suppose it could always cop out and say, "We are going to use the budget to direct the economic performance of the nation in the course of the next year or two to get reasonably full employment and relative price stability."

The Minister of Finance (Mr. Chrétien) has brought down a budget which increases the deficit, so out the window goes any idea that the budget is used to raise finances for expenditures. The minister predicts that the unemployment rate will rise and that we will end up with an inflation rate of around 6 per cent. A year ago he said the inflation rate would be around 4 per cent. This budget does nothing for our economic policy and nothing to raise the revenues that we need for expenditures about to be undertaken by this nation. This budget simply deals with the mechanics of the operation of the government cash balances and cash needs.

Some people have said that we have a very responsible Minister of Finance because he did not bring down a political budget. In fact, it is one of the most political budgets that has ever been brought down, because what has to be the bottom line for this budget is that this government is not prepared, under any circumstances, to see the value of the Canadian dollar drop below 84-85 cents on the foreign exchanges. Indeed, in the budget address the Minister of Finance said that it is the position of the government that the value of the Canadian dollar should remain around 85 cents as compared to the U.S. dollar. What he is really saying is that the Liberals have to get ready for an election and that they cannot afford for the Canadian people to see the economic failure of this government dramatised by a falling dollar.

This government does not care about the millions of Canadians who are out of work or about inflation. It wants to keep the dollar at around 85 cents so that Canadians will not have a clear and simple indicator of how great the mismanagement of this nation has been under the administration of this government. Politically, it is unacceptable for the dollar to fall below 85 cents. I do not see how anyone can make the interpretation that this is a responsible budget and a responsible minister when the budget does nothing to meet the needs of the people of Canada, but merely attempts to ensure the political survival of a party.

If we ever needed in this country a budget with imagination that would do something for our problems, it is now. Yet the Minister of Finance did nothing, clinging to the hope that somehow he would manage to get along, fooling the Canadian people for another few months that the economy is not in as bad shape as it truly is.

The announcement by the Prime Minister (Mr. Trudeau) today of his cabinet shuffle is another disappointment. The Minister of Finance, who has presided over an increasing deficit, increasing unemployment and increasing inflation, is left in his portfolio. The Minister of Industry, Trade and Commerce (Mr. Horner), who has been something less than a world leader in his department, is left in his portfolio. Canadians who are really concerned about their country must be wondering what is happening. We get something called a board of economic development that leaves the Minister of Finance in an ex officio position. What kind of Minister of Finance would stand for the establishment of such a board without a major role being played by the minister himself? As for the Minister of Industry, Trade and Commerce, they even took his deputy minister away for this new board. Another bureaucratic structure is created when what is really needed is strong competent ministers who understand the problems and have the courage to bring in the solutions that are necessary to get this country moving forward again.

We need reform of economic policy-making in this country. It has been spelled out many times by members of my party. We need reform in the operations of the finance committee. We need to have hearings, before the budget is brought down, with competent people around the country, and we need to have some control over expenditures in this House of Commons. Every member of parliament knows that when he or she is elected, his or her constituents think he or she is going to do something about controlling expenditures, and every member here knows, if he is honest with himself, that this government has no control over the expenditures in the way they are set up at the present time.

Instead of moving where we need to move to strengthen our key portfolios, we find today that the Prime Minister has done nothing and has allowed to remain in these key positions ministers with proven records that they cannot handle their job.

I would like to put on record that I believe, and the members of my party believe, that Canada can enter, and is about to enter, one of the most prosperous periods in its history. I am very bullish on the next decade for Canada. There is so much to do in terms of pipeline, energy development, steel construction, light manufacturing and so on. The most prosperous nation in the world, bar none, in the 1980s can be and probably will be Canada. In that prognostication I am not speaking as a member of parliament. I am speaking as an economist. The strength of Canada is ahead of us.

• (1422)

This rightful prosperity will happen, however, only if we have the benefit of a government which knows how to manage the economy. What we have had for the last ten years will not do. We require a government which understands that the private sector uses resources efficiently. We require a government which has confidence in individuals and believes in rewarding initiatives. We require a government which will turn the strengths of the nation loose. We were built as a nation of entrepreneurs and individuals who had enormous confidence that they could operate within the framework of a government

which understood its responsibility and left individuals alone to work and prosper.

I do not think there is any question that after the next election there will be a new government in the country. The speech of the Minister of Finance on budget night and the speech of the President of Privy Council today indicate the need for a new government, not more of the same.

Canadians have a clear-cut choice in the next election. Do they want a government which believes in government involvement in large segments of the economy, government regulations in large segments of the economy, and more and more nationalization? Do they want a government that believes the state operates things more efficiently than the private sector? I don't think so. What Canadians want is a government which will provide a framework in which they may work, prosper, and be rewarded. They want a government which believes in them as people and in enterprise as a system. My party will give Canadians such a government, a government which will turn the country around, so we may move into the last 20 years of this century and become, without question, one of the most prosperous nations on the face of the earth.

Some hon. Members: Hear, hear!

Mr. B. Keith Penner (Thunder Bay): Mr. Speaker, on budget night it was most heartening to hear the Minister of Finance (Mr. Chrétien) say, "Let me turn now to the resource industries, and mining in particular". It was heartening because of the important role the mining sector plays in the economy of the country.

Since 1950 mineral production in Canada has contributed directly approximately 4.5 per cent to our gross national product. Minerals, excluding fossil fuels, account for 10 per cent of the value of Canada's exports, and fabricated mineral products account for another 10 per cent. Last year nearly $3 billion in wages were paid to workers engaged in mining industry activities. Mining continues to be an important influence in the frontier development of the country. With that background, it was heartening to hear the Minister of Finance turn his attention to this sector.

Despite what mining has contributed to Canada, the Canadian mineral industry continues to be under-developed compared to that of the United States and New Zealand. Studies have shown that higher exploration costs, falling returns, and increased risks have had a negative impact upon mineral enterprises in Canada. In April of this year the Department of Energy, Mines and Resources published a survey entitled; "Known Mineral Deposits in Canada that are not Being Mined". This rather substantial document presents a compilation of known Canadian mineral deposits which, while neither in production now nor announced for production, are either economically exploitable today or are within the reach of becoming so during the next 25 years, as a result of foreseeable economic and technological changes.

The authors of this survey have attempted to identify certain bottlenecks which have hindered primarily mineral resource development. Of course they mentioned national economic conditions, the international market situation, and metal prices. All of these play a large role in development decisions. One obstacle which stands out in the report is that of the unpredictability of trends in real costs of financing, development, and mining. The Minister of Finance helped in a significant way to offset this uncertainty by announcing that the current write-off for development expenditures in mining is to be raised from 30 per cent to 100 per cent.

In his budget address the minister noted that federal and provincial resource ministers have done an in-depth review of the tax situation in mining. This analysis was badly needed because of the uncertainty created for the mining industry by changing provincial taxation and the federal-provincial dispute on mineral taxation. During the 1970s increased taxation levels resulted in lower mineral production expenditures. The sector task force on the Canadian non-ferrous metals industry concluded the following:

> The taxation of mining income across Canada is chaotic and perverse. It has resulted in a situation in which development of all but the richest discoveries would be uneconomic even when demand and prices improve. As a result, exploration activity in this sector is far below the levels needed to sustain present production, let alone provide for growth.

To establish a level of confidence which will ensure future growth and stability, the mining industry has recommended that federal and provincial governments agree upon a uniform definition of taxable mining income, and a combined federal and provincial tax rate or rates not exceeding 45 per cent net of resource allowance.

By means of taxation, governments should be encouraging the growth and expansion of mining. The industry should be helped to become more competitive on an international scale. I know that not everyone agrees with this position. There are those who argue strongly against any tax preferences for the resource sector. In their minds, these preferences discriminate against investment in the manufacturing and service industries. I should like to challenge that thesis.

● (1432)

First, I would point out that mining, at best, is a high-risk enterprise. There is a high degree of risk involved in mineral exploration. For every mine eventually brought into production, there are hundreds of uneconomic "prospects" which have been evaluated at great expense of time and money.

Secondly, it seems to me that if we discourage the investment of capital for mineral exploration and development in Canada, it does not then follow that this capital will automatically flow into manufacturing or into the service sector. Instead, what is likely to happen is that we will choke off the inflow of foreign capital, and this capital that would have come into Canada, plus Canadian capital that would be designated for resource development, will simply go somewhere else in the world. It will go where the investment climate is more favourable than it is here. So there is no way in which, if we discourage mineral exploration and development, we are going to help any other sector in the country. In the long run we will simply be hurting ourselves.

Thirdly, Mr. Speaker, mining, rather than detracting from the manufacturing and service sectors, provides some very definite benefits. Canada is a world leader in the production of mining equipment and machinery. We have an enviable international reputation for the expertise of our professionals in the fields of mining and exploration.

There is a research paper, with which members may be familiar, produced by the Library of Parliament, on the subject of mining in Canada. This paper speaks of the changing image of our mining companies from that of hardy pioneers to one of profit-hungry plunderers of our irreplaceable natural resources. The paper makes it clear, as I want to do, that both these images are, of course, extreme. The mining industry, like any other business enterprise seeks to earn a reasonable return and it wants to operate under a set of rational rules which will not be subject to change at a whim. Our tax structure ought to promote the healthy, long-term growth of the mineral sector, while at the same time providing fair returns to the provincial and federal governments.

Any discussion about mining, Mr. Speaker, is bound to centre on such topics as investment, exploration, development, taxation, international markets and prices. But as well there is a very human side to be considered. Mining means jobs, and mining development involves the building or the expansion of communities. When an ore body becomes depleted, or when a mine cuts back because markets are soft and prices are too low, then we witness a community in crisis.

Atikokan, Ontario, which is in my constituency, is today facing the grim reality of a rapidly depleting ore body. Atikokan has a highly developed townsite, an existing pellet plant and other infrastructure necessary for a mining operation. What it needs now is another source of ore. It so happens that there is nearby, at Bending Lake, an iron ore deposit which is close enough to Atikokan that the townsite could continue to be used and the concentrates could be transported via slurry pipeline to the pellet plant in the town. Unfortunately, because of the over-supply of iron ore pellets in the Great Lakes region, it has been announced that at this time it is not possible to proceed with the development of the Bending Lake project.

Such a notice in the business section of the *Globe and Mail* probably gets no more than a passing glance from most readers, but in Atikokan the repercussions of this decision are deeply felt. The Bending Lake project would have provided almost full employment for the 600 employees now working for Steep Rock in Atikokan and who will, within the next year or so, be laid off.

The Royal Commission on Corporate Concentration did a study or a background report which was entitled "The Social Characteristics of One-Industry Towns in Canada." Many mining communities fit into this category. In summary, the report referred to the precariousness of such communities, and how uncertainty about the future encourages residents to perceive that they share a common fate. The report goes on to mention feelings of dependency, powerlessness, resignation, and fatalism which prevail. I refer to this social phenomenon, sir, because it is so easy to consider the mining industry only in statistical terms, and to fail to appreciate that there is a human dimension as well. Government programs and policies must more and more address themselves to this reality.

The royal commission background report to which I have referred uses a 1971 study by Rex Lucas entitled "Minetown, Milltown, Railtown: Life in Canadian Communities of Single Industry." Lucas has identified four stages in the development of single-industry communities, and those of us who represent resource regions know these stages all too well.

The first stage is that of construction, where the community attracts a highly mobile population willing to make many short-term sacrifices in exchange for some quick money.

With the construction stage under way, the second stage of recruitment begins. Here, the company seeks out professionals and labourers as company employees. For these people, resettlement from somewhere else is often difficult. The townsite itself, or the expansion of an existing one, is under construction. The emphasis of those who come is upon occupational opportunities. Population turnover nevertheless remains very high. Many young couples, for example, leave shortly after arriving, and they leave because there are few job opportunities in such circumstances for women, and there is a lack of physical amenities in the town. There is also an absence of recreational and entertainment facilities.

It is at this stage that governments could be of greatest assistance with various forms of financial support for infrastructure development. In his budget the Minister of Finance has proposed that for new mines the costs of associated townsites and social assets should earn depletion. This is a step forward and should ease some of the problems associated with the development of new mines. As housing and community facilities improve, the rate of population turnover slows and there is a reduction in various types of social problems.

Stage three is that of transition, during which control in the town passes from company or provincial administration to the citizens themselves. During this stage we see the genesis of a stable community, a substantial reduction in population turnover, and an upturn in and positive emphasis upon more community participation.

After a number of years the community may reach the stage of maturity. At this stage there is very little mobility in the adult work force. Retired workers remain in the community. Some of the young people become employed in the local industry. Workers build up seniority and benefits. Money is invested in homes. Nevertheless, people in these communities remain in a state of dependency, because they are aware that the industry could shut down due to factors completely beyond anyone's control. So feelings of insecurity and pessimism are common. As one researcher put it, "Only with a diversified economic base can a community achieve full maturity."

In mining, the productivity of labour and capital has been declining since 1960. The Science Council of Canada suggests that the origin of this problem lies in labour shortages and turnover, in the low level of technological innovation because of low return on investment, and in the low yield of ores that

are being extracted. All of these, of course, are in addition to what I mentioned earlier, the high rate of taxation.

● (1442)

The Royal Commission on Corporate Concentration background study to which I referred earlier, suggests that to Lucas' four stages we might add a fifth, that of decline. Here, the industry does close down and the town goes on the skids. Those who cannot find work elsewhere are left with virtually nothing. There is little market value for the houses. Bitterness and desperation set in among those who have invested their lives in a community which is now dying.

I have taken a little time to describe this *Pilgrim's Progress* into the "Slough of Despond" so that other Canadians from settled urban areas may know a little of life in the developing resource regions of Canada. For those who live and work in those regions, I would suggest, as I have on other occasions, that there ought to be some special tax benefits. To reduce the turnover rate, and to attract employees from urban areas where unemployment is high into regions where jobs go begging, we should offer some form of personal income tax relief, at least for those employees who remain on the job for a minimum of two years.

The Sector Task Force on the Canadian Non-Ferrous Metal Industry recommends a graduated scale of income tax remission varying with the degree of isolation and latitude. Another suggestion was that the incentive scale be graduated on the basis of temperature, by isotherms rather than geographic parallels.

Canada's economic identity has largely been based on a long tradition of growth in resource-based exports. The probability of this pattern continuing for much longer is very low, even though much of this country's huge area has only recently been the subject of intense mineral exploration. It is not, therefore, that we are running out of these resources, but that increasingly other countries are emerging as competitors and cutting into Canada's traditional share of international sales and laying first claim to any market growth. The U.S.S.R., for example, is only now beginning significant entry into the world mineral markets, and it has a vast resource base with much capability to exploit it.

Canada is vulnerable to these changes. We must continue to be supportive of our resource industries by means of public policy—including a fair tax system, incentives for exploration and development, and built-in economic advantages for those who invest their working lives in mining communities. The regional increases in the investment tax credit can be of some value to the mining sector. Above all, strong domestic growth is urgently required. This is a time for more stimulus in the economy. Contrary to what the previous speaker said, I believe that the budget now before us moves cautiously and quite responsibly in that direction.

Some hon. Members: Hear, hear!

Mr. Bob Corbett (Fundy-Royal): Mr. Speaker, it is a privilege and an honour to have been given the opportunity to speak in this House. My compliments to you, Mr. Speaker, for the admirable fashion in which you conduct the business of this House under what certainly has to be described as adverse conditions on occasions. Please convey my best wishes to the representative of the Crown and the personal emissary of Her Majesty the Queen in this country, His Excellency, the Right Hon. Jules Léger, Governor General of Canada, and his lovely wife, Madame Léger.

My congratulations to the other fourteen successful by-election candidates recently elected. Some have had the opportunity of presenting themselves to the House during this debate or in other fashions, ahead of me. They certainly have done so in a most admirable fashion.

As you know, Mr. Speaker, Fundy-Royal which was so respectfully and admirably represented in this House by the former Progressive Conservative member, Gordon Fairweather, is a diverse constituency, nestled in Her Majesty's picture province of New Brunswick, extending from, and including, a portion of the eastern section of the city of Saint John, to the borders of the city of Moncton, on the east. It runs from the west, from more or less the boundaries of the beautiful Saint John River valley, which is known among geographers as "The Rhine of North America", up to and including a portion of Sunbury county, which lies in proximity to the capital of New Brunswick, Fredericton.

It then extends along a northern boundary which includes the principal coal mining regions of New Brunswick, the towns of Minto and Chipman. In the heart of Fundy-Royal is Sussex, the dairy centre of Canada.

There are many areas I could speak of in relation to economic development—or perhaps I should say the lack of it—in the constituency of Fundy-Royal, including agriculture, coal mining, the forest industries, potash development in the Sussex region, the Fundy trail which this government and the provincial government of New Brunswick have been talking about for so long without seeming to get any closer to agreement, but, unfortunately, time does not permit me to do so. I will have to deal with these subjects at a later time.

I should like to discuss, however, the business of unemployment in Fundy-Royal. It is certainly an area that is neglected and one where we feel there is great room for improvement and changes.

The Atlantic region, as perhaps you know, Mr. Speaker, is handled by Statistics Canada on a seasonally adjusted basis. This is extremely misleading. There is a very high seasonal component to unemployment in the Atlantic region, and in Fundy-Royal it renders the figures provided by Statistics Canada meaningless on most occasions.

The proposed changes under consideration by this House to the Unemployment Insurance Act are very critical to New Brunswick. Under present circumstances, if the bill passes the way it was presented, it is estimated there will be an additional 10 per cent load on the social services budget of the province. At a recent meeting of the federal and provincial ministers of social services it was suggested that the government consider a

two tier rate structure. I put this to the House and to the government for consideration. Very simply, it is based on a 50 per cent maximum insurable earnings structure without dependants, whereas clients who have families or dependants would remain at the 66⅔ per cent level or possibly be reduced to the suggested level of 60 per cent.

The saving in New Brunswick alone is estimated at something in the vicinity of $26 million for this year, which is worthy of note. Of course the saving across the nation would be much greater.

I was pleased to hear that the Standing Committee on Labour, Manpower and Immigration has apparently agreed to allow provincial ministers to participate. I am sure they will benefit from the experience and knowledge of those ladies and gentlemen who will be contributing to the proceedings.

The lower regions of the riding encompass the bedroom communities of New Brunswick's largest city, Saint John, and includes Kennebecasis Park, Renforth, Riverside, Kinghurst, Rothesay, Fairvale, Gondola Point, Quispamsis and Hampton, on the Kennebecasis River, and Grand Bay and Westfield on the Saint John River.

Mr. Speaker, Fundy-Royal is, as I have outlined, a diversified constituency which depends, to a great extent, economically, on the intuition and ingenuity of the people who make up the population. There is within its borders a goodly number of small business people, including a high portion of the productive farmers of New Brunswick. There are fishermen along the Fundy coast who depend on the seas for a living. There are small manufacturers, not so small manufacturers, service industries, and household managers, commonly known as housewives. All of these people have to try to make it in an economic environment which, thanks to the present government, is totally incompatible with the aspirations, hopes, and ambitions of an ambitious, conscientious and arduous population.

• (1452)

From the standpoint of the household manager, what has been offered in this budget for her? A paltry one dollar per week maybe! As for the rest of the small business community, nothing. There is absolutely nothing except a promise to professions, such as medical doctors and lawyers, that if they previously used a vehicle developed by the government to their advantage, which is what any prudent business person would do, be it someone running a multi-national company, or a small country doctor, then they were labelled as bad scamps, unfair, cheaters of the government, and they must be stopped.

Let us deal with a typical rural doctor. First of all he is regulated in most provinces across this nation by a medicare program, which regulates and dictates his schedule of fees, whether it be for the administration of a common laxative, or the delivery of a baby in a hospital 30 or 60 miles away from his office. He is, in most cases, on call 24 hours a day and tends patients in a hospital most every day miles from his office.

He maintains a telephone system, which is sophisticated enough to transmit and respond pertinent information to him when he is away from home. He inserts ads in local newspapers when he will be away from his office for more than a few hours. He maintains an office which is completely equipped with enough medical paraphernalia that would make most small hospitals of a decade ago look antiquated. He maintains a staff of at least two, that is, if he wants to clean up the office himself. He maintains records that are suspiciously similar to most legitimate businesses including accounts receivable and accounts payable. He attends seminars and continuing education programs to ensure that he is kept up to date with the latest technology. He often is a dispensing physician, which means that he must maintain an inventory of drugs and medications accounting for same, just as a druggist would. His salary, after expenses, is probably $30,000 to $40,000 per year, much less than that of many of the bureaucrats gracing this hill.

This is the villain, Mr. Speaker, that this government says is no different managerially speaking than the guy who goes to work at 9 a.m. in the morning and returns at 5 p.m. at night, and who collects his pay cheque every week. This is the villain, Mr. Speaker, that this government probably considers as another enemy. If it is the government's intention to discourage, and scourge society of this particular rascal, the family doctor, it is doing a particularly efficient job of it. Before the present measures that effectively ensure that a legitimate businessman is eliminated from taking his rightful place in the business community, the situation for MDs surgeons and others in their related fields, was unpalatable enough. This government knows they have been leaving the country in droves for greener pastures in the United States. It will be interesting, and I predict tragic, for this country to witness what the present measures brought in by this government will do to aggravate further an already serious situation.

But this is the attitude that this government has toward small business. They are to be used and intimidated. Not destroyed, yet, because they are the largest group of taxpayers, producers, and employers in the country. But they are certainly to be intimidated.

The Department of Justice keeps on staff a "stable of legal beagles" paid for in the most part by the labour of small business, whose sole purpose it is to prosecute, persecute, and short of execute whoever the Department of Justice can get their clutches on, as long as the villain is from the private sector.

Woe befall "chump citizen, small businessman", if he does not have resources equal to the Bank of Canada to take on this battery of would-be deputy ministers. Although admittedly that is not as ridiculous a thought today as it might have been in better times. No, I suspect the facts will bear me out that the majority of Goliath and Tom Thumb legal engagements end up with a hasty capitulation by Tom, not because he knows he is wrong, but because of the sheer financial terror with which he is not so gently faced.

Fundy-Royal is a constituency steeped in tradition, Mr. Speaker. It is a portion of the country that believes in the basic principle of freedom. Its people recognize the sacrifices that Canadians have in the past made for their country materially, psychologically, and physically. We honour and revere the symbol of the sacrifices our forefathers, sisters, brothers and cousins have made on our behalf to preserve the freedom of our nation.

The Crown is a symbol of these sacrifices. The Crown is the symbol of freedom. The Crown was the source, the blood, the cause that inspired free men to lay down their lives so that we may be free. I am reminded, Mr. Speaker, of that old verse, time worn but as meaningful now as it was then:

"It is only an old piece of bunting,
It is only an old piece of rag,
But millions have fought for its honour,
And thousands have died for the flag."

I know that those of us in Fundy-Royal, as well as by far the majority of Canadians, do not want any lessening of the role of the symbol of democratic freedom that has made this country great. Fundy-Royal will not tolerate any infringement upon the sanctity of the role which the Crown and monarchy have in this country. Canadians will not tolerate any infringement upon the role which the Crown and monarchy have in this country.

I see the present government's move in this direction as being most sinister indeed. In the process of the establishment of a totalitarian, one-party government system, the one measure universal and peculiar to all who seek to establish themselves in this fashion is to seek out and destroy the people's rallying point, their inspiration, the symbol of their freedom, the symbol of their future. They strive to seek out and destroy the institution, the heritage, the spirit, and the truth of the people. This is socialist ideology, Mr. Speaker. My socialist neighbours refer to the private sector as some sort of bogeyman. I would remind them that it is due to the perseverance of this group of ambitious and far-sighted individuals in the private sector that the country has given them the opportunity to espouse their rhetorical nonsense. They should be reminded that the public sector and the private sector in this country are comprised first and foremost, of human beings who all breathe and bleed, and who in most cases are Canadian.

The squacks and bleats so often heard from my immediate left are indicative of the disdain, disregard, and contempt in which most of them hold the House in our system of democracy. That, of course, is not surprising, as democracy is hardly their bag or game unless taken in the context of sport, in which case it is fair game, and they would destroy the animal. Any jackass can kick a barn down, but it takes a damn good carpenter to build one. The only time that these dreamers are quiet or still is when one of their own gaggle is spewing some of their ideological twaddle.

It is distressing that frequently the House has difficulty distinguishing between the party presently in power and these social whiners to my left. Although the direction that the government has taken recently with reference to its budget has not been inclined away from a more realistic attitude toward a reasonable and sane direction in political philosophy, this is not to be interpreted by the Canadian people as any great permanent change in political direction by the leader of this government whose socialist background—and I am being kind,—is well known to many Canadians, but it is rather a matter of political expediency.

• (1502)

It is obvious that the people of this nation agree that we, as a nation of Canadians, are psychologically and mentally sophisticated enough to cope with and thrive on the free market system and that we do not need, nor indeed want, Big Brother orchestrating and directing our affairs.

I am distressed and concerned, along with my neighbours and constituents in Fundy-Royal, and thousands of my fellow Canadians, when the Prime Minister of this country publicly states, as was reported on the front pages of the Toronto *Star* on November 18, that the media and the opposition are the enemies of the government. This attitude by the Prime Minister is indeed dangerous, and one to which I know the people of the country take great exception. What he has done is attack two foundation stones of our basic freedoms, one being the freedom of the press, and the other being the function, purpose and right of not only Her Majesty's Official Opposition, but indeed the freedom of expression of all citizens of this country.

We know that this is the same Prime Minister who instigated the War Measures Act in 1971. We know that this same Prime Minister has said that the free enterprise system no longer works. We know this same Prime Minister has developed friendly rapport with countries such as Algeria, Red China, and Poland, and we know as well his great love affair with Cuba and its dictator, the notorious communist, Fidel Castro. We know that this same Prime Minister allowed millions of Canadian dollars to be spent in Cuba during 1976-77 when that country was waging a bitter and bloody war in Angola, Africa.

This all points to an extremely ominous direction for this country, and one which I urge the people of this nation to recognize. Too often lethargic peoples awake to the fact that it no longer matters that yesterday they were lethargic. We, as Canadians, are not lethargic, and we must take care and pay particular attention to ensure that we do not awake one morning to find that yesterday we were that way.

The Prime Minister of Canada has conveyed the message to me and all other members on this side of the House that he considers me an enemy. The Prime Minister of Canada holds the most powerful position in the land. This is the Prime Minister who leads the government that has thrown this country of ours into the greatest economic calamity since the great depression, that has nurtured and fostered unemployment to an unprecedented one million work-seekers, that has throttled the dollar to a miserable 85 cents of its counterpart, the United States dollar.

And now, the same Prime Minister, leader of the Liberal party, leader of the country, the head of this government, is

telling the people of this nation that he has had nothing to do with the plight of Canadians, that unemployment and economic stagnation are none of his doing. No, even the people of Fundy-Royal must have been somewhat taken aback to hear the Prime Minister tell the world that I, as a member of the opposition, in the short period of time that I have been in this House, a matter of days, that I am really responsible for the whole mess, that I am the enemy.

In view of the Prime Minister's statement I do not think that I could be accused of being paranoid when I say that I do not trust the Prime Minister of Canada, I do not trust the party that he leads, and I do not trust the government that he heads. Further, I submit that the people of Canada do not trust this government, that the people of Canada do not trust their leader, and they will convey this message loudly and clearly when given the opportunity.

In summation, the problems that beset the people of this country prior to the budget, still beset and will continue to beset the nation. The budget is about as much use to Canadians as a hairnet is to Yul Brynner.

This party and its members have and will continue to act in an accountable manner as the official opposition in this House. It is our duty to criticize, and with the present government our task is not difficult. We will continue to be constructive, we will continue to be responsible, and I suppose in the eyes of the Prime Minister and his followers, we will continue to be the enemy. But let me assure you, Mr. Speaker, that we will persevere, we will not be deterred, we will not be intimidated, nor will we falter, nor will we fail.

Some hon. Members: Hear, hear!

Mr. Brewin: Mr. Speaker, I rise on a point of order. I did not want to interrupt the hon. member who has just spoken because I understood it was his maiden speech. Therefore, I did not think he should be interrupted. However, he did make some comments about the fact that members of the party I belong to did not believe in democracy. Let me assure him, in case he is worried about it, that there are no more stout defenders of parliament and democracy than the members of this party.

Some hon. Members: Hear, hear!

The Acting Speaker (Mr. Turner): Order, please. I suggest to the hon. member for Greenwood (Mr. Brewin) that that is not a point of order but a point of debate.

Mr. Knowles (Winnipeg North Centre): It is a point of fact.

Mr. Brewin: Mr. Speaker, I have not come to my point of order yet. I am not asking the hon. member to withdraw, or raising a question of privilege. I am merely asking him to consult his predecessor, the generous and fair-minded former member for Fundy-Royal, to ask of him the facts.

Some hon. Members: Hear, hear!

Mr. Herb Breau (Gloucester): Mr. Speaker, I am very happy to take part in this most important budget debate. As I represent a constituency in the province of New Brunswick, I believe it is fitting for me to congratulate the hon. member for Fundy-Royal (Mr. Corbett). It is an honour for a member to arrive at this House of Commons, as I did some ten years ago with you, Mr. Speaker. I am sure the hon. member will do a good job of representing the constituents of Fundy-Royal.

It is not customary that we criticize or respond too harshly when a member speaks for the first time. The fact that we respectfully listened to the speech of the hon. member for Fundy-Royal does not mean that we cannot respond to it. However, we will wait until he has made a few more speeches, listen to them carefully, and note what he says. Being a fellow New Brunswick member, I again congratulate him on the presentation of his maiden speech in the House today.

It is important in this budget debate to situate the perspective or economic context in which the government had to present its budget. In my view the Minister of Finance (Mr. Chrétien) has presented a very responsible budget. The economy of the western world is recovering from and adjusting to the very severe economic dislocations created by the energy crisis of 1973-74.

If one looked at the economy of Canada today, he would realize that over two-thirds of what we produce in this country is exported, mainly to the United States. One cannot talk about the economy of Canada and, therefore, the policy of this government, without situating that policy in this kind of context.

[*Translation*]

Therefore it is important in my view to realize the Canadian government's objective is, first to influence the domestic economy, and second to help those who are in greatest need of help to adjust to economic conditions, and help mitigate the negative effects of these conditions on Canadians with the lowest salaries and those who live on pensions and cannot by themselves adjust to the new economic situation.

I submit this is a responsible budget, sir, because it aims at influencing the Canadian economy, to the extent the government can do so. Reference is made of course to economic stimulation. Hon. members opposite, especially Conservative members, suggest we should use the fiscal system to stimulate the economy. But, Mr. Speaker, how could we stimulate the economy and in addition have a budget deficit topping $12 billion? Some 25 per cent, or rather 30 per cent of the total Canadian government budget is made up of government deficit. Such being the case, I do not feel it would have been possible for the government to provide much more stimulus than they did. My opinion is we did so, as far as the domestic economy is concerned, by indexing income tax at 9 per cent for this year, which means more than $1 million when the reduction in unemployment insurance premiums is added. And with the reduction from 12 per cent to 9 per cent of the federal sales tax, this means more than $1 billion will be left in the hands of Canadians, not to mention the effects of the tax changes on Canadian firms which are difficult to estimate accurately.

However I am firmly convinced these changes will bring at least three-quarters of a billion's worth of stimulus to Canadian firms and Canadian entrepreneurs.

I would like to stress that, as far as the Atlantic provinces are concerned, the government operated along the policy established in the last budget—I mean the one before that of November 16, namely to use the fiscal system to help regional development.

Mr. Speaker, the 10 per cent investment tax credit will be increased to 20 per cent when investments will be made in the Gaspé area and in the Atlantic provinces. In my view, I think it ought to be pointed out. As a representative of the Atlantic provinces, the northwestern part of New Brunswick, I want to thank the government and congratulate it for its initiative because indeed the incentives granted by the Department of Regional Economic Expansion to industries are most important for us.

However, it must be stressed that such incentives apply only when a new enterprise is operated, a manufacturing enterprise modernized or in order to enlarge or develop the handling or manufacturing industry or any other secondary industry. But by using the tax system through investment tax credit as the Minister of Finance (Mr. Chrétien) did in his budget of November 16, one helps all Atlantic manufacturing industries which would like to invest either simply to increase their efficiency or for purposes of modernizing or enlarging. These measures also have a positive impact on those who wish to invest in their industries and increase their production capacity.

I think, Mr. Speaker, that this is not a reason to drop the industrial incentive program of the Department of Regional Economic Expansion. I think that both policies are compatible and this is something I wish to emphasize as it demonstrates this government's determination to encourage regional development and particularly to help the Atlantic provinces, the Gaspé area and other areas which in the past did not benefit from the same level of industrial development as other regions of the country.

I also wish to stress that this budget should be considered not only from the standpoint of the economic situation in the occidental world but also that budgetary measures should be closely related to other programs, other decisions, other policies of the government aimed at helping Canadians. As some members said this afternoon that the budget does not do enough for low wage earners, I wish to point out that the government has tabled a bill, and I think it has priority as concerns parliamentary business, that will bring a significant change to the family allowance program so that these funds, or a good part of them, will be used to give a $200 tax credit for every child of families with a net income of $18,000 or less according to their income tax return. Mr. Speaker, for those who earn more than $18,000 this tax credit will be progressively reduced up to a net family income of about $30,000.

Mr. Speaker, this is just an example which shows what the government can do to influence the Canadian economy. Families receiving every year the $200 tax credit for every child will use that money to buy things for themselves. It will help our economy but it will also help Canadians, low wage earners, people with a lower income to adjust to changing economic situations.

● (1512)

[*English*]

Members of the New Democratic Party have been telling us in this House for the last weeks that inequalities are not being reduced. Indeed, they argue that the gap in incomes as between the rich and the poor is widening. In the course of a debate which took place here not long ago I challenged the position taken by the leader of the New Democratic Party, the hon. member for Oshawa-Whitby (Mr. Broadbent) who asserted, during the debate on the Speech from the Throne, that inequalities have not been reduced in the last ten years. I say that such a statement is false. It is not in accordance with the facts at all and the hon. member, by repeating it, does not make his assertion more true. He is not looking at the facts at all.

Before I begin using figures, I should like to make it clear that when we are talking about the equalization of opportunity, about means of fighting poverty and helping people who cannot help themselves, it is, in my view, a mistake to reduce the argument strictly to figures; one cannot measure the welfare of human beings on such a basis. Thus, even though I use figures today, I do not wish to be taken as meaning we ought to be satisfied or that we have done enough to eliminate poverty and bring about greater equalization of opportunity. Nevertheless, I believe that figures, if used accurately, can show a tendency. Look at some recent statistics, for example. In 1968, salaries and benefits to workers in Canada accounted for 54.2 per cent of the gross national product.

● (1522)

In other words, workers were taking 54.2 per cent of the gross national product. In 1976, 57.4 per cent of the gross national product was going to workers in salaries, wages and fringe benefits. That does not mean that there is not still a gap, and it does not mean that we should be satisfied, but when the hon. member for Oshawa-Whitby (Mr. Broadbent) pretends to speak in this House for workers and says we have not done anything to reduce inequities in this country, he is just not looking at the facts, or he cannot recognize them when he sees them. We have increased the share of workers in relation to the gross national product by some 3.2 per cent in only ten years.

I want again to refer to some figures, not because I choose to, but because, of all people, the hon. member for Winnipeg North Centre (Mr. Knowles), when speaking about the child tax credit bill in this House some time ago, referred to figures to help him make the argument that we have not reduced inequities and that we have not helped in closing the gaps.

The hon. member for Winnipeg North Centre said that in 1951 Canadians in the lowest 20 per cent of the income group were earning about 4 per cent of the total national income. He said that in 1975 the figures had not changed much. I have the figures the hon. member used here today. I regret that the hon. member for Winnipeg North Centre was misled regarding these figures. The figures he used were for all units, that is, unattached individuals and family units. He said that in 1951 they were receiving 4.4 per cent of total income in Canada, that in 1965 they were getting 4.6 per cent, and that in 1975 they were getting about 4.1 per cent. I say that the hon. member was misled. I know he is in the House most of the time, he works hard, but I think a New Democratic Party researcher handed those figures to him, and he thought that they would be an accurate reflection of the facts. Those figures came from a Statistics Canada study on total national income before taxes, but they do not represent a true measure of the extent to which we have helped people. They represent merely a measure of the capacity of Canadians to earn income. They include interest income, dividend income and even some business income which is earned by individuals as opposed to corporations.

The hon. member for Winnipeg North Centre could have used another Statistics Canada study which showed income distribution by size after taxes in Canada. The New Democratic Party researcher to whom I referred could have provided that study to the hon. member for Winnipeg North Centre, but he chose a study which would help with the political argument of the New Democratic Party. The study which was chosen just happened to be very bad because the figures used were for total income. They had nothing to do with income after taxes. They were for the years 1951 to 1975. I have found a report for 1976, so I can update the figures. The figures used by the New Democratic Party do not reflect what is referred to as transfers in kind; in other words, what governments have been doing since the 1950s to redistribute income through hospitalization, health care and education programs. Not only did the hon. member for Winnipeg North Centre not use a figure for income after taxes, but he also did not take into account that federal and provincial governments in this country have done much to redistribute income in order to reduce the expenditures of poor people on medical treatment, hospitalization and the education of their children.

I know that the hon. member for Winnipeg North Centre always wants to be honest, so I suggest that next time New Democratic Party researchers give him figures he should ask from where the figures came and make sure that his political arguments are based on true facts. He always makes good political arguments, and I just point these things out because I want to help the hon. member continue to make his political arguments.

Mr. Knowles (Winnipeg North Centre): Were the facts not true?

Mr. Breau: Of course the facts were true, but New Democratic Party researchers advised the hon. member for Winnipeg North Centre that the study they were giving to him was good, and there was an error made because that study dealt with total income, which has nothing really to do with the benefits governments have tried to redistribute to Canadians. That study did not deal with income after taxes, health care, hospitalization and education which have been provided to Canadians by federal, provincial and, in some cases, municipal governments. Those governments have taken in taxes and spent them to benefit all Canadians.

Perhaps the hon. member for Winnipeg North Centre would like to refer to Statistics Canada catalogue number 13-210, "Income after tax, distributions by size in Canada, 1975." Perhaps the hon. member would like to write that down. The figures contained in that report are the latest available. According to that report, all units, including unattached individuals and families, which represent the 20 per cent of the population which has the lowest income earned 4 per cent of total earnings in 1975. But what is the figure for income after tax? It is 4.6 per cent. It is true that in 1975 the 20 per cent of the population which had the highest income earned 42.6 per cent of the total income, but what did those people get by way of income after tax? The figure went down to 40.6 per cent. If the hon. member for Winnipeg North Centre wants to use figures, he should look at what the figures say. If we look at after tax figures, the reverse of the hon. member's conclusion is the case. The 20 per cent at the bottom are getting more, and the 20 per cent at the top are getting less.

Mr. Knowles (Winnipeg North Centre): How much more?

Mr. Breau: Not enough.

The Acting Speaker (Mr. Turner): Order, please. I regret to inform the hon. member that his allotted time has expired.

Mr. Lloyd R. Crouse (South Shore): Mr. Speaker, I welcome this opportunity to participate in the budget debate. During my 22 years as a member of the House of Commons I have been privileged to listen to many budget speeches. Many of them have been long on rhetoric and short on performance. This has been especially true during the past decade. I have always been intrigued by the little booklets which are prepared by ministers of finance and delivered to us as member of the House of Commons on budget nights. Their size and format have varied little over the years, and although the words are somewhat different the end result is always the same, namely. the taxpayer has to run a little faster, like the squirrel on his treadmill, just to stay in the same position. For example, when John Turner introduced his budget on November 18, 1974, for 1975 he stated, and I quote from his booklet:

> We in this country are confronted by two major economic challenges—dealing with persistent, deep-seated inflation and at the same time maintaining a good level of production and employment. This will require us to steer a narrow course if we are to avoid more inflation on the one hand, and the risk of a recession on the other. And in doing so we must also do everything we reasonably can to protect Canadians who are less able to protect themselves from the ravages of both. That is what this budget is all about.

Then Mr. Turner went on to introduce a budget which increased expenditures by 28.3 per cent, which followed an

increase in expenditures for the previous year of 22.7 per cent and which plunged the nation into a predicted deficit position of $3 billion which ended up at something like $5 billion.

● (1532)

At that time the present Minister of Finance (Mr. Chrétien) was president of the Treasury Board and he boldly applauded these moves. On Thursday, November 16, the present Minister of Finance prefaced his comments in his little paper, which I doubt will ever become a best seller, with these words:

I believe that this budget will make a significant contribution to the containment of our domestic costs in the post-control era. This will enable us to take full advantage of the improvement of our competitive position that we have achieved.

My budget measures will, of course, provide a more direct stimulus to growth. Investment will be stimulated by the enriched investment tax credit. Consumption will benefit from the increase in the real spending power of Canadians as a result of the income and sales tax cuts.

There is a similarity in the words. Having said this, the Minister of Finance went on to say at page 13:

Total financial requirements of the government in fiscal 1979-80, exclusive of foreign exchange transactions, are forecast at $10,750 million. This would be down from the expected $12,100 million this year.

If you read these figures quickly, Mr. Speaker, you would almost think that next year the country would only require $10,750 million to look after the needs of our nation. You would ask, "Why not, it took a lot less than that to look after our needs only ten years ago." However, when we read the next paragraph we see the words:

Budgetary and non-budgetary outlays in 1979-80 are forecast at $52.6 billion, an increase of 8.9 per cent which would be well below the expected growth of GNP. Budgetary revenues are forecast at $38.1 billion with a further $3.7 billion available from non-budgetary transactions.

Adding these two figures together amounts to $41.8 billion, and if subtracted from the forecasted spending of $52.6 billion, we arrive at a deficit of $10.8 billion. The figures do not balance, and this simple example is indicative of the problem that the present administration faces.

The truth of the matter is, no one trusts this government, and their past record is valid reason for this mistrust. When you look at the words of the Hon. Walter Gordon, Edgar Benson, John Turner, Donald Macdonald and the present finance minister and compare their words with their performance, you readily see why Canadians no longer have any trust in a Liberal administration. For example, on page 7 of the minister's little booklet he states:

Budget proposals will cut income and sales taxes to increase the real spending power of Canadians, reduce pressures on prices and income demands, and stimulate investment.

What does the bottom line tell us? It tells us that actual expenditures, as listed by the President of the Treasury Board (Mr. Andras) in "How your tax dollars are spent for 1978-79", will be $48,800 million. When that figure is subtracted from the finance minister's predicted $52.6 billion, the over-all increase in taxation for next year is $3,800 million, even if the estimated expenditures are achieved.

These are not Conservative figures, but the figures made available to Canadians by either the Minister of Finance or the President of the Treasury Board. However, when we quote those facts, supporters of this government say we are not telling it like it is. They accuse us of misleading the House and the country. I say that if these facts are incorrect, then "physician heal thyself" for these are the facts, the fiscal policy and the economic outlook for the Canadian economy based on this government's own figures. Nothing demonstrates more tragically the total over-all mismanagement of Canada's economy than what has occurred during the ten years under the present Prime Minister (Mr. Trudeau) and his colleagues.

Because we dared to repeat the figures which outline this government's record in "blunderland", the Prime Minister has attacked my leader and my party—and by so doing he is attacking me—charging that we are dividing Canada because we have publicly stated that we would be willing to negotiate provincial problems with provincial premiers. In his efforts to lay the blame for his abominable record everywhere but where it belongs he calls us the enemy. In my 22 years here, that is the first time anyone has ever accused me of being an enemy of Canada. I resent that allegation very deeply, as, I am sure, do my colleagues. He also accuses the premiers of the provinces of trying to weaken Canada. He is never specific, or will he make a charge, but everybody is against him, including the media. If only the fourth estate would praise his efforts, everything would be all right.

The Prime Minister claims that the country needs the Liberal party now because they are the only party to lead the country and provide it with a strong Canada and there is no alternative. When that nonsense hit the street, the average Canadian simply asked, "An alternative to what?" In the last ten years, almost without fail, annually we have had record high unemployment, record inflation, record debasement of the purchasing power of our currency and a flight of capital from this country. If there is no alternative to the present administration, this average Canadian says, "heaven help us". The Prime Minister seems to forget that in 1974, the then president of the Treasury Board, C. M. Drury, in his book, "How Your Tax Dollars are Spent" showed a total expenditure of $9,872 million to look after the needs of 20 million Canadians.

In the last ten years our population has increased from 20 million to 23 million people. The predicted expenditures, however, have increased to $52.6 billion. Even if the government stays within this estimate, which I doubt, we will be spending as a government more than $1 billion a week. The finance minister predicts for this year a deficit of $12.1 billion. This is a debt of more than $1 billion a month which we must try to borrow at interest rates that are at a record post-war level.

Some will ask where the money was spent. Obviously some of it ended up in the construction of an airport for which nobody asked and which very few people use, namely Mirabel. It was constructed at a cost of $482 million, at least $100 million over budget. It was officially opened in October, 1975. It was supposed to handle six million passengers per year, with a potential for expansion to handle 50 million by the year 2025. It has turned out to be a colossal white elephant,

handling little more than one million passengers in 1977, less than 19 per cent of its capacity. The Auditor General, in his report tabled yesterday, says that Mirabel has lost $119.7 million since it opened, which amounts to approximately $1 million a week. He tells us that this year the airport will lose $52.5 million. How much has the government budgeted to complete this white elephant? I would like to know what has gone wrong. I submit that this is one of the major problems that we face as elected representatives. When an expenditure is made, my constituents look to me and say, "You are our representative; why did you go along with it?" As I read the Auditor General's report, it seems to me that neither members of the Treasury Board nor bureaucrats have a clue as to what is going on. They seem to go along with one hand not knowing what the other hand is doing, making expenditures over which we have no say. My party and my leader, when we form the next government, will restore parliament to the people.

● (1542)

The industrial park established at Mirabel has been totally unsuccessful. MIRCA, the managing authority, has spent $5,440,000 on roads, water facilities, site preparation and marketing studies. But to this date there is not a single tenant in that industrial park. After ten years of planning and nearly $1 billion in public expenditures, Mirabel remains an airport operating at less than 20 per cent capacity with an empty industrial park. Did anyone on the Treasury benches or any of the government's experts realize at the time the tremendous mess they were creating, or the tremendous tax burden they were placing unnecessarily on the backs of all Canadians? They further compounded their mistakes when they bought or leased building space for offices in Ottawa and Hull. They took on long-term obligations for space, without proper planning, resulting in wasteful expenditures which will be a burden on our children's children.

In his 1975 report, the Auditor General stressed the need to establish tighter controls on government expenditures through the centralization of some financial management control procedures. Obviously it was not done, for in his 1978 report, at page 44, there is a list of 12 capital projects which were approved in 1973, 1974, 1975 and 1976 at a cost of $281.6 million. The final cost amounted to $699.7 million, or an increase over estimates of $418 million. This is why there is no money for improved forestry research. This is why the fisheries lab in Halifax faces closure, at a time when its output basically is very important to the fishing industry. This is why funds are limited for grain storage depots in Atlantic Canada.

Mr. Breau: Oh, oh!

Mr. Crouse: I listened to the hon. member without interrupting him. I would ask him to do the same for me. This is why there is no money for dredging which is urgently needed in my constituency, if not in his. This is why there are no funds for repairs to wharves, breakwaters and skidways. When we ask the minister responsible for small craft harbours development, this is why his plea is that there is no money. The government has blundered, misspent and misappropriated funds until the country faced financial disaster. This is the problem we face today.

As a result of these facts, the Prime Minister and his party are no longer credible in Canada. They try to lay the blame for our economic mess on anyone but themselves. The words of a modern song apply to our Prime Minister. They are as follows:

How many times can a man break faith
And pretend that he just doesn't see?
The answer, my friends, is blowin' in the wind,
The answer is blowin' in the wind.

I believe the future of this government may well be "blowin' in the wind", especially since the Prime Minister expressed the view that a new constitution is needed to restore Canada's national pride, economic stability and unity. He warned provincial leaders that unless they get their heads together and write a new constitution, others will write a uniquely Canadian constitution. Who the others are is left unsaid. However, having messed up everything else in the country during its ten years in office, what guarantees do the premiers and Canadians have that the Prime Minister's constitutional proposals will not lead to still further chaos? The real problem of the Prime Minister and his government is the credibility of the right hon. member who heads the Liberal party and the government today. Stripped of all political bafflegab and nonsense, there is nothing inherently wrong with our existing constitution. What is wrong is that it has been abused by the powers that be, since special emergency steps were taken for prosecuting World War II. Following the end of the wartime emergency, Ottawa retained the powers and proceeded on a course of centralization and bureaucracy building, while acting like "Big Daddy-O" to the provinces.

Mr. Blais: Mr. Speaker, I rise on a point of order. While engaging in a flight of oratory, the hon. member used the word "misappropriated" in terms of the way in which funds had been handled by the government. I am sure the hon. member did not wish to give it the literary meaning. I ask him to reflect upon his use of that word and perhaps use a more appropriate term.

Mr. Crouse: I could use the term "lack of control".

Mr. Blais: Very well.

Mr. Crouse: Obviously that has happened time and time again during the past ten years. As the Auditor General pointed out, today there is no control. I was speaking about the proposals the Prime Minister and his party are trying to foist upon Canadians to rewrite the constitution. Stripped of all political nonsense, there is nothing inherently wrong with our present constitution. Following the end of the wartime emergency, Ottawa retained too many powers and proceeded on a course of centralization and bureaucracy building, while attempting to act like a father to the provinces.

As I understand it, the province of Quebec resisted this power grab. Unfortunately, the other provinces did not cover themselves with glory when they permitted the central government to usurp their powers and authority. The solution to this

dilemma, though it will not meet with the approval of the Prime Minister and his colleagues, is a relatively simple one. We should insist that the original constitution be followed, that Ottawa and the provinces assume their designated responsibilities and jurisdictions, or in short, reinstate that which was functioning very well and very smoothly in 1939. It is not often by turning back the clock to 1939 that we can go forward in 1978. In fact, if we followed this course, the separatists would have no planks in their platform, and the crippling and inept Ottawa bureaucracy could be dismantled gradually for the enduring good of all Canada.

The Minister of Finance said that he cannot be held responsible for providing employment. I ask him why not, since he and his colleagues are responsible for creating unemployment. The direct result of the government's mismanagement of the economy is higher interest rates, and higher interest rates are the basic cause of inflation or the increase in prices of everything we use. Higher interest rates automatically destroy the profit system, private ownership and private enterprise. The course followed by the present administration for the last ten years rapidly increased our federal debt. In fact, it costs more than $8 billion a year just to pay the interest charges on our national debt.

The Acting Speaker (Mr. Turner): I regret to interrupt the hon. member but his allotted time has expired.

Hon. James Hugh Faulkner (Minister of Indian Affairs and Northern Development): Mr. Speaker, I will attempt to approach this matter in a non-partisan way and resist the temptation to comment on the frightful speech of the hon. member for Fundy-Royal (Mr. Corbett). I will resist the temptation to say how much I regret that there has been a change in the member representing that constituency. The previous member who represented Fundy-Royal was a man who added a great deal of distinction to the House. I will resist that temptation and simply deal with a part of the budget which is of great interest to an area of the country for which I have some responsibility.

● (1552)

A week ago when the Minister of Finance (Mr. Chrétien) spoke in this House about the economic outlook, his analysis necessarily dealt with the general indicators and the country's performance in the broadest context. My purpose today is to describe the promise that the budget holds for one region of Canada, the northern territories, and, more important, the tenacious people who find their livelihood there.

My colleague, the Minister of Finance, spoke of the renewed faith that Canada can launch itself on a new phase of sustained expansion, more investment and new opportunities. My purpose today is to show how this budget in fact answers some of the very important questions about expansion and development in the north and reinforces other initiatives that have been taken by myself and other members of this government who have a concern about the future of the north. The budget announced by my colleague last week recognizes the importance of northern development to northerners and to southerners as they consider what the north means to them.

Since I became minister of northern affairs a little over a year ago, I have travelled extensively, as have my two very distinguished parliamentary secretaries, one of whom is here today, and listened to the people's concerns. In the early months I became increasingly aware of the apprehension and uncertainty they were feeling about the pace and direction of development. Decisions surrounding a northern gas pipeline intensified those concerns both in areas which will share directly in construction of such a pipeline and in areas which will not.

The decision to build a pipeline through the Yukon left in the minds of many people in the Mackenzie valley an evaporating sense of expectation. For the Yukon, the decision meant an immediate acceleration of planning and preparation for the economic opportunities and social complications that will be superimposed on that territory when construction begins.

Last January I spoke to the opening session of the Northwest Territories Council about the policy framework in which decisions must be made to govern these and other activities in the years ahead. In my view, development must be for the north and not of the north. We must distinguish between economic growth and development. Any activity which gets its labour, capital and materials mainly from the south contributes to growth, but not necessarily to development. This is even more true when the product goes south, leaving a residue of social dislocation with nothing to compensate for it. Priority must go to those activities which are, by their very nature, capable of making direct and ongoing contributions to northern residents.

We must always strive in the north to achieve balance—balance between renewable and non-renewable resource development, between conventional wage employment and activities which support the traditional native economy, between externally generated development and that which comes from within. There must be balance in meeting the need for native people to protect their future and their past, balance between using the land and resources and conserving them, balance between protecting the environment and developing the available natural resources.

We must seek to provide every northerner with the opportunity to apply his skills in meaningful areas that use the resources available to him and allow him to make a contribution to the common well-being. Freedom is choice, and choice demands both opportunity and capability. Northerners have a contribution to make not only to the future of the north, but to the health and vitality of Canada. In this regard native people must be equipped to make a viable choice between following their traditional way of life, entering the mainstream of Canadian society, or a compromise involving the best features of both. To reach this objective, we will have to encourage meaningful development in every economic sector.

I have established a set of criteria consistent with those objectives to guide us. First, economic development must take the needs of northerners fully into account. It must be attuned

to a young and in many areas a majority native population living mainly in small, isolated communities. It must be designed to promote the continued economic and social viability of these communities.

Second, jobs must be created not only for young people now entering the labour force, but, even more important, for the existing labour force, and tailored to their desire for continuing participation in traditional pursuits. The choice should not be either/or—modern or traditional.

Third, economic development must be diversified and dispersed. A better balance of economic activities will reduce the current dependency on major projects and on one or two economic sectors.

Fourth, northern based private enterprise—not just large companies, but small business and co-operatives as well as the hunters, trappers and fishermen—must be promoted and strengthened.

Fifth, the environment must be preserved and protected by the encouragement of advanced conservation practices. The north should take the lead in developing mechanisms to use local resources to the greatest extent possible.

Once again, I stress that every economic sector requires careful consideration in the balanced socio-economic mix of the north. The budget addresses this principle in the way it deals with various aspects of the economy. As the Minister of Finance emphasized, it is essential to maintain our competitive position, and we must strengthen our efforts to encourage investment and growth in all the regions of Canada.

Two highly important measures that will stimulate basic northern economic sectors are the changes in the investment tax credit and changes in the treatment of eligible deductions for mines. The investment tax credit is being raised indefinitely from 7.5 per cent to 10 per cent for investments in the Yukon and Northwest Territories. In addition, a basic 7 per cent credit will now be available for investments in rail, water, air and long-haul road transportation. The current write-off for development expenditures in mining is to be raised from 30 per cent to 100 per cent. Earned depletion allowances for new mines will include townsites and social assets; and the fast write-off for pollution control equipment will be extended indefinitely.

It has been said more than once that as the mining industry goes, so goes the north. That concept is too simplistic by itself, but embraces some truths that recognize the very real significance of mining in the economic and social fabric of the north. These measures will assist the mineral and transportation sectors. It is estimated that the changes will provide several million dollars of additional tax savings for new northern mines.

This budget applies quite specifically to northern needs. Prehistoric forces of nature deposited their resources with little regard to the convenience of modern man. To put it another way, mines are built where the minerals are, and if that happens to coincide with our limited settlement of the north it is purely by accident. What could be more practical in northern terms than the increased depletion allowance for townsites to complement new mining ventures?

The northern economy is certainly fragile. Thirty per cent of all private sector employment is in mining—a situation which dictates that we must be sensitive to the needs of that industry, while keeping an eye on the requirements for diversity. To this end, the 7 per cent investment tax credit for transportation equipment could have implications on several aspects of northern transportation. The White Pass and Yukon Corporation, where a number of capital improvements to its railway are required, could use it to advantage. For example, on a $6 million capital investment, the corporation stands to gain a $420,000 tax credit. Some northern aviation companies may require new or more efficient equipment. The tax credit should encourage these firms to purchase such aircraft, resulting in improvements to this service so vital to communities separated by such vast distances.

The value of continued incentives for frontier oil and gas exploration is recognized in the extension of the drilling fund incentives until December 31, 1981. This extension will provide Canadians with a continued opportunity to participate in the exploration programs and provide northern explorers with valuable alternative sources of domestic capital. This is particularly important as exploration progresses in the offshore areas, such as the Beaufort Sea and the Sverdrup Basin, where each well may cost $40 million or more.

● (1602)

In addition, it should not be forgotten that if natural gas in the Arctic Islands is developed using LNG tankers, the investment tax credit will be both an incentive to develop the gas deposits earlier and a further incentive to build the ships in Canada.

Mr. Speaker, it should be recognized by now that the government's continued attention, through this budget and other measures, encourages renewed confidence among northerners and others with an interest in the north. As I said earlier, the budget addresses the basic needs and complements government initiatives which are already in play.

I think it is fair to say that my relations with the mining industry earlier this year were much less settled than they are today. This is a moment of modesty in the speech. The budget has had a substantial influence on that upturn.

Some hon. Members: Oh, oh!

Mr. Faulkner: Mr. Speaker, I am glad to see that the opposition is still awake. It is unusual to see them still alive and well on a Friday afternoon.

Mr. Knowles (Winnipeg North Centre): It is nice to have you here.

Mr. Faulkner: I might add that maintaining a consistent equilibrium between the social and economic forces at work in the north requires constant adjustments: sometimes the scales tip in favour of one or the other before the balance is restored.

The northern mining industry and my department are just now going through a distinct phase in this ongoing process. A few months ago, industry representatives were clearly anxious about one or two of the courses we were following. We recognized they had legitimate concerns, so last month I met with mining industry officials in Yellowknife and invited them into the process of planning a comprehensive mineral strategy for the north. At the time, we agreed to assemble a joint industry-government consultative committee to develop that strategy. Its first meeting took place in Edmonton this week. I have also appointed a special adviser, nominated by the industry, to keep me abreast of its requirements and to support the consultation process.

I understand that both my own and the government's initiatives in the budget are receiving an encouraging response from people who are affected by them. After our meeting in Yellowknife, the president of the Yukon Chamber of Mines acknowledged that together we had made more "substantial progress". He further declared—and I am using these quotes very carefully and not taking them out of context—that:

We recognize that this direct participation of the industry . . . in the development of major government policy as an unusual and innovative step.

I understand that even the hon. member for the Yukon (Mr. Nielsen), in what must have been something of a lapse for him, said the budget was very good news.

The hon. member for Peace River (Mr. Baldwin) mentions the vote. The vote went like this, Mr. Speaker: 37 per cent for the Conservatives, all the rest against. The majority were against—something like 68 per cent. The trouble with the vote is that those who were against were somewhat divided amongst themselves. Next time there may be a greater degree of cohesion.

Mr. Speaker, if I may continue to inform the House about the development in the north—I know the Conservatives are not particularly interested in the north but we on this side have a great interest, seeing it as the frontier of Canada, and we are attempting to address some of these issues this afternoon.

If I may, without further interruption from my friends opposite, I should like to take a moment to outline to the House a couple of other steps the government has taken in recent months that have encouraged confidence among people who depend on a healthy northern economy. Last May I convened a conference on economic prospects in Hay River which brought together for the first time, people from all walks of life and divergent interests throughout the Northwest Territories. Delegates at that conference developed a framework for working towards a balanced economy. By and large they were talking about general principles, but since then we have been tackling the specifics.

Among the most visible evidence of economic progress has been the numerous offers of financial assistance to small industry in the north. From May to mid-October, about $600,000 was committed to a wide variety of local and community enterprises. Earlier this month an agreement between the government and the Yukon was announced which proposes to spend up to $11 million over three years for special economic stimulation and job-creation. Officials in my department have been working with the government of the Northwest Territories and other federal departments on several new initiatives which arose out of the Hay River conference. These programs are still in the formative stages, but I can tell the House what a few of them involve.

First are the measures to promote tourism. The Northwest Territories government is establishing a tourism division. My department, together with the Canadian government office of tourism, the territorial government and the travel industry association of the Northwest Territories will be undertaking a $100,000 study to develop an integrated tourism strategy.

Second, through the special ARDA program, capital assistance is being made available to increase the amount of inter-settlement trade in such things as country foods. Training and managerial assistance will also be provided.

Third, assistance to improve the harvesting, processing and marketing of products from both the sea and the land is another area of activity at which we are looking. For example, Inuit harvesting of seals in the Northwest Territories provides an important source of food for local consumption, and the sale of sealskins is a major income factor.

An August conference in Yellowknife brought together all of the participants in sealskin harvesting, followed by a review of the market's quality requirements. Sealskin prices, which were depressed in 1977-78, have more than doubled since January, and with a new insight into market needs the industry will be better able to profit from this upturn.

Mr. Speaker, these are just a handful of the deliberate measures which are being taken to break the spell of postpipeline depression in the Northwest Territories, particularly the Mackenzie Valley. The government is also ready to meet unique circumstances when they arise—such as in the case of the recent setback in Frobisher Bay when weather conditions prevented a supply ship from unloading its cargo. The consequences could obviously have been dire for the people in Frobisher, but we gave the authority to go ahead and fly the materials in. Those flights are now en route.

Before I conclude, I would like to turn my attention to the role that land claims play in the northern economy. The House is well aware of the effects of culture clash that native people have suffered since this country was traversed by early explorers and traders. The legacy of anguish for native people that lay in the path of those early adventurers and the settlers who followed them is still straining our ingenuity. It is still draining the energies of natives and non-natives generations later. In a few relatively short decades, settlement and development have already had a dramatic impact on the north. We are on the threshold now of breaching workable accord with northern native people so that development can proceed with minimal injury to their traditional way of life and livelihood. But it would be negligent, Mr. Speaker, to say there will be no more development until we settle land claims. That would be unrealistic and unworkable.

Furthermore, I am convinced that the best way to achieve the objectives I outlined earlier is through settlement of comprehensive native claims. That is the way to secure their traditional economic base: that is the way northern native people will become equipped to make the choice between their traditions and the mainstream of Canadian society. Land claims agreements are the best method available for them to strike their own balance between these alternatives. I can assure this House that the priorities in this matter will not be neglected by this government.

Hon. members opposite may find that amusing. I must express my concern at this point that the matter of land claims is not a subject that has ever been addressed by the party opposite. I think it would be interesting for us to know what their position would be in terms of a comprehensive land claim settlement.

We are attempting to resolve land claims wherever there is a demonstrated willingness on the part of native people to negotiate. Mr. Speaker, it takes courage to make these kinds of choices and I want to tell you about some people who have that kind of fortitude. Only a few weeks ago, an agreement in principle was signed in Sachs Harbour with the committee for original peoples' entitlement covering the Inuit of the western Arctic. That agreement, which forms the basis for a final settlement, protects the traditional economic base of the Inuvialuit. Other measures are designed to encourage the Inuvialuit to diversify their traditional economy and to participate on their own terms with development interests.

It has not been easy for the Inuit of the western Arctic, and particularly their leaders on whose shoulders rests the responsibility for generations to come. Changes of this magnitude and the options they present are profound: but the Inuvialuit have recognized the necessity to make those choices now and have had the moral conviction to follow through.

With their inspiration to guide us, I am confident that there are ways to achieve the balanced economic opportunity necessary to protect native and non-native interests. The consequences of imbalance are awesome, but there is reason for us to be optimistic. The kind of co-operation that has been demonstrated since the Hay River conference, the complementary measures in this budget and the example of the Inuvialuit lead me to believe that the solutions are at hand—they rest with the goodwill and resourcefulness of dedicated people, and I have enough faith to believe it can be done.

● (1612)

Mr. Baker (Grenville-Carleton): Mr. Speaker, would the minister permit a question?

Mr. Faulkner: Yes.

Mr. Baker (Grenville-Carleton): Mr. Speaker, could the minister tell us at what stage in the amending and consideration process of the cabinet are the amendments to the Northwest Territories Act requested by the legislature of the Northwest Territories in a letter written by their speaker, Mr. David Searle, to the Commissioner, Mr. Drury?

Mr. Faulkner: Mr. Speaker, yes, I am pleased to respond to that question. The amendments are now through cabinet. They are out of the Department of Justice. They are about to go to the legislation and House Planning Committee and I would expect, with the co-operation of all parties of this house, that we would have this bill in this House before Christmas.

May I just take advantage of the opportunity afforded to me by the question, to express appreciation to the hon. member and his party for their support in giving us all three readings, it is understood, with one speech per party. I understand that we may have the same agreement with the other parties, but discussions are still going on. If we have that, I think we could get the bill through the House quickly.

Mr. Baker (Grenville-Carleton): Mr. Speaker, I want to take the opportunity to assure the minister that there have been appropriate discussions. On behalf of the Progressive Conservative party, I can say to him that we are prepared to do that.

Mr. Knowles (Winnipeg North Centre): Mr. Speaker, I rise on the same point of order. May I just say the matter is under consideration.

Mr. Thomas Siddon (Burnaby-Richmond-Delta): Mr. Speaker, it gives me great pleasure to appear before this House to offer some observations on the budget which was introduced last Thursday by the Minister of Finance (Mr. Chrétien), to speak both as a candidate in the recent by-elections and as a representative of the people in Burnaby-Richmond-Delta.

I am not usually known to express gratitude in a profuse fashion. However, I would like to begin by complimenting the Minister of Finance for some of the economic initiatives undertaken by this budget. Many of them look surprisingly familiar to me. Having been a candidate for some months and having studied the policy documents of my party, I found a remarkable similarity in some of the short-term initiatives which the Minister of Finance announced in his budget.

I would like to back away from the question of specific initiatives announced in the budget and talk for a few moments about the question of budgeting from a more general point of view. In my mind—and the minds of many constituents from western Canada—the trend of the current government is to lead this country into an unprecedented economic crisis. This has been ably described by my colleague, the hon. member for York-Simcoe (Mr. Stevens). We have a situation in 1978 where government spending, which is at a level of $50 billion, is arcing up in an ever increasing curve because of the complications of high interest rates, devaluation of the Canadian dollar relative to its American counterpart, indexing of expenditures in the forms of salaries and other costs to government, and, in general, inflation.

Similarly, we have a situation where revenues of government—$35 billion for the fiscal year—are not growing nearly as rapidly. They are in fact arcing on a downward curve. That results from the tremendous increase of disincentive in our society. The consequence has been higher and higher rates of

unemployment. And now the tax rollbacks, which are necessary to get this economy working again, will further hamper the growth of revenues needed to offset spending. I do not advocate increases in taxation as a means of disposing of this problem. The big problem is the question of waste, the question of the ever growing margin of difference between the spending of government on the one hand and the revenues received on the other.

Canadians, and this includes members opposite are facing a devastating crisis. It is somewhat like approaching the edge of a cliff which is crumbling away and dumping load after load of rock and rubble over the edge to enable one to walk farther and farther out over the precipice. Mr. Speaker, the almighty collapse is soon to come if we do not take strong measures to implement means of restraint and to eliminate waste. This country is in for some devastating times in the decade ahead. In other words, a budget should offer more than a recitation of mere platitudes and half measures to stimulate. It should be more than a bump here and a bump there. A budget should deal positively with the question of restraint. It should deal with new initiatives to control the growth of government.

Indeed, given the present circumstances, it should stop the growth of government. A budget must provide all the information necessary, not only part of it, to restore the confidence of Canadians in the government which is managing their resources.

I suppose I entered political life at the federal level primarily because of the concerns I felt over some of the things our Prime Minister (Mr. Trudeau) was saying some ten years ago, of which Canadians did not take note. At one point, around 1969 I believe, he made the following statement which I quote:

> I suppose one has to be in the wheelhouse to see what shifts are taking place. I know that we have spun the wheel, and I know that the rudder is beginning to press against the waves and the sea . . . but perhaps the observer who is on deck and smoking his pipe or drinking his tea . . . doesn't realize it; perhaps he will find himself disembarking at a different island than the one he thought he was sailing for.

I submit today, hon. members, that indeed the Prime Minister has been leading this nation on a voyage—a long voyage to fantasy island—an island as fantastic as the one depicted in the television series of the same name. In those days the Prime Minister also suggested that the Liberal party may turn out to be somewhat different than what we had traditionally come to regard as the Liberal party, a party which developed with some degree of respectability over the past century.

I submit to hon. members opposite that if they looked back over the last ten years they would see that the Liberal party has changed tremendously in terms of its approach to economic matters, under the leadership of the present Prime Minister.

The first thing we must do in dealing with the budgetary question is to predict the anticipated spending for the next year. Then we estimate the revenue available. Finally, we find ways to balance the budget. I know that the concept of balancing budgets sounds strange in a modern industrial world so dependent on investment; investment in our future. By failing to distinguish between capital spending, that is five-year long-term budgeting, and an annual operating budget, this government has allowed the country to run uncontrolled for far too long. The people of Canada do not know what portion of the accumulated debt is purchasing real equity investment in the future of this country and what portion is being wasted through the many extravagant forms of abuse of access to the taxpayers resource.

I am disappointed that the budget introduced by the Minister of Finance does not come to grips in any way, shape or form with the question of controlling the rate of growth of government spending and eliminating the tremendously wasteful habits of the present government. These are ably documented in the one hundredth annual report—a condemnation of this government—which was filed yesterday by the Auditor General. The government cannot run the Post Office without incurring millions of dollars of debt. The government cannot run an airline without refinancing it from time to time with millions of dollars. These are either deficit dollars or taxpayers' dollars. How can this government propose to run a large corporation, such as Petro-Canada in an economically or fiscally responsible way?

● (1622)

The system of tax credits, the half measures, the gimmickery we are all talking about these days to get our economy moving forward again; the rebates, the filing of documentation back and forth with Ottawa to get a little off that tax penalty we are paying to the federal government, these are mere symptoms of the real problem in this country.

The real problem faced by the people of Canada is that taxes are too high in the first instance. I submit to this House that this introduces the concept of the tax revolt which was demonstrated in California in recent months. I submit that next June there will be a tax revolt in this country. The tax revolt will lead to the putting in place of a new government with new ideas to set the economy of this country straight.

This government is not totally honest. Perhaps that is a poor choice of words. This government is not telling Canadians the whole story when it files a statement such as the glossy budget of the Minister of Finance the other evening.

I wish to refer to some figures which the hon. member for Fort William (Mr. McRae) introduced into this House. He is not in the chamber this afternoon, but one evening last week he talked about the percentage of gross national product which rests in the form of debt. He pointed out that in 1952 we had 51.7 per cent of GNP residing in the form of debt, but that the percentage of debt, most of it having been accumulated through the war years, dropped to 18.7 per cent in 1978.

The hon. member for Fort William neglected to include figures for the years 1974 to 1978 which show that we went through, a minimum in those years in terms of percentage of gross national product, in the form of debt. The debt is beginning to take off again, not through the tremendous devastation and the costly burden of war, but because it is finally beginning to catch up and intrude upon the gross national product of this country in an ever increasing proportion.

I wish to produce some figures of my own. These are from Statistics Canada. In the fiscal year 1967-68, personal and corporate income taxes as a percentage of GNP were 6 per cent. In 1978, personal and corporate income taxes are 12 per cent of the GNP of this country. the GNP has grown, of course, but personal and corporate income taxes have doubled.

The tax bite this government is imposing upon the earners, profit seekers and risk takers of this country has doubled. Government spending has increased from 13.6 per cent of GNP in 1967-68 to 26.8 per cent of GNP ten years later. That is preposterous and unacceptable. Although the significance may seem lesser, it is significant that the percentage of gross government revenue, which is raised in the form of personal and corporate taxes, has increased from 50 per cent to 59 per cent in the past ten years. The burden of taxation on Canadians increased far in excess of reasonable proportion.

This takes us to a question of political philosophy. A government is elected to provide the basic essential services of government, and that is all, if we believe in the principles of free democracy. A government which does not put any burden on society—one which one might call a very extreme form of right wing government—is non-government; it is chaos. On the other hand, a government which wants to take all of the earned income of Canadians and put it into the funding of government, is an extreme left wing form of government. It is worse than democratic socialism.

There is an optimum level of taxation as a percentage of GNP. That optimum level was certainly less than 6 per cent for decades in this country. In the past decade, it has doubled to the point where it is 12 per cent. The people of Canada will not stand for it any longer.

I indicated that the government is not telling the whole story in submitting a budget and sending press releases to the media. When the government sends out information on the splitting up of the pie, it sends out circular disks to show what proportion goes to what. It should be straightforward and fair in reporting that information.

In the Canadian Press last week, I noted such a sketch which showed the expenditure dollar and the revenue dollar. Unfortunately they were both shown the same size. In fact, in the coming year this government will spend $1.35 for every one dollar it receives as revenue. I believe the people of Canada should be told of that fact. The Mint will have to begin stamping out rubber dollars.

On the expenditure dollar, as reported to the press last week, there is a 14 per cent pie shaped wedge called debt. That is not the debt. That is the debt charge of the interest on the debt. It leaves the impression that our debt is 14 per cent of the government budget for the coming year. It is not. It is 35 per cent, plus the interest on that debt, which in the coming year will be in excess of $8.5 billion.

The government must level with the people of Canada. It must tell the people of Canada what the elements of the gross public debt are, a public debt now in excess of $70 billion, more than half of it having been accumulated in the past ten years since this government has been in office.

How much is held outside Canada? How much is caused by waste, as reported by the Auditor General? How much is internal debt held in the form of Canadian notes, Canada Savings Bonds and term deposits in bank accounts? The people of Canada should know to what extent we are beholden to economic powers external to our nation. The government should tell the people of Canada what would happen if public confidence in Canada Saving Bonds was suddenly shattered.

What would happen to the economy of our country? Can we continue to rely on Canada Savings Bonds to bail out a government whose costs are offset by debt? There is no speculative capital in Canada; it is all in the form of bonds and term deposits. Therefore we must continue to encourage foreign investment in this country. As long a we have little old ladies in Connecticut and financiers in West Germany who are prepared to take a risk when Canadians are not, we must continue to welcome their investment in this country because investment produces jobs.

If the profit elects to go elsewhere, so be it until Canadians take hold of their own country. Why should we be debtors in a world where there are creditors? Why should we be debtors in a world when we have such tremendous natural resources to put at the disposal of our fellow Canadians, and indeed people in the rest of the world?

Let us get back to basic economics. Let us talk about balanced budgets. Let us not say it is a pipedream. If we do not believe in the ideal that we can balance the annual operating budget of this country, then let us forget about democracy because it just does not work when you start putting up borders and, borrowing money from other nations. You become beholden to them in order to keep your head above water.

My time is coming to an end, I believe, or do I have more time?

Mr. Paproski: Go ahead.

Mr. Siddon: I recited some statistics which showed that the tax bite imposed on ordinary Canadians has doubled in the past ten years. As the tax bite on the individual wage-earner and investors in our society increases, what happens to efficiency? Efficiency decreases because governments become irresponsible in the manner in which they dispose of the assets of the hard-working people who earn them.

What happens to waste as the tax bite increases? It is easy to get money if you take it out of the pockets of the Canadian wage earner or borrow it from West Germany, or wherever. The government has become wasteful. When governments become inefficient and wasteful, they become secretive. The hon. member for Peace River (Mr. Baldwin) has had much to say about the question of government secrecy and restriction from this parliament of the decisions on which government spending is based.

As the percentage bite of taxation on individual earners in this nation increases, it destroys incentive, then the only way to even come close to balancing the budget is to incur more debt.

Getting back to the question of foreign investment for a moment, there are certain political philosophies in this country which regard profit as a dirty word, whether it is earned in Canada or anywhere else, because somebody is getting that profit. I would rather have Canadians attaining a profit so that we can have productive industries in this country than have foreign lenders charging us enormous, staggering levels of debt interest. They help us maintain a false sense of security and a false sense of well-being based entirely on debt dollars. That attitude which allows an increasing imposition on the ordinary wage-earners of this country is tied in essentially to the whole concept of Keynesian economics—that we can continue to borrow more and more and continue to print paper dollars. But sooner or later someone else is going to keep the profit. We will become so far in debt that we will have to put up walls, ever-increasing levels of tariff protection, to pay the high wages and accept the low productivity which comes from an inefficient society, a society where it does not matter if you work or not. What do we then become? Look at the example of the countries which belong to the Soviet bloc. I submit that if we value our freedom we cannot afford to build these walls around Canada. We have to trade competitively in an international world. Our labour has to work for competitive rates of compensation and our tax system has to be competitive with that of our immediate neighbour, the United States.

● (1632)

I have not talked much about specifics, but I should like to—

Mr. Deputy Speaker: I am afraid the hon. member will not have time. His time has expired.

Mr. Siddon: I should like to have a closing word, Mr. Speaker.

Mr. Deputy Speaker: The only way to do that is by unanimous consent. Is there consent to allow the hon. member a closing word?

Some hon. Members: Agreed.

Mr. Siddon: I do not believe we want a dual monetary system that keeps people locked in this country. I think we should listen to the things our Prime Minister has been saying. He says we must accept more authority in our lives, one party democracy—that seems to be a concept of his—and we should consider that we might be going in a different direction than the one in which we thought we were setting out. I ask hon. members to consider these facts and to consider that this budget is far less than adequate in coming to grips with the problems which confront our economy.

Hon. Len Marchand (Minister of State (Environment)): Thank you, Mr. Speaker. I have been losing my voice today so I am not sure how long I shall be able to carry on, but I will do my best. First, I should like to congratulate the hon. member for Burnaby-Richmond-Delta (Mr. Siddon) who has just resumed his seat. I understand this was his maiden speech.

An hon. Member: No.

Mr. Marchand: Maiden speeches in the House of Commons are all special occasions for hon. members. I cannot be so generous as to say I agree with everything he said. He was preceded in this chamber by two distinguished members from Burnaby-Richmond-Delta, Tom Goode, whom I knew very well, and John Reynolds, whom I also knew very well. They were both distinguished members who always addressed themselves to this chamber in a very good manner. I expect the hon. member will want to carry on the high tradition of his predecessors and, of course, the high tradition of this House.

Before I get into some of the notes I have here, I want to say in a general way that as a British Columbian I welcome a number of portions of the budget. One portion of the budget I particularly welcome is that which refers to the mining community. If anything needed a shot in the arm in British Columbia, it was the mining sector. It is a very important sector of the country and a very good sector of the economy of British Columbia. Coming closer to home, it makes a very important contribution to the economic life of Kamloops-Cariboo.

There are some on the other side who have said that the budget presented by the Minister of Finance (Mr. Chrétien) was cautious and unimaginative. Of course, there are always those on the other side who will say he has not gone far enough with respect to whatever happens to be their favourite target. If it is a cautious budget, I will not fault my colleague for that, given the delicate balance which has to be maintained, with respect to inflation, unemployment, economic development and the health of the Canadian dollar abroad. We certainly do not need any of the imaginative flights of fancy suggested by some hon. members opposite for the financial management of the country.

One of the areas in which the Minister of Finance and the President of the Treasury Board (Mr. Andras) have quite rightly insisted on caution and restraint is in the field of total government expenditure. We have reduced planned expenditures for 1979-80 by $2.5 billion as a painful though necessary part of bringing government expenditures into better balance.

My department, the Department of the Environment, has, of course, made its contribution, and a significant one, to this necessary restraint program. Next year we shall be reducing planned expenditures by more than $40 million, and if anyone thinks this is a fictitious reduction, I shall be glad to demonstrate in some detail that it is very real. It is never an easy matter to cut one's budget, but we in the Department of Environment realize that cutbacks have to be made and rather than suffer because of this, we have honed our operation down to essential programs and activities. Where possible, as in the case of the Petawawa Forestry Experimental Station, we have combined rather than terminated programs. Certainly, the cutbacks were hard to make, but while accepting the necessity

of these reductions, we did not resign ourselves to the idea of a poorer operation. On the contrary, we were guided by one principle, that of getting more for less from our department. Because of this commitment, we have produced a leaner and more efficient operation. We have, in short, produced a richer though less expensive Department of the Environment. We remain as strongly committed as ever to preserving and, indeed, to enhancing the quality of the Canadian environment, not just for those of us who want to enjoy it now but for future generations. The environmental decisions we make today will determine to a large extent the quality of the environment we pass on to future generations, and it is by the quality and wisdom of these critical decisions that we shall be judged.

I have said we are determined to maintain the most important work of this department even in times of needed budgetary restraint. Perhaps by way of illustration I should give the House a few examples of what the department actually delivers. Two days ago my colleague, the Secretary of State for External Affairs (Mr. Jamieson) signed with the United States Secretary of State a new Great Lakes water quality agreement to replace and extend the one originally signed in 1972. That first agreement undertook to reduce levels of pollution in the largest body of fresh water in the world. In successfully doing so, we set an example of international co-operation which has been remarked upon throughout the world. Great progress has been made in overcoming the sources of pollution of the Great Lakes, and with the signing of this new agreement we have committed ourselves to completing the revitalization of the lakes. Strict deadlines have been set for both municipal and industrial pollution control programs. Measures will be taken to largely eliminate the discharge of toxic substances into the lakes. New water quality objectives have been set and renewed attention will be given to the reduction of pollution from land use activities and from airborne pollutants. This major project, which brings together the governments of Canada, Ontario and the United States, continues as a high priority for my department because we can already see tangible results.

● (1642)

Another example: I mentioned the Petawawa Forest Experiment Station earlier. The preservation of that station in the face of our heavy budget reductions was one of the toughest chores the Department of the Environment faced. The goal of achieving more for less will, in this case, be accomplished by consolidating the work of the Forest Fires Research Institute and the Forest Management Institute with that of the Petawawa station. Because of this consolidation, which preserves and integrates the most vital elements of the station and the two institutes, we will have one of the most valuable forestry research resources in the world.

Forestry remains of primary importance to me and to the federal government. Even with the cutbacks, federal funding of forest management programs will actually increase through the use of DREE and Canada Public Works dollars with the provinces.

There is a growing recognition of the overwhelming importance of a strong forestry sector to Canada's economy, especially to our balance of payments and employment picture. In addition, it is increasingly understood that Canada's economy could be dealt a severe blow without measures to keep the cost of timber low, to keep the Canadian industry technically competitive and to stimulate the use of forests for new products, such as energy, chemicals and foods.

These facts are well known by members of the forestry fraternity, but only lately have they been gaining wide enough acceptance to be discussed by first ministers and to result in new federal programs in the coming year which will channel an estimated $49 million in federal funds to the provinces for reforestation, timber salvage and intensive forest management. The recognition of the importance of forests in meeting energy needs is reflected in two recently announced federal programs. These are the $143 million program known as FIRE to help the forest industry use wood wastes rather than oil and gas as a fuel source, and the $35 million ENFOR program for research and development on the use of biomass as a source of energy. In both these cases, the Canadian forestry service of my department has played a key role in providing technical input to the programs.

All of this indicates that a national forestry service remains vital to Canada. However, important shifts in program emphasis and new arrangements with the industry and the provinces are needed.

The Canadian Forestry Service will move toward a direct role with the research to support it, specifically in four areas. First, CFS will continue to play the leading role in federal forestry matters. This leadership will be based on the sound scientific knowledge which comes from a research program directed toward economic, physical and biological problems of federal interest. Second, CFS will bring a knowledge of the forest and vegetative environment to departmental decisions and policies on environmental management and protection. Third, CFS will work with the provinces to provide knowledge needed in direct forest management and protection. Fourth, CFS will work with industry to ensure provision of knowledge required for new product development and maintenance of the vitality of the forest industry.

For the first of these, federal policies and actions in taxation, transportation, trade, international relations and other fields can profoundly affect forests and the forest industry. International movement of damaging forest insects and diseases must be better controlled. Research and information programs in a number of areas, including national forest management and energy from forest biomass, are all of high priority if we are to provide the expertise needed to ensure that federal programs and actions are scientifically sound. To be effective, the Canadian Foresty Service will have stronger supporting mechanisms to ensure that all federal departments and all provincial governments are able to take full advantage of the available economic and biological knowledge.

As for the second responsibility, the CFS must conduct research and collect data on the impact of pollution on trees

and other vegetation. The evironmental effects of forest management and exploitation practice must also be examined.

In working with the provinces it must be recognized that some of the research needed for federal purposes is also required by the provinces for the discharge of their management responsibilities.

In such cases provinces should assist in funding research needed to meet their needs. The CFS will negotiate this point with the provinces on the basis of research support, especially at the regional forest research centers.

A similar approach is required where forestry research and data collection in any way benefits industry. Like the provinces, industry should assist in the funding of such work. Federal contributions to forest products, forest engineering and pulp and paper research should cover research needs for policy input to federal agencies, support research needed where there is a large number of small companies unable to support their own research needs individually and ensure that nationally and internationally accepted codes and standards apply to Canadian forest products.

In short, to meet the needs of the next decade, the Canadian Forestry Service will, first, increase studies of economic and institutional aspects of forestry in Canada. Second, it will establish mechanisms at headquarters and in the regions to combine these studies with information in the natural forest science to improve federal actions and policy making affecting forestry and the forest industry. Third, the CFS will negotiate with the provinces a more realistic sharing of costs of research and data collection done in part, or largely, to meet provincial needs.

Fourth, the CFS will develop co-operative arrangements with industry to ensure direct financial contribution and management by industry of forest products and related research, while retaining federal financial and other involvement required for policy making to support small, scattered industrial enterprises and to establish and maintain suitable codes and standards for forest products.

When such changes are implemented, the Canadian Forestry Service will be able to play an enhanced role in forestry in Canada. Over the next decade and through the authority of its information base the service will assume increasing leadership of federal forestry activities.

Given the importance of forestry in Canada's economy, the enormous potential for growth and diversification of the forest based industry and the central place of forests in Canada's environment, the revitalization of the Canadian Forestry Service is one of the most compelling priority projects of the Department of the Environment.

The many different forms of life contained in our forests somehow manage to co-exist and to thrive. A natural system of management prevails which, though not completely understood by man, provides a benchmark by which all of our organizational efforts should be measured. We must try to integrate ourselves with this system if we are to prosper not only in our forests but also in our entire physical environment.

[Mr. Marchand.]

To this end every major federal project involving use of federal lands or federal funds is subject to the federal environmental assessment and review process. Agreed to by cabinet in 1973, the process was revised and given new strength in 1977.

Any projects likely to have significant environmental effects are subject to a study by an environmental assessment panel on the basis of an environmental impact statement submitted by the proponent. Panel reports have already been submitted to me with respect to matters as varied as the proposed construction of a uranium refinery near Port Hope, a highway in the far north of Canada and proposed drilling in the South Davis Strait.

● (1652)

Other panels are looking at proposed port expansion at Roberts Bank, a proposed port near Quebec city, three alternative sites for a uranium refinery, and the environmental terms and conditions which should apply to the Alaska gas pipeline. In all, there are over 20 major federal projects of this sort which are being subjected to environmental scrutiny by a variety of experts, an essential part of whose work is to hold public hearings so that we may hear what the affected public thinks of them. These panels, which report directly to me, are a major means of ensuring that the federal government in its activities acts in an environmentally responsible fashion.

I do not have enough time, Mr. Speaker, to detail all the work my department is doing and will continue to do in its regulatory activities for the protection of the Canadian environment. In this regard, it acts under the authority of important pieces of federal legislation—the Fisheries Act, the Clean Air Act, the Environmental Contaminants Act, and the Ocean Dumping Control Act.

In this important part of its activities my department is fully aware of the economic implications of our regulatory work, as well as the need to work as closely as possible with the provinces, in a way which recognizes the need to take into account the often conflicting uses of the physical environment. Our regulations and our guidelines will increasingly be developed in collaboration with our provincial counterparts and with those knowledgeable about the precise impact in both physical and financial terms of the regulations on the industry which will be affected.

In these days of growing concern about the total impact of the regulatory activities of governments on the economy, my department is working actively to implement the policy of this government which requires that each new major regulation in the field of safety, health and fairness be accompanied by a justification. The justification must take into account not only the costs, but the benefits to be derived from it. We must be willing and able to demonstrate that the costs we are placing on the Canadian economy are justifiable ones. Not only the immediate short-term impact on the affected industry must be considered, but any long run implications to the physical environment as well.

It is this balance of all our attempts to live as well as possible within our environment and our attempt to let our

environment live as well as possible around us, that concerns the Department of the Environment. We can change our surroundings for our betterment, only if we accept and understand that we are dealing with an ecosystem of which we are a part. Our environment measures our actions carefully and responds accordingly. We will continue to be graciously accommodated by our surroundings only if we reciprocate. Knowing how to do this—divining a sort of environmental protocol—is the goal of my department.

Mr. Parker: Mr. Speaker—

[*Translation*]

Mr. Matte: Mr. Speaker, I rise on a point of order. Having tested my patience to the limit, I should like to request the unanimous consent of the House to participate as well in the budget debate.

Mr. Deputy Speaker: I have already recognized the hon. member for Eglinton (Mr. Parker). The decision is no longer in the hands of the House; it depends entirely on the hon. member for Eglinton. If he wishes to yield, he may do so, but as far as I am concerned, I have already recognized the hon. member for Eglinton.

[*English*]

Mr. Rob Parker (Eglinton): I will try to leave a minute or two for the hon. member, Mr. Speaker. That is about all that it will take to demolish this budget.

In rising to speak on the budget, it occurs to me that there are a great many similarities between this document and the cabinet shuffle that we had this morning. Both contained some minor measures, in one case, the movement of some minor people; in both cases, striking up the bland. There is nothing important in either document. I will give the government some credit though because there are some examples of Conservative policy in the budget. There is a sales tax cut, an income tax reduction, improved procedures for research and development, and all of these are Conservative policy.

This morning when the Prime Minister (Mr. Trudeau) shuffled his cabinet, he eliminated the Department of Urban Affairs, and that too is Conservative policy. In fact, when you see all these things happening, Mr. Speaker, when you listen to that kind of hooraw—coming from the other side—it is a wonderful example of the awful things that can happen when cousins marry.

If you examine what the government has done, you might be led to conclude that the Minister of Finance (Mr. Chrétien) or even the Prime Minister are trying for a seat on the benches over here. I have talked to my leader, and I know there is a seat waiting for them in the row immediately behind me.

Some hon. Members: Oh, oh!

Mr. Deputy Speaker: Order. I hope that hon. members will understand that the hon. member has only five minutes, and that it is his maiden intervention. I think hon. members should be fair to him.

Mr. Parker: There is a difference between a non virgin and a prostitute, and undoubtedly the minister understands very well.

In the couple of minutes that remain, I would like to point out some of the ways in which the government has distorted figures used in the budget and in some of its accompanying documents. We are used to the idea that the government distorts figures to try to justify its miserable record of accomplishment. We have the CPI-2, which now leaves out the prices of food. The Prime Minister, in his speech to the Economic Club in New York said that, food excluded, the inflation rate is coming down. Presumably that means we will be all right if we do not eat.

In this budget the Minister of Finance noted that the indexing figure would be 9 per cent and indicated that for a family of four, that would increase the personal exemptions by $490. What he did not refer to was the fact that indexing has been part of the Income Tax Act for some time, and if he had not put it in at 9 per cent now, it would have been indexed by 8.6 per cent in any event, and that the net effect of his 9 per cent indexing is about $10 increase in exemptions. That is not all a tax saving, it is simply a reduction in taxable income. At an income tax rate of 35 per cent, it means that that individual wage earner would save about $3.50 which in many cities in Canada is enough to take him to a movie.

Mr. Deputy Speaker: It being five o'clock p.m. it is my duty to interrupt the proceedings and put forward the question necessary to dispose of the question now before the House.

[*Translation*]

Mr. Chrétien moves that this House approves in general the budgetary policy of the government. Is it the pleasure of the House to adopt the said motion?

Some hon. Members: Agreed.

Some hon. Members: On division.

[*English*]

Mr. Paproski: On division.

Mr. Knowles (Winnipeg North Centre): On division.

Mr. Deputy Speaker: Carried on division.

Motion agreed to.

[*Translation*]

It being five o'clock, the House stands adjourned until Monday at 2 p.m.

At five o'clock the House adjourned, without question put, pursuant to Standing Order.

HOUSE OF COMMONS

Monday, November 27, 1978

The House met at 2 p.m.

● (1407)

ROUTINE PROCEEDINGS

[*English*]

GRAIN

CALL FOR EXPANSION OF WHEAT SALES TO CHINA—MOTION UNDER S.O. 43

Right Hon. J. G. Diefenbaker (Prince Albert): Mr. Speaker, under the provisions of Standing Order 43, I rise on the basis of President Carter having virtually ended the OPEC style of co-operation, having launched an aggressive marketing strategy for wheat in China and apparently taking for granted that Canada has made herself vulnerable to competition. I therefore move:

That this House calls on the government, in order to preserve and expand the market in China which was secured under my government and has continued since, to send a delegation immediately to Peking, composed of representatives of the Departments of Industry, Trade and Commerce and of Agriculture, the Wheat Board and national farm organizations.

Some hon. Members: Hear, hear!

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

* * *

PENITENTIARIES

EXPRESSION OF SYMPATHY TO FAMILIES OF COLLINS BAY PENITENTIARY GUARDS KILLED IN LINE OF DUTY—MOTION UNDER S.O. 43

Miss Flora MacDonald (Kingston and the Islands): Mr. Speaker, I rise, under the provisions of Standing Order 43, to seek the unanimous consent of this House. In view of the tragic incident which occurred yesterday at Collins Bay penitentiary in Kingston, when custodial officer Francis Eustace, and food services officer Paul Maurice, lost their lives in the line of duty, I move, seconded by the hon. member for Nipissing (Mr. Blais):

That this House expresses its deep sympathy to the bereaved families of these dedicated public servants.

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

Some hon. Members: Agreed.

Mr. Speaker: The House has heard the terms of the motion. Is it the pleasure of the House to adopt the said motion?

Motion agreed to.

* * *

VETERANS AFFAIRS

REQUESTED PRORATA PENSIONS FOR WIDOWS OF DISABLED VETERANS—MOTION UNDER S.O. 43

Mr. Stanley Knowles (Winnipeg North Centre): Mr. Speaker, it could be that this is the day when the House will recognize the extreme urgency of this matter. I therefore move, seconded by the hon. member for Timiskaming (Mr. Peters):

That this House calls on the Minister of Veterans Affairs to introduce at an early date an amendment to the Pension Act to provide for prorata pensions for widows of disabled veterans where the disability of the veteran was assessed below 48 per cent, it being clearly recognized that all members of this House of Commons would be pleased to pass such an amendment before Christmas.

Mr. Speaker: Presentation of such motion for debate, pursuant to Standing Order 43, can be done at this time only with the unanimous consent of the House. Is there unanimous consent?

Some hon. Members: Agreed.

Some hon. Members: No.

* * *

STATUS OF WOMEN

REPORT OF ADVISORY COUNCIL CONCERNING ADVANCEMENT IN PUBLIC SERVICE—MOTION UNDER S.O. 43

Mr. David MacDonald (Egmont): Mr. Speaker, I rise under the provisions of Standing Order 43. Because of the significant and disturbing delay by the Advisory Council on the Status of Women in the publishing of their annual evaluation on the advancement of women in the public service, and since this delay appears to be caused by the extraordinary action of sending preliminary copies of the report to the Public Service Commission itself for its comments, criticism and possible censorship, and that this essentially deprives parliament and the public of a full, frank and objective report, I move, seconded by the hon. member for Kingston and the Islands (Miss MacDonald):

That the minister responsible for the status of women act immediately to ensure the report is published at once without amendment or deletion.

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

Some hon. Members: Agreed.

Some hon. Members: No.

* * *

SPORTS

CONGRATULATIONS TO PLAYERS IN GREY CUP GAME—MOTION UNDER S.O. 43

Mr. Steven E. Paproski (Edmonton Centre): Mr. Speaker, I rise on a matter of urgent and pressing necessity.

Some hon. Members: Hear, hear!

Mr. Paproski: As a former colleague of those who played in the Grey Cup, and as the owner of a jersey which bears the number 54, which is held in such awe by the Eskimos that they have been afraid to retire it, I would ask leave to move:

That this House congratulates all players in the Grey Cup game for continuing the tradition of exciting Canadian football which is now part of our sporting tradition.

Since I have quoted from my jersey, Mr. Speaker, I understand that I will have to table it, which I now do.

Some hon. Members: Hear, hear!

* * *

[*Translation*]

INDUSTRY

REQUESTED REMOVAL OF 5 PER CENT TAX ON DOORS AND WINDOWS MANUFACTURED IN QUEBEC—MOTION UNDER S.O. 43

Mr. Lorne Nystrom (Yorkton-Melville): Mr. Speaker, under the provisions of Standing Order 43, I ask for the unanimous consent of the House to introduce a motion.

In view of the fact that in its last budget the government decided to reimpose a 5 per cent tax on doors and windows because they are not considered as acceptable insulating materials, and since over 450 small businesses in Quebec alone will be seriously affected by that decision, I move, seconded by the hon. member for Winnipeg North Centre (Mr. Knowles):

That this House ask the government to review its decision and abolish that 5 per cent tax.

Mr. Speaker: Under the provisions of Standing Order 43, presentation of such a motion requires the unanimous consent of the House. Is there unanimous consent?

Some hon. Members: Agreed.

Some hon. Members: No.

[Mr. MacDonald (Egmont).]

[*English*]

POST OFFICE

PREFERRED POSTAL RATES TO QUALIFYING CHARITABLE AND SOCIAL SERVICE ORGANIZATIONS—MOTION UNDER S.O. 43

Hon. W. G. Dinsdale (Brandon-Souris): Mr. Speaker, I rise, under the provisions of Standing Order 43, to ask the unanimous consent of the House to introduce a motion dealing with a matter of urgent and public concern.

In view of the fact that charitable and social service organizations, such as the War Amputations Association, Care Canada, and many others are finding it increasingly difficult, if not impossible, to use the postal service for fund-raising because of service disruptions and constantly increasing postal rates, I move, seconded by the hon. member for Parry Sound-Muskoka (Mr. Darling):

That the Postmaster General, following the example of the United States and other democratic countries, be directed forthwith to grant preferred postal rates to qualifying charitable and social service organizations, so as to ease their present financial difficulties and not be forced to cut back or eliminate vitally important programs to disadvantaged groups in Canada.

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

Some hon. Members: Agreed.

Some hon. Members: No.

* * *

● (1412)

[*Translation*]

NATIONAL FILM BOARD

REQUEST FOR REVOKING OF DECISION CONCERNING FRENCH REGIONALIZATION IN WESTERN CANADA, ONTARIO AND ACADIA—MOTION UNDER S.O. 43

Mr. Eymard Corbin (Madawaska-Victoria): Mr. Speaker, under the provisions of Standing Order 43, I ask for the unanimous consent of the House to introduce the following motion.

In view of the fact that the National Film Board has been set up to undertake and promote the production and distribution of films in the national interest and more especially to get Canadians acquainted with Canada, I move, seconded by the hon. member for Restigouche (Mr. Harquail):

That the NFB immediately reconsider its decision to remove French regionalization in Ontario and western Canada and that it withdraw the freeze on the Acadian regionalization.

Mr. Speaker: Pursuant to Standing Order 43, presentation of such a motion for debate requires unanimous consent. Is there unanimous consent?

Some hon. Members: Agreed.

Some hon. Members: No.

* * *

FINANCE

PROPOSAL THAT 3 PER CENT REBATE ON AUTOMOBILE INVENTORIES BE APPLIED TO DEALERS—MOTION UNDER S.O. 43

Mr. Adrien Lambert (Bellechasse): Mr. Speaker, pursuant to Standing Order 43, I seek the unanimous consent of the House to move a motion on a matter of pressing and urgent necessity.

Considering that the 3 per cent tax cut at the manufacturer's level which has been in force since November 17, 1978 will have a negative effect for car dealers, unless the measure is amended, I move, seconded by the hon. member for Roberval (Mr. Gauthier):

That this 3 per cent tax cut applies on vehicles on inventory or in transit.

Mr. Speaker: Pursuant to Standing Order 43, the presentation of such a motion requires the unanimous consent of the House. Is there unanimous consent?

Some hon. Members: Agreed.

Some hon. Members: No.

* * *

[*English*]

ADMINISTRATION OF JUSTICE

POLICY RESPECTING FIREARMS CONTROL—MOTION UNDER S.O. 43

Mr. Dean Whiteway (Selkirk): Mr. Speaker, I rise, under the provisions of Standing Order 43, on a matter of urgent and pressing necessity. In light of the National Firearms Association's press release from Winnipeg today, stating that selected members of the Winnipeg police force have been given a special course on the new firearms control regulations and the stated objective is to disarm the Canadian public within the next five years, I move, seconded by the hon. member for Central Nova (Mr. MacKay):

That the Minister of Justice make a statement on motions today stating whether or not the stated purpose is government policy or in any way authorized by an order in council.

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

Some hon. Members: Agreed.

Some hon. Members: No.

ORAL QUESTION PERIOD

[*English*]

TRANSPORT

AUDITOR GENERAL'S CRITICISM OF DEPARTMENT'S FINANCIAL CONTROL PROCEDURES

Mr. Jack Murta (Lisgar): Mr. Speaker, I wish to direct a question to the Minister of Transport. The Auditor General has documented, within the Department of Transport, items of poor financial control, cost overruns, poor contracting procedures and inefficient management which have totalled, in recent years, a cost to the taxpayer of $572.2 million. How can the minister justify this appalling waste and his failure to adequately supervise the expenditure of taxpayers' dollars?

Hon. Otto E. Lang (Minister of Transport): Mr. Speaker, the items to which the Auditor General referred very often occurred a number of years ago. In virtually every case, procedures have been put in place to try to make sure that whatever may have led to the problem in the first instance could not occur again. That has been a very important development for us.

In the case of airport facilities, for example, we have instituted very thorough, ongoing consultations with the users of facilities in order to have a complete double-check on the question of the scope of the needs for a particular facility.

Mr. Murta: Mr. Speaker, I wish to ask the minister about two particular areas. First, the cost of the Calgary airport increased by some 255 per cent, from an original $57.7 million to an estimated final cost of some $127.4 million. From reading the Auditor General's report, it is apparent that the government proceeded without sufficient information on cost estimates, and incomplete, poor accounting and financial control procedures.

Can the minister assure the House that the sloppy and inefficient procedures which he just said were all right and which his department put in place have, in effect, been corrected?

Mr. Lang: Yes, Mr. Speaker, that is very much in mind. Since 1976, we have had procedures which guard against some of the problems that arose there. Of course, the statement that the original cost went from a certain figure to another figure may fail to take into account some very legitimate changes which occurred during the course of the construction period and from the planning period onward.

In the case of Calgary airport, we no doubt have an expensive facility. On the other hand, it reflects the very rapid growth of travel in and out of the city of Calgary and that whole area. In my view, the airport is only adequate having regard to the amount of growth we expect in the very near future. So while some of the expansion represents a change from the initial plan, a good deal of this change was desirable. This does not excuse the failure to adopt more stringent procedures as outlined by the Auditor General but, as I

indicated to the hon. member before, since about 1976 those procedures have been changed.

● (1417)

Mr. Murta: My final supplementary is this: in the 1977-78 fiscal year, operating losses at Mirabel international airport totalled some $51.5 million. The Auditor General has also drawn attention to losses and cost overruns affecting other airports in Canada.

Is the Canadian consumer being called upon to pay the bills for sloppy management within the hon. gentleman's department, admittedly over the past few years, in the form of escalating airport taxes and higher landing fees? Is this the price the Canadian taxpayers and travellers are having to pay?

Mr. Lang: No, Mr. Speaker, it is not. Of course, the so-called loss at Mirabel is largely made up of such things as interest carried forward on the investment. In the old days, this used to be disregarded. Once the people of Canada, through parliament, had appropriated an amount of money to build an airport, no account was taken of the fact that it should be viewed as an ongoing cost in terms of the investment and that, therefore, an interest charge be made and depreciation shown.

We now carry these interest charges forward and show depreciation. This, therefore, shows up as a loss with regard to the Mirabel operation. In the long run, I have no doubt that the facility at Mirabel will prove to have been extremely necessary to accommodate the growth of traffic which will occur there. There is, of course, always a difficulty attached to a two-airport situation in moving traffic from Dorval to Mirabel. We have experienced it, and it came at the same time as a downturn in the expected growth in air travel.

Airport use is now surging forward again and in our many efforts, including the effort to avoid overloading Toronto, we are going to need a major facility at Mirabel to handle the load. I have no doubt that, looking back five or ten years from now, it will be seen it was very desirable to build a facility there.

INQUIRY WHETHER ROYAL COMMISSION WILL STUDY DEPARTMENTAL ACTIVITIES

Mr. John C. Crosbie (St. John's West): My question is directed to the Minister of Transport, Mr. Speaker, and I would like to remind him that in the long run, as Keynes said, "We are all dead". He is taking a very sanguine attitude toward these losses.

The hon. gentleman has been Minister of Transport since 1975, but he is blaming these misdeeds on previous ministers, such as his seatmate and the gentleman who is in the Senate. For the first time in Canadian history, officials of the department have blamed ministers for what went wrong. I refer to page 539 of the Auditor General's report, where the deputy minister in the minister's department said:

> The early commitments made by ministers based on circumstances extraneous to the department were particularly significant in the decisions on the timing, size and scope of these projects. The strength of these early commitments made it difficult to contain projects at later stages.

In view of these comments of his department, is the minister going to demand a royal commission to clear his name, if it can be cleared by an inquiry, or is he going to resign?

Hon. Otto E. Lang (Minister of Transport): Mr. Speaker, I think the hon. member has missed the point of the Auditor General's comments vis-à-vis those of the officials in the Department of Transport. I think what the Auditor General is referring to there is the fact that it is not just economic considerations or practical bureaucratic considerations which are taken into account in many of our developments in the area. When we expand facilities at Gander it may not be totally on a cost-benefit basis.

When we proceed with an airport or terminal building at Wabush or at Charlo, to use two examples in the Atlantic region, it is not necessarily done on a cost-benefit basis which is supported by the bureaucracy. When we go to an airport at Charlottetown that is meant to reflect the desires of that province to have a tourist-attracting facility, it is not on an economic basis supported by bureaucrats. I continue to support the right and wisdom of ministers making judgments on the basis of social needs as well as economic needs, and I am glad to stand here and say so on behalf of my predecessors and myself.

● (1422)

Mr. Crosbie: Mr. Speaker, this is a wonderful spectacle; the minister wants to spend money for a change. I was not referring to the Auditor General's comments; I was referring to the Department of Transport's comments made with reference to four projects where $200 million were spent that should not have been spent. The four projects were the airports at Calgary and Toronto, the Training Institute at Cornwall, and the Motor Vehicle Test Centre. The minister's officials said that it was "the impact of the political process, our ministers, who caused these transgressions, these overruns."

In view of these statements from his department's officials, will the minister ask for an inquiry, will he request the resignation of these people, or what action will he take? This matter is on the public record. Could the so-called minister advise us what he is going to do about it?

Mr. Lang: Mr. Speaker, it was my impression that not only did I note that it was officials in Transport who made the comments, but I referred to that fact in my answer. It is also my impression that I fully answered the hon. member and told him why it is that sometimes, on a non-economic basis, a minister will make decisions and recommend situations to government on the basis of what is good for a province, region or development not necessarily justified on economics alone. I said that and I said it very fully.

Mr. Crosbie: Mr. Speaker, in a final plea to the minister, we all know that politics have some connection with such questions. Nobody is quarrelling with the site of these projects or whether or not the projects had to go ahead. We are quarrell-

ing with the fact that the wool was pulled over Treasury Board's eyes, that decisions were made too quickly, that there was an unnecessary expenditure of public funds because of the mistakes of ministers, not because of politics intruding. We all know that politics is government.

In view of these circumstances, and the fact that the minister and his predecessors have been blamed for this situation, what action does he propose to take?

Mr. Lang: Mr. Speaker, the hon. member for St. John's West is using reasoning by which he would urge me to follow some bureaucratic advice in favour of closing down the railway in Newfoundland. We are not intending to do so. We are following, instead, political judgment based on an inquiry among people in Newfoundland and consultation with the provincial government and my colleague who quite ably represents Newfoundland.

Mr. Jamieson: Right.

Mr. Lang: We intend to follow a political route, not an economic one.

Some hon. Members: Hear, hear!

* * *

GRAIN

MOVEMENT OF GRAIN—PURCHASE OF HOPPER CARS

Mr. Lorne Nystrom (Yorkton-Melville): Mr. Speaker, my question is to the Minister of Transport in his capacity as minister in charge of the Canadian Wheat Board.

As the minister knows, on Thursday the Wheat Board announced that they wanted to purchase some 500 to 2,000 hopper cars to move prairie grain. In light of the fact that the railways had an obligation to provide the rolling-stock, that the Wheat Board is apparently being blackballed by the railways into purchasing the cars themselves, and that this is a dangerous precedent where the user is actually purchasing his own hopper cars to move his own product, I would ask the minister if he authorized the calling of tenders and, if he did, would he tell this House how he rationalizes and defends his decision against the historical obligation of the railways to provide boxcars or hopper cars to move grain?

Hon. Otto E. Lang (Minister of Transport): Mr. Speaker, I am sure the hon. member knows that it is not at all unusual for people who ship products to in fact acquire cars and make them available to the railways in connection with the shipment of the product. That would not ordinarily take place in this particular situation, simply because the user is only having to pay a very low rate for moving the product and there is really no room for that kind of flexibility in rate negotiations.

I was aware of the intention of the Canadian Wheat Board to acquire hopper cars, or to go to tender for them. My authorization was not required. I believe that what the Wheat Board is doing is making a judgment that it is better to have the extra cars available to avoid charges like demurrage which may lie on its doorstep if at a peak period it cannot move all the grain that it would like to move, or cannot move it as effectively.

The railroads have put forward certain arguments about when they would need additional cars and whether they have enough cars for next year. The Wheat Board, I believe, was not content to take a risk with regard to those arguments, even though some could make a case that with a better turnaround time we would not need the cars until perhaps a year later. Without doubt, we will need them soon and the Wheat Board felt it wise to have those cars and to proceed with a call for bids.

● (1427)

Mr. Nystrom: As we all know, Mr. Speaker, the Wheat Board said we need about 4,000 extra hopper cars and we need to repair about 5,000 boxcars. They also said that because of the fact we do not have adequate cars to move grain, we lost about $350 million in sales last year.

My question to the minister is: why does he not require the railroads to purchase the cars? It is the first time that the Wheat Board has done it. Why does he not require the railways to purchase those cars? Does he not have enough political clout to do so?

Mr. Lang: It is hardly a question of political clout. I am not at all sure that I have the legal authority to require the purchase of equipment unless I can make an iron-clad case about equipment being required at a specific time. I have indicated to the railways that I am prepared to look at the power I have under the various pieces of legislation having to do with the Canadian transportation system, and I put them on notice that I will not countenance an inadequate supply of equipment to move grain. Their case is that for the immediate period ahead, they have that equipment. I have my own judgment about that.

It is a very tough question to argue in total, that the Wheat Board, instead of waiting for that argument, felt it was wise to have the cars, as they say, partly to guard against things such as demurrage charges which are a normal part of carrying grain and thereby to ensure they can move that grain to the market.

Mr. Nystrom: If the minister feels he cannot persuade the railways to purchase the additional cars, why does his department, as a last resort not convince the government to purchase the hopper cars as it has in the past? I believe the House was told by the minister a few weeks ago that if it were not for the government's restraint program, it might be easier to do that.

Will the minister now undertake to fulfil his obligation to western farmers to try to persuade the government to purchase those cars, so that this cost is not on the backs of the farmers?

Mr. Lang: Mr. Speaker, even with restraint, we looked very carefully at the question of purchase of cars and when it would be desirable to purchase additional cars. I have indicated that

I have no doubt—and almost everyone agreed—that additional cars will be needed at some point in the next few years. The question that is at issue at the moment is whether that order needs to be made exactly now. That is a complicated question having regard to the efficiency with which the equipment is used.

In the years between 1974 and 1977, enough improvements were made in the way cars are handled that we achieved 3.3 more turnarounds out of every hopper car and boxcar in the system, and we were able to carry 34 per cent more grain with no increase in equipment. There is under way at present an intensive analysis, on a systems management basis, of whether we can do better with the equipment we have. If we can, we may indeed have enough equipment for the grain which can be hauled and offered to the market next year.

* * *

[*Translation*]

URBAN AFFAIRS

INQUIRY WHETHER MUNICIPALITIES' REQUESTS FOR ASSISTANCE WILL BE CONSIDERED

Mr. Adrien Lambert (Bellechasse): Mr. Speaker, my question is directed to the Minister of Public Works. I congratulate him for his appointment because we shall often have to work together and I hope we understand each other. I ask him this question as minister responsible for urban affairs because that department will remain in existence until March 31, 1979 if the right hon. Prime Minister's release is accurate, and I hope so. In an answer he gave on November 14 to an hon. member, the minister said the following:

> I understand that municipal incentive grants and sewage treatment programs will continue until December 31, 1978—

Can the minister tell the House whether the applications of municipalities introduced before December 31 will be considered as being part of the program which will not be terminated.

Hon. André Ouellet (Minister of Public Works and Minister of State for Urban Affairs): Mr. Speaker, the answer is yes. However, to take advantage of federal funds the municipalities will have to have their projects approved by provincial authorities. I would also like to thank the hon. member for his good wishes.

INQUIRY WHETHER INFORMATION IS AVAILABLE CONCERNING MUNICIPALITIES' ASSISTANCE PROGRAM

Mr. Adrien Lambert (Bellechasse): I have a supplementary question, Mr. Speaker. The minister also made the following statement:

> —the decision which was taken was that the community services grants program will commence as of January, 1979.

Could the minister tell the House whether documentation is now available so that we can inform the municipalities which would like to take advantage of this program, and if not, could the minister tell us when such literature will be available?

Hon. André Ouellet (Minister of Public Works and Minister of State for Urban Affairs): Mr. Speaker, we have already sent literature to this effect to hon. members when we announced the program. Now that we know exactly the costs and the content of this program, I will be happy to table an information paper on this program tomorrow, at the committee where my estimates will be studied.

* * *

● (1432)

[*English*]

AIRPORTS

AUDITOR GENERAL'S REPORT ON AIRPORT SITE CAPITALIZATION

Mr. Sinclair Stevens (York-Simcoe): Mr. Speaker, my question is for the Minister of Transport, who perhaps has received one of the severest reprimands any accountant can give, in the sense that the Auditor General chose to qualify his report respecting the airport revolving fund under the supervision of the minister.

In connection with the comment of the Auditor General on the Pickering airport site capitalization amounting to something over $54 million, would the minister indicate if the department will accept the advice of the Auditor General and in future cease to capitalize these development costs?

Hon. Otto E. Lang (Minister of Transport): Mr. Speaker, I will be reflecting on the correct way to handle the Pickering site as a site in addition to the whole question of it as an item in the accounts. I think hon. members should recognize that it was a somewhat exceptional circumstance, in that we fully intended to move ahead with airport construction, in which case the handling of the amount involved perhaps would have been unexceptional.

As a result of the provincial decision, the province, in effect, selected the site for us: they asked us to build the airport at Pickering. When they disengaged themselves from the exercise and stopped the airport from going ahead, obviously we were left with an investment in land which had been intended for a purpose and which now is not being used for that purpose. This will lead us to reflect on the whole question of how we deal with the land as an item in the accounts.

Mr. Stevens: Mr. Speaker, perhaps the Minister of Transport overlooked the fact the Auditor General, in making his stiff comment concerning this transaction, pointed out that it was a federal cabinet decision to defer indefinitely the Pickering airport development.

In view of the answer which the minister just gave, would he indicate when in fact they intend to charge, as an expense, these capitalized items which have built up? It is a major item. Since they are simply for the development of a site which may or may not be developed, surely there should be a charge

forthwith against expenditures, rather than fudging the figures and appearing to have an asset when in fact there is none.

Mr. Lang: Mr. Speaker, it seems to me we have an asset: we have the land which was accumulated for the purpose of building Pickering airport. Of course, it was a decision of the Government of Canada actually to stop the construction. The bulldozers were already on site when this decision was taken. Of course, it was taken as a result of the decision by the province of Ontario that it would not build the connecting roads, the services or in any way co-operate with the existence of an airport at that site. So it may have been a cabinet decision but it was made without very much choice, in the circumstances.

We might have had a choice at an earlier date when we were trying to select sites and when, having looked at some sites very carefully, we were asked by Ontario to put aside our site selection and even our choices—one, two, three, four—and go to a completely different site, namely, the Pickering site. The airport was being constructed there very much for provincial reasons—their view of development. It is worth commenting on this extraordinary matter. We went to a site which was the choice of the province, and when we were ready to move with airport construction we were stopped from going ahead by the message from the province that it would not co-operate in an airport at that site.

Mr. Stevens: Mr. Speaker, presumably the Minister of Transport does not understand the figures respecting the Pickering site. The total capitalization for Pickering is $158 million. The Auditor General did not quibble with the land costs. He stated that the development costs were wrongly capitalized in view of the fact that by decision of the cabinet it was agreed that it would be postponed.

Will the minister assure the House that in future no further development costs at Pickering will be capitalized but will be shown as a current expense, as previous development costs should have been charged?

Mr. Lang: Mr. Speaker, as I indicated in my first answer, obviously we will take seriously the recommendations of the Auditor General. Simply, I was pointing out to the hon. member, who made it sound as though something very extraordinary had happened, that it might not have looked so extraordinary at all if we had gone ahead with the airport development.

Mr. Stevens: Well, it is extraordinary.

Mr. Lang: For that reason, we were treating costs in a certain way. Obviously, we must reach our conclusion about what we are going to do with the land, the whole question of development there and, as a result, where the costs ought to be best shown.

Oral Questions

CONSUMER AFFAIRS

MINISTER'S COMMENTS ON BEEF IMPORT QUOTAS

Mr. Bert Hargrave (Medicine Hat): Mr. Speaker, my question is directed to the Minister of Consumer and Corporate Affairs: it arises out of last week's beef industry seminar in Regina at which the minister was a luncheon speaker.

In view of the minister's somewhat abrupt and abrasive remarks which clearly indicated his preference for higher beef import quotas and both floor and ceiling prices for live cattle, will he indicate if he was enunciating government policy in this part of his speech to the beef industry seminar?

Hon. Warren Allmand (Minister of Consumer and Corporate Affairs): Mr. Speaker, first of all, I reject the suggestion that I was abrupt and harsh with the cattlemen. They invited me to speak to them as the Minister of Consumer and Corporate Affairs, and that is what I did. I do not know what else they would expect me to do but speak as a minister for consumers.

An hon. Member: They expected you to use common sense.

Mr. Allmand: I did. I suggested that we should get together—the government, cattlemen and consumer groups—to work out, at the beginning of the beef cycle, a system which would provide good incomes to beef producers as well as to provide stable prices for consumers. I thought the beginning of the beef cycle was a good time to do this.

Also, I suggested that perhaps we could increase the quota for low grades of beef which supply the hamburger market. This is important for low income Canadians and it does not compete with what Canadian producers produce, which is high quality beef. I suggested this as a topic for discussion. I hope we can carry through with those discussions. But the increase in quotas is not yet government policy.

* * *

AGRICULTURE

REQUEST THAT BEEF IMPORT QUOTAS WILL NOT BE INCREASED

Mr. Bert Hargrave (Medicine Hat): Mr. Speaker, my supplementary question is directed to the Minister of Agriculture.

Mr. McGrath: This is going to be good.

Mr. Hargrave: The well-researched cattle and beef projections given at the Regina beef seminar pointed out that continued heavy kills of cows and heifers in both Canada and the United States will result in critical shortages throughout the last half of 1979, all of 1980 and through to 1982. That is plainly evident now.

Would the Minister of Agriculture give Canadian beef cattle producers some reassurance that beef import quotas will not be increased and that no floor and ceiling live cattle prices are to be brought in?

Hon. E. F. Whelan (Minister of Agriculture): Mr. Speaker, we announced government policy some months ago. At this time we have no intention of changing it. We said that we would leave it in effect at that time, and if the policy which was announced jointly by the Minister of Industry, Trade and Commerce and myself did not work, we would bring in an immediate import law. I am sure the hon. member is aware that there has been no change in that policy.

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[*Translation*]

UNEMPLOYMENT INSURANCE

REFUSAL OF BENEFITS TO CERTAIN PERSONS—MINISTER'S POSITION

Mr. Gaston Clermont (Gatineau): Mr. Speaker, my question is directed to the Minister of Employment and Immigration. Does the minister intend to see to it that those who were denied unemployment benefits as a result of amendments made to the act which became effective on January 1, 1976, even though they have applied for the Quebec pension, will benefit from the ruling of the appeals division of the federal court to which the request was submitted by the three retired persons who reached 65 before January 1, 1976?

Hon. Bud Cullen (Minister of Employment and Immigration): Mr. Speaker, I know the hon. member is very happy today because he made representations to me in this connection. I have not yet had a chance to read the decision of the tribunal today, but as soon as I have done so I shall have to determine what procedure will have to be followed.

* * *

● (1442)

[*English*]

GRAIN

SUGGESTION TRANSPORTATION RESPONSIBILITY REST WITH GRAIN COMPANIES

Mr. Frank Hamilton (Swift Current-Maple Creek): Mr. Speaker, my question is directed to the minister responsible for the Canadian Wheat Board. I take it from his earlier answer that he fully support the Wheat Board proposal to spend up to $100 million of producers' money for grain cars.

As lost sales, deferred sales, demurrage and interest costs are well into the hundreds of millions of dollars so far this calendar year, and more and more the responsibility for faulty programming seems to be with the Canadian Wheat Board, I would ask the minister whether he has considered moving this transportation programming responsibility to the grain companies.

Hon. Otto E. Lang (Minister of Transport): Mr. Speaker, I made it clear, in answer to the hon. member for Yorkton-Melville, that my authorization was not required in relation to this particular decision by the Wheat Board. I think the hon. member's suggestion that somehow the grain companies could handle this transportation misses some points about the kind of co-ordination that is required in a major movement of a product such as grain. I have not given any serious consideration to the kind of transfer to which he referred.

Mr. Hamilton (Swift Current-Maple Creek): Mr. Speaker, in view of the situation at Vancouver, where we have seen ten or 12 vessels sitting around for the last two months, with no overtime being worked at any of the terminals, could the minister announce any new or innovative measures to assist our grain export program for the coming winter? It seems to be heading into a worse mess than last winter.

Mr. Lang: Mr. Speaker, I think it is clear that at any time when we are shooting for the record or the limit of our capability to move grain, we will from time to time run into difficulties. Again this year, during the summer months when we had the capacity to move more grain, ships were not presenting themselves for loading. Now they are bunching in Vancouver, as happens quite chronically at this time of year and has done for many years, even years when we were shipping a rather light volume of grain. I refer to the very low periods of exports when there was a Conservative government in office and the difficulties which can be cited from the press at that time about the pile-up of ships, demurrage charges, and so on. That was, as I say, Mr. Speaker, when we were exporting 300 million and 400 million bushels of grain instead of the near-record volumes of 820 million and 850 million bushels we are exporting in these years.

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STATUS OF WOMEN

REPORT OF ADVISORY COUNCIL CONCERNING ADVANCEMENT IN PUBLIC SERVICE

Mr. David MacDonald (Egmont): Mr. Speaker, my question is for the minister responsible for the status of women and it concerns the Advisory Council on the Status of Women which reports to the minister.

As the minister and other members are aware, on a regular basis the advisory council has published an evaluation of the advancement of women in the public service. This year's report has been considerably delayed, and it now appears that the report itself has been sent to the Public Service Commission, or a number of copies, for comment and possible alteration or censorship. Was the minister consulted about this unusual procedure, has he asked for a copy of the report, and has he approved this?

Hon. Marc Lalonde (Minister of Justice): Mr. Speaker, I would, first of all, say I regret that the hon. member uses the provisions of section 43 to put on the record allegations of the nature he has made at a time when we are not in a position to immediately answer them.

As far as the report is concerned, it is a report which is made on a regular basis by the Advisory Council on the Status of Women. That is an independent body for whom I answer in parliament. That body is completely independent and it does its studies in the way it wants, in respect of the subjects it wants and at a time it wants; and it releases its reports when it wants.

If at this particular time this body has decided to check with the Public Service Commission on the accuracy of statistics it used during its study, I would remind the hon. member that the Public Service Commission is also an independent body and that that is the right of the council. I find nothing wrong with that. On the contrary, I find it very commendable, and I would hope that the opposition would do a little bit of the same once in a while, rather than casting aspersions on devoted public servants and independent bodies which cannot defend themselves in this House.

Some hon. Members: Hear, hear!

Mr. MacDonald (Egmont): Mr. Speaker, since the minister is obviously not aware of this procedure, or at least appears to be unaware of it, could he indicate why this procedure was adopted this year and in no previous years? In view of the possible conflict of interest in respect of having a full, frank and objective report, will the minister take appropriate action?

While he is answering that, and since he is concerned about a full and objective report of information—over half a year ago he promised this House the reports and plans of action of the various departments in respect of the equal opportunities programs—would he indicate why we have been so unsuccessful in having any of this material published? Is deliberate action being taken by the government to suppress this information?

Mr. Lalonde: Mr. Speaker, the hon. member again makes a statement to the effect that there was no such consultation in previous years. My question to him is: how does he know? The research section of the advisory council does its own work. They do not consult me about their work. I am not aware of what exactly took place in these specific instances, and I intend that it remains so. If you want to ensure that we have objective and reliable reports, I find it quite proper and quite normal for bodies of that nature to check the facts, rather than to do as the hon. member has done too often on this subject of the status of women, putting on the record of this House statements which are not correct and are not accurate.

As to the general question about the equal opportunities program, I would remind the hon. member that departments are required to file with Treasury Board their plans of action. I have stated that those plans of action, once they have been filed with Treasury Board, are available for examination. I do not know exactly what the situation is today, but if the hon. member wishes to have access to some of those documents, he need only ask Treasury Board and he can see them for himself. I have stated repeatedly that those documents are available.

Oral Questions

HOUSING

INCREASE IN PRICE OF LUMBER—EFFECT ON HOUSING STARTS NEXT YEAR

Mr. David Orlikow (Winnipeg North): Mr. Speaker, I would direct my question to the minister responsible for housing. In view of the fact that all indications are that the number of housing starts next year will decline quite substantially because of the increased cost of building houses, the increased cost of land and the increased cost of mortgages, would the minister tell the House whether he and his officials have looked into the increase in the last year of between 45 per cent and 65 per cent in the cost of lumber used in housing, at a time when the forest products industry has had an increase in their profits of well over 100 per cent?

If his officials have looked at this situation, can the minister indicate what effect this increase in the price of lumber will have on housing starts next year?

Hon. André Ouellet (Minister of Public Works and Minister of State for Urban Affairs): Mr. Speaker, this government has a projected five-year plan of close to one million new starts in Canada in order to meet the needs of Canadians in terms of housing. This projected plan of five years is well on target. In fact, we believe that within the five years we will meet the objective we have established. We do not fear that there will be a substantial reduction in starts this year or next year that would curtail that objective of one million new starts in Canada.

Mr. Orlikow: Mr. Speaker, I should like to direct my supplementary question to the Minister of Consumer and Corporate Affairs, in the absence of the Minister of Finance.

Will the minister have his department, or the Anti-Inflation Board, look at this increase in the price of lumber of between 45 per cent and 65 per cent in the last year, at a time when the major corporations in this industry showed an increase in profits of 119 per cent in one year, and at a time when the wages of workers in the industry were restricted by the AIB guidelines to 6 per cent? Will the minister have his department look at this situation and make a statement at some time in the House explaining this deplorable situation?

Hon. Warren Allmand (Minister of Consumer and Corporate Affairs): Mr. Speaker, my department does not have responsibility for that matter or the AIB. The problem is an important one and I will refer it to the appropriate agencies, AIB and CSIP, which is the new agency of the Economic Council to monitor prices.

[*Translation*]

EXTERNAL AFFAIRS

INQUIRY WHO WILL ACCEPT VIETNAMESE REFUGEES NOT REMAINING IN QUEBEC

Mr. Arthur Portelance (Gamelin): Mr. Speaker, I should like to put a question to the Secretary of State for External Affairs. But first, I think it would be in order to congratulate him as well as his officials, the members of the Canadian Armed Forces and all the employees of the Department of Employment and Immigration for their magnificent performance over the weekend with regard to the transportation of the Vietnamese refugees who have new reached Canada. I should now like to ask the minister, knowing that Quebec will accept about 200 of those refugees and that it seems to be co-operating fully, what other areas of Canada will welcome the other refugees?

● (1452)

[*English*]

Hon. Donald C. Jamieson (Secretary of State for External Affairs): Mr. Speaker, I welcome, as obviously the House does, the opportunity to pass on to all concerned in this airlift and the previous activities involved the congratulations of members for a very first-class humanitarian job. I will see to it that the message from the House is conveyed to the officials concerned.

I do not know precisely which provinces are involved. There are at least six, and perhaps seven, but I will try to get more specific information. The last figures I saw show that approximately one-third would remain in the province of Quebec and the balance distributed across the country; but I shall get more specific information.

* * *

PENITENTIARIES

FINANCIAL ASSISTANCE FOR FAMILIES OF COLLINS BAY PENITENTIARY GUARDS KILLED IN LINE OF DUTY

Miss Flora MacDonald (Kingston and the Islands): Mr. Speaker, my question is to the Solicitor General. Could the minister assure the House that a complete investigation is being carried out into the tragic deaths of custodial officer Francis Eustace, and food services officer Paul Maurice at the Collins Bay penitentiary over the weekend?

Could he further assure the House that, while no monetary compensation can adequately compensate for this tragic loss of life, nevertheless arrangements will be made so that the bereaved families will not be in financial distress?

Hon. J.-J. Blais (Solicitor General): Mr. Speaker, first of all, I am pleased that the hon. lady chose to present a motion under Standing Order 43 which permitted all members of the House to offer our condolences to the two families.

[Mr. Allmand.]

I would say, as well, to the hon. lady that she can rest assured there will be a complete investigation of the circumstances. I want to reassure her, as well as the staff of the Canadian Penitentiary Service, that in this instance we are considering an isolated incident in terms of security and there does not seem to be, at first-hand, any lapse in internal security. The circumstances would indicate, however, that the inmate concerned may have been under the influence of an intoxicant and, therefore, there is need for a complete investigation.

In terms of compensation for members of families, I might indicate there has been a great deal of interest shown both by the House and myself in finding adequate compensation so that members who are so affected are not left in a situation where they are at a loss financially as a result of unfortunate and tragic events.

IMPLEMENTATION OF COMMITTEE RECOMMENDATIONS

Mr. Erik Nielsen (Yukon): Mr. Speaker, I have a supplementary question for the Solicitor General. Could the minister give the House a brief account of the circumstances leading up to this tragedy? Also, is he aware that the report of the subcommittee on penitentiaries, which was adopted unanimously by members of all parties on that subcommittee, came to his predecessor in office, and thus to him, as a package remedy for many of the incidents such as this one we are dealing with?

Can he tell the House whether the government intends to implement that report as a package? I realize that some recommendations have been implemented. When is the package going to be implemented, so that this kind of thing might be avoided in future?

Mr. Speaker: Order, please. Before the minister attempts to answer, I would say that I consider the question in the first part, an account of the circumstances, to be inappropriate in the question period because of the length of reply that would be required. The part about the committee report seems to be quite in order.

Hon. J.-J. Blais (Solicitor General): Mr. Speaker, with reference to the second part of the hon. gentleman's question, I might indicate that on Thursday of this week I will be appearing before the Standing Committee on Justice and Legal Affairs, at which time I will be tabling a further progress report on the implementation of the recommendation of the subcommittee.

[*Translation*]

Mr. Speaker, I would invite the hon. member and all other members who are interested in this matter to attend the meeting and ask all questions they consider relevant.

[*English*]

NATIONAL DEFENCE

SALE OF ARMAMENTS MANUFACTURED BY SPACE RESEARCH CORPORATION

Mr. Elmer M. MacKay (Central Nova): Mr. Speaker, may I put a question to the Minister of National Defence with respect to the Space Research Corporation, a Canadian company which, as the minister knows, has been assisted to the tune of millions of dollars by the Canadian taxpayers and whose activities have been the subject of an investigatory TV program and recent action by the government of Barbados as well as that of Antigua?

I ask the minister if he can be absolutely satisfied that the armaments manufactured by Space Research Corporation have remained in the countries to which Canada issued end-user certificates, and whether it is possible that any of these armaments could have been transshipped to other countries?

Hon. Barney Danson (Minister of National Defence): Mr. Speaker, I think the hon. member knows that is not in my area of responsibility. I understand an investigation is being made. I do not know if the appropriate minister has an answer to that question at this time. I cannot answer the question.

Mr. MacKay: A supplementary question, Mr. Speaker. I gather that the Solicitor General is not in his place at the moment. I should like to remind the minister that he knows inquiries have been made of him in the past. I would ask him if he would give the House his assurance that he will investigate this matter, talk to the RCMP officers involved in the investigation, or have the Solicitor General do so and find out once and for all whether armaments that are being shipped from this country to countries where Canada has offered or given an end-user certificate are being warehoused and transshipped elsewhere? I think he owes the House this kind of explanation.

Mr. Danson: Mr. Speaker, if I were the minister responsible, I would owe the House this sort of response; but I am not the minister responsible. I am sure the minister responsible will answer as he responded in the House the other day without any conclusive information, as I understand. As the Solicitor General is now in the House, the hon. member may wish to redirect the question to him. If he would start from scratch, the Solicitor General could hear it.

* * *

PENITENTIARIES

REHABILITATION PROGRAM FOR INMATES

Mr. J. P. Nowlan (Annapolis Valley): Mr. Speaker, my question is directed to the Solicitor General, but it is on another matter. I should like to ask the minister if there has been any change in the policy and purpose of the Penitentiary Service; that is, not only to protect the public and impose punishment but also to provide help for rehabilitation.

I ask that question in light of the fact that in part of this restraint program consideration is being given to reducing by 50 per cent the chaplaincy service in the major institutions. Could the minister reassure the House that the purpose of the Penitentiary Service is still threefold, and that requests by somebody to reduce the chaplaincy service in many institutions, removing either the Roman Catholic or the Protestant chaplain—who by historic tradition have been in most of them—will not be proceeded with, in view of the fact that so many estimates for publishment have been increased in the Penitentiary Service?

Hon. J.-J. Blais (Solicitor General): Mr. Speaker, I thank the hon. member for his representation. I fully agree with him. He knows, as hon. members of the House know, that there is, as a result of restraints, a cutback in terms of total staff and in some areas, some of the chaplaincy has been affected, but not as a result of any concentration in terms of the chaplains themselves.

We have made every attempt to encourage representatives of the chaplaincy to communicate and consult with us in order to make sure there is a proper chaplaincy effort within the Penitentiary Service. I assure the hon. gentleman that it is an activity I am paying close attention to, for the reasons he has outlined.

Mr. Nowlan: A supplementary question, Mr. Speaker. I would have given the minister notice, but this matter came to my attention over the weekend. As I left my church, someone very active in the chaplaincy service approached me. I must say I was rather startled with the information I received.

I understand that the minister or the commissioner of the Penitentiary Service is meeting with the Interfaith Committee on Wednesday or Thursday. Contrary to part of the answer of the minister, it is my information that over 50 per cent of the chaplains and/or the positions in the major institutions are being eliminated—either not being filled, or those that are filled are going to be cut back. This will distort the religious service that has been given to the inmates, and in the province of Quebec it will even distort the service given by Francophone and Anglophone chaplains to the inmate population. In that sense, it will have a very adverse effect on this rehabilitation program.

Mr. Blais: Mr. Speaker, I am sure that the Interfaith Committee will be comforted in the sense that they will see that the information, or the scuttlebutt we have been hearing is not accurate. Regarding the Protestant chaplains in the province of Quebec, the situation is that there are only about 170 Protestant inmates in Quebec so, in effect, we have a surplus of Protestant chaplains in that province. Therefore, there may be a reduction that approaches the figure which the hon. member describes. I am sure he understands the motivation for the reduction in this instance.

• (1502)

ROUTINE PROCEEDINGS

[*English*]

QUESTIONS ON THE ORDER PAPER

(Questions answered orally are indicated by an asterisk.)

Mr. Wm. Andres (Parliamentary Secretary to Minister of State (Multiculturalism)): Mr. Speaker, the following questions will be answered today: Nos. 288, 478 and 483. I ask, Mr. Speaker, that the remaining questions be allowed to stand.

[*Text*]

EXTERNAL AFFAIRS—ELECTRONIC DEVICES

Question No. 288—**Mr. Cossitt:**

1. Is the government and specifically, the Department of External Affairs, aware of electronic listening devices or any other form of surveillance device found in the Embassy of Poland in Ottawa?

2. Did the government receive any representations on the matter from Polish authorities and, if so, from whom and on what date?

3. Is the government aware as to who installed the devices and, if so, what is the identity of the person or persons?

4. Has the government or anyone acting on its behalf, placed listening devices in a foreign Embassy or Consulate in Canada?

5. Does the government possess evidence that such devices were placed by other foreign powers in embassies and, if so, what is their identity along with dates, any incidents and the embassies involved?

Mr. Louis Duclos (Parliamentary Secretary to Secretary of State for External Affairs): 1, 3, 4 and 5. The Canadian government has traditionally refused to comment on such questions, on grounds of national security.

2. No.

CBC—EMPLOYEES

Question No. 478—**Mr. Roy (Laval):**

1. Does CBC have a policy regarding employees who are prosecuted following verbal or written comments and, if so, what is it?

2. During the past ten years, have any employees been prosecuted and, if so (a) how many (b) what amount did CBC spend for their defence, if any?

3. For the same years, were any employees found guilty and, if so (a) how many (b) what was the amount of the settlement, including out of court settlements?

Hon. John Roberts (Secretary of State): I am informed by the Canadian Broadcasting Corporation as follows: 1. The CBC has no policy in this regard; however, individual cases are dealt with upon their merits and in accordance with the best interests of the corporation.

2. (a) Twenty.

(b) In all cases the employees were named as co-defendants of the CBC and the same counsel was retained to defend both the employees and the corporation. Since, in such cases, legal expenses are combined, it is impossible to determine how much the corporation has spent exclusively on employees' defence. However, in the context of one of these cases, that is still before the courts, one employee was named in a motion for contempt and the corporation was not named. The amount spent by the CBC in the defence of that employee in the motion for contempt is determinable and it was $6,207.93.

3. In matters finally determined, no employees were held responsible or found guilty. As for out of court settlements, in one case, while no finding was made by a court, the CBC settled out of court on behalf of itself and the employee involved for $1,000 damages and $450 costs. In respect of the motion noted in answer to question 2(b) the employee was found guilty of contempt and the corporation covered $3,368.09 in satisfaction of court costs.

FARM CREDIT CORPORATION—LAWYERS IN VICTORIA

Question No. 483—**Mr. McKinnon:**

What were the names and addresses of all lawyers and law firms in the Constituency of Victoria who performed services for the Farm Credit Corporation during 1977 and, in each case, what was the total amount paid?

Hon. E. F. Whelan (Minister of Agriculture): Farm Credit Corporation advises:

Cecil Branson,

Sullivan, Smith & Bigelow,

505-645 Fort Street,

Victoria, B.C. V8W 1G2.

Fees paid to lawyers used in the constituency of Victoria, British Columbia by Farm Credit Corporation are paid as follows:

(i) by the borrowers upon their direction out of the proceeds of the mortgage loans in which case Farm Credit Corporation does not maintain records of amounts so paid;

(ii) by Farm Credit Corporation on mortgage proceedings—Nil.

[*English*]

Mr. Speaker: Shall the remaining questions be allowed to stand?

Some hon. Members: Agreed.

* * *

PRIVILEGE

MR. STEVENS—CONDITIONS RESPECTING ACCESS TO CONFIDENTIAL DOCUMENTS

Mr. Sinclair Stevens (York-Simcoe): Mr. Speaker, I rise on a question of privilege of which I gave you notice several days ago.

You will recall, sir, that my question of privilege arose from a certain declaration that I was asked to sign on November 23 should I wish to gain access to a lock-up dealing with the 100th Annual Report of the Auditor General to this House. In my notice to you, Mr. Speaker, I pointed out that my privilege as a member of parliament and my ability to function as such

had been impeded by this unnecessary imputation that we, as members of the House, may not be taken as people of our word.

I will outline the four offensive statements that I was to agree to if I wished to go into the lock-up. The document was to be dated November 23. First, it was to acknowledge receipt of a copy of the report of the Auditor General to the House of Commons for the fiscal year ended March 31, 1978. I took no objection to that.

The four parts of the declaration to which I did take objection are as follows: First

I undertake not to remove them—

Meaning the actual report of the Auditor General and the Conspectus which was also to be furnished. It continues:

—from Room 308 West Block before the report is tabled in the House of Commons.

I agree not to leave this room without escort before 2 p.m. this date.

I understand that interviews on the publications mentioned above are not to be given until the report has been tabled in the House of Commons, and I agree not to divulge the content of these publications until after tabling.

The basis of my privilege would turn on two related but, I would suggest, separate points. First, I believe there should be an adjudication as to whether once you give the existence of a lock-up, and there has been no dispute about that, the lock-up was agreed to by the public accounts committee of this chamber, any member should feel free to attend if he wished. The only qualification stated by the chairman of the public accounts committee with respect to the lock-up was that the usual requirements of lock-ups would somehow be acknowledged and followed.

As I understand it, the actual drafting of the declaration that I was requested to sign was done by the office of the Auditor General. In short, the public accounts committee said that there would be a lock-up and the usual requirements would apply.

Having met that declaration I feel we must consider, given the existence of the lock-up to which I have referred, can a member be forced to sign a declaration saying he will divulge nothing? Can a member's freedom of movement be restricted as one of the conditions of that lock-up? What I am about to say, Mr. Speaker, turns very heavily on what is meant by that term "hon. members of this House". What is meant when we swear the oath before we take our seats in this House? I would say, when one relates the tradition of this House to the very heavy precedent that we are to be treated as men of honour, that our word is to be accepted, there is a serious challenge to that premise in the whole context of the draft declaration that members were confronted with on November 23.

In support of what I am saying I would point out that we have standing committees of this House that not infrequently hold in-camera sessions to prepare their reports for further tabling. This type of thing is dealt with from time to time in *Hansard*. At no time, to the best of my knowledge, has it ever been suggested that a member of this House who chooses to attend an in-camera meeting of one of our standing committees with a view to preparing any report, whether or not it is to be tabled in this House, has been required to sign a declaration such as the one I was confronted with on November 23, to give any indication that he would not discuss the report. As I understand it, that is taken for granted. It is understood. If a member is invited and does attend any type of secret session or one that is generally regarded to be off the record, as a man of his word, he will not breach that trust.

You will recall, sir, that on May 19 at page 146 of *Hansard* there was a question of someone apparently speaking out of turn concerning something that had transpired in an in-camera session of a then committee of this House. At that time it was generally felt that the proper course to follow, if someone breaches the traditional rules of this House, was that an hon. member should then get up on a question of privilege and ask that that individual member be dealt with. I would refer you, sir, to Beauchesne, citation 46, where the question of secret sessions of the Canadian House of Commons and the British House of Commons is explored. The keeping of the secrets that presumably might be revealed in those secret sessions is held as a member's duty.

There is no suggestion that any member has to sign some separate type of declaration or take any oath that he will not reveal whatever he learns in such a session. Again, I would say that the whole requirement that a member of parliament remain in a specific place until a specific time is obviously a restriction of his freedom of movement and his ability to serve as a member of parliament generally. Should we not accept that members who have due regard for secrecy whether locked into a room or not, since they are not locked up, for example, until a committee reports, to which I have just referred—

Mr. Speaker: Order, please. While the hon. member is on that subject, in the circumstances to which he is referring, would he be proposing that, given this lock-up, which is an arrangement that I might have to look at in terms of the rights and duties of members, when he or any other hon. member had appeared and entered the room and secured copies of documents, that they ought equally to be free to leave the room with copies in their possession, also on the understanding that they would have to be trusted not to break secrecy?

• (1512)

To keep them in the room once they have entered, even though voluntarily and without signing any declaration, even to prevent them from leaving the room with the document in hand, would somehow be equally an interference with the freedom of the hon. member in the circumstance. I would like the hon. member to deal with that.

Mr. Stevens: Yes, Mr. Speaker. As I understand the thrust of your general comment, I feel that in truth would be another breach of our privilege in this House. The reason I am raising this is not so much to point the finger at any particular group, certainly not at the Auditor General. It is simply to get a new focus on something that I feel has not really been properly dealt with in this House. It is the question of how do we treat relatively confidential matters such as the tabling of the

Auditor General's report, and in my case much more important, dealing with budgetary matters.

How do we treat these prior to their publication in a way that we can accept members of parliament as being qualified people who will deal on a confidential basis, if necessary, with the documents concerned and at the same time ensure there will be a meaningful discussion in this House with regard to whatever the document is, be it the Auditor General's report or a budgetary presentation in due course?

Perhaps this is the worst example I have run into to date of where ad hockery in dealing with the so-called lock-ups has led to an affront virtually of every member in this House in the sense of requiring a member to sign a declaration that I think most members would find most unusual and, I would hope in all cases, totally unnecessary, to ensure that whatever secrecy was to be preserved with respect to the publication of the Auditor General's report, would in fact be preserved.

I say this because I think we must draw a distinction between the nature of the Auditor General's report and, say, the more precarious type of report or statements that you have in a budgetary statement. After all, an Auditor General's report, while it may be embarrassing to the government and others in the country, is really after the event. It is simply the report of an Auditor General as to what he has found with respect to his examination of the accounts of government.

In a budgetary sense, where a minister of finance, inadvertently or otherwise, might make a disclosure, that would give somebody an opportunity to take advantage and make a windfall profit or in some way gain access to knowledge that he otherwise should not have. Whatever lock-up requirements are required for an Auditor General's report, they should be less severe than those generally necessary for a budget lock-up.

In the case of the November 23 situation, the actual requirements that were asked of me were the most severe I have ever encountered with regard to any lock-up since I have come to Ottawa. Certainly the budgetary lock-ups are handled on a more casual basis. We are treated as members of parliament in those lock-ups, allowed a certain freedom to leave, for example, before the minister rises in his place to deliver the budget speech. We are allowed to have some discussion with our leader concerning the budget, and that type of thing. That is totally within the context of operating properly as a member of parliament.

I feel there was a question of privilege on November 23 with regard to when I requested admission to the lock-up room to deal with the Auditor General's report. I feel there is a question of privilege as I was asked to sign a declaration with the four offensive parts in it that I have read. I say that, in order to underline the fact that I do not think the Auditor General's report is all that secret. I would point out that if you review the Auditor General's report you will find two letters at the beginning of the report, one from the then president of the treasury board, now the President of the Board of Economic Ministers (Mr. Andras), to the Auditor General, and the other from the Auditor General to the then president of the treasury board.

The interesting thing about these letters is that they point out that the contents of the Auditor General's report had been known, certainly to the then president of the treasury board and his staff. The whole point of the letters was that the President of the Treasury Board could reply to the Auditor General to what extent he felt the comments were fair and to what extent he felt he could improve or had already put in place certain mechanisms to relieve some of the problems to which the Auditor General had referred.

We have here a situation where a report is already being dealt with by members of parliament, certainly by one or more cabinet ministers and their staff. However, when it comes to the question of when can we in the opposition have access to and review the report, these harsh lock-up requirements are in effect forced upon us, or we do not see the report.

I would point out that in the letter from the then president of the treasury board to the Auditor General dated October 13, well ahead of the actual tabling of the report in this House, the then president of the treasury board stated:

> —my formal reponse to the information which you have imparted to my senior officials and myself concerning your forthcoming audit findings and observations.

He goes on to make some comments. He stated he felt there had been major initiatives taken by both the Treasury Board secretariat and the new office of the Comptroller General with regard to comments made in the Auditor General's forthcoming report. In reply to that letter, the Auditor General stated:

> Your letter of October 13 is a constructive and welcome response to the government-wide observations and recommendations that my current annual Report brings to the attention of Parliament.

He goes on to make certain other comments, and concludes by saying:

> In this connection, your letter of October 13 setting out the government's position and plans with regard to the more significant recommendations will be particularly helpful. I appreciate very much your precedent-setting action in making it available to me for inclusion in the Centennial Annual Report of the Auditor General to the House of Commons.

I underline that not only is the nature of an Auditor General's report not one where there has to be a great degree of secrecy, but in this case the contents of the Auditor General's report were known to members of the government, particularly the then president of the treasury board, at least a month in advance. There were exchanges of letters. The then president of the treasury board even indicated that he felt various mechanisms had been put in place to minimize some of the difficulties which the Auditor General was detailing.

I find it most remarkable, when it comes to the day that the report is to be tabled, that not only are we given little forewarning as to what is in the report, but if we wish to go into the so-called lock-up we are required to sign the declaration to which I have referred. After that it falls on us on that day to be the critics of the government. We have to question the government with regard to various points raised in the Auditor General's report as to whether they are true or as to what steps have been taken concerning the various points raised by the Auditor General. There seems to be a very unfair advantage given to those on the government side, compared to

those on the opposition side in a very practical day to day dealing sense with regard to the Auditor General's report.

Since I began my activities in the House I have sensed that there is a wish on all sides that there be pre-budget reviews and pre-Auditor General report reviews. However, there is great uncertainty as to what should be the proper form. To what extent should people actually be locked up? To what extent should they be allowed to leave prior to a certain hour? To what extent should they be allowed to take documents with them?

If Your Honour accepts my suggestion to have this referred to the Standing Committee on Privileges and Elections, I hope there will be some in depth study, not just on the immediate problem that I say confronted me on November 23 with regard to this declaration, but that the committee widen the reference and look at what would be suitable guidelines for all members of parliament to live by with regard to in-camera or lock-up sessions, with special reference to the budgetary side and the Auditor General's type of reporting.

● (1522)

This has come up previously. In 1976 the then minister of finance, Mr. Macdonald, stated on March 31, for example:

—I think it would be very useful if the House in general could give some consideration to the broader question as to whether the procedures that have been followed historically in this parliament, in Westminster with regard to budgets might be reviewed with the object referred to by the hon. member—

That is, myself.

—of having a more open scrutiny of the government's economic and fiscal planning, and either in the context of that discussion or perhaps with a special reference to the standing committee it would be of value if we could review the budget procedures and decide whether the time has not come now to make such changes in Canada.

I could go on, sir, and read the comments made by the minister of finance. That comment was made on March 31 and reported on page 12,319 of *Hansard*. He said, in general, that there must be a better way to have pre-budget reviews. Again, in his budget of May 25 that year, he specifically recommended a review be made and suggested that he and the House leader come up with a suitable plan.

In the budget debate which followed on June 8, a former minister of finance, the then hon. member for Eglinton, Mr. Sharp, dealt at length with the problems I am touching on here. His comments may be found at page 14,290 of *Hansard* for June 8. He referred to what was going on as an affront. He said:

It is an affront, and I trust that come next budget there will be a demand from all sides of the House that this farce will not be permitted to recur.

The farce he was referring to was the Minister of Finance rising in his place to speak at the same time that the press outside were on radio and TV running the actual budget speech as if it had been delivered. I believe there is a growing uneasiness within the House concerning such things as the so-called lock-up—the pre-budget submission, the pre-budget discussions—and now, with the tabling of the Auditor-General's report, the whole question of a lock-up prior to that report being tabled in the House.

I think everybody meant well, but in my view a reference to the privileges committee would be in order to try to get the question aired. If you find I do have a question of privilege, sir, I would propose that there be a reference to the Standing Committee on Privileges and Elections based on the requirements set out in the declaration drafted by the Auditor General, dated November 23, 1978, to determine whether my privilege as an MP and all privileges of MPs in this House were in fact infringed by the proposed declaration.

Hon. Donald C. Jamieson (Secretary of State for External Affairs): Mr. Speaker, I quite agree with the hon. member that this is an important matter to discuss. He has in effect raised two distinct issues in the same context of privilege. One is the question of the document which it was suggested ought to have been signed vis-à-vis the Auditor General's report. Then he has used that incident to raise the larger question of lock-ups and general restraint on members where documents or actions in the House are being anticipated or are likely to occur within a matter of a few hours.

On the first question which prompted his intervention at this time, it appears to me that the matter is one for the Auditor General himself. It is my information that this was a decision of the Auditor General and that the wording concerned was drafted by him. I can assure the House that neither the government nor, to my knowledge, any member on this side, was involved in that particular exercise in any way. The Auditor General is, after all, a servant of parliament, and therefore in this context his relationship is directly with the public accounts committee. I would have thought the arrangement in that case would have been worked out between all the members of the committee and the Auditor General.

I emphasize again that this is a special case and I am not at all certain, though I have no intention of intruding on your jurisdiction, that it is a matter for parliament to decide, or a matter for the Standing Committee on Privileges and Elections. That would be something for Your Honour to judge.

On the broader question, I think the hon. member for York-Simcoe (Mr. Stevens) has brought up something that merits discussion. But once again I am not certain that we would accomplish everything that I suspect most members of the House desire by going through the instrument of the committee on privileges and elections. Many of these matters are not specifically or directly involved with the parliamentary process. I am thinking, for example, of royal commission reports of various kinds. There is a whole range of documents of one type or another which, from time to time, are authored by people who are not officers of parliament or, indeed, who may not be officials of the government, and I am not certain, therefore, that a committee of this House could properly set down rules of procedure in that regard.

I can recall, over the many years I have spent here, a number of occasions when various commissions and groups which have been assigned tasks by certain departments, or by the government as a whole, have created considerable furore through the premature leak, as it is called, of the contents of their reports to elements of the media or to particular mem-

bers of the House of Commons. By the way, the comments I am making now are completely non-partisan. They are designed simply to illustrate the nature of the problem.

I have myself been involved in the past with various reports on broadcasting when members of the opposition found themselves incensed at each other because some had been more favoured than others by a particular group which was reporting. Similarly, in the case of royal commission reports which, I suggest, are somewhat analogous to the Auditor General's report in the sense that there is no secrecy provision, some of them, resulted in members on the government side being upset because the opposition was in possession of more information than they had themselves.

As a result of this development there has evolved over the years the concept of a lock-up so that in the first instance the media could be assured—and this was the beginning of it on non-secret matters—that deadlines or release times would be respected. If the hon. member, and any other, wish to look up the antecedents of this they will find I am correct. It was always difficult to determine how all the media could be treated fairly.

The second development, one which has come about in comparatively recent times—as I suspect the distinguished member for Winnipeg North Centre (Mr. Knowles) would agree—was a genuine move on the part of government to ensure that the opposition had the opportunity of advance knowledge so that there could hopefully be some form of informed comment. This was unheard of, I think it would probably be generally agreed, until recent times. In other words, the government prevented the kind of problem which is now occurring simply by saying "You will hear about it when it comes up in the House." So the move to greater consultation, toward getting everybody in a position where the debate can be substantive and worth-while, has resulted in the kind of problems before us today.

But I do want to emphasize once again that as distinct from the budget or other matters where fiscal or monetary policy is involved and with regard to which, as the hon. member has said, special considerations apply, most of these other things have to do with ensuring that everybody—the media, and subsequently members of parliament—gets off on the same footing.

● (1532)

I put it to you, Mr. Speaker, as to whether or not the consideration of this matter in the context of the Standing Committee on Privileges and Elections or some other committee of parliament, is the appropriate forum. I am quite certain that my colleague, the government House Leader, would have no objection to having some of the matters raised there, but I suspect that it would be useful if there were perhaps a consultation between House leaders in the first instance so that all of these issues would be embraced in the same consideration, rather than those which are exclusively under the purview of parliament, and therefore of you, sir, as the distinguished head of parliament.

[Mr. Jamieson.]

Since television has come into the House it has given still another dimension to this particular problem. It was evident in the budget debate of a few nights ago when, as I understand it, in the absence of any signed commitment, but of what may be described as a gentleman's agreement, there was an understanding that comment would not precede the actual points in the speech which the Minister of Finance (Mr. Chrétien) was making. Therefore, there were certain understood time constraints. For one reason or another these were not, from my personal observation, adhered to. I do not say that this was done deliberately. To see what was occurring, I chose to watch the budget debate on television rather than from my seat in the House.

The hon. member for York-Simcoe, the leader of the New Democratic Party (Mr. Broadbent), and many members of the media, who probably triggered the response of opposition critic, were in their comments ahead of what was being said here in the House. I would suspect that almost any one of us is sufficiently egotistical not to want to be upstaged in this fashion, even if perhaps there is no particular financial concern with regard to the stock market or anything of that sort.

I wanted to put my views on the record, Mr. Speaker. I think that the movement toward more consultation and providing more information for the opposition and other spokesmen, is a move in the right direction. I would hope that any decisions which are made would not be designed to constrain that in any way.

On the specific point I do want to make it clear, lest there is any shadow of a doubt about it—and I do not think that the hon. member was seeking to do so—that this, I believe, was a rule of the Auditor General himself and was not something which the House leader or indeed the Secretary of the Treasury Board, who might normally be expected to do so, had imposed upon him. I think that this was the Auditor General's own rule and, therefore, I do not believe that there is any cause for a grievance in so far as any action by the government itself is concerned.

Mr. Speaker: There are several members who may want to contribute to this discussion, but I would like to leave it for a time because it seems to me that the hon. member has raised a point which might have a serious procedural difficulty in that since he, or any other member, does not have to go to the lock-up at all, it is difficult to tie it to a question of privilege, thereby establishing that somehow the member is prevented from doing something by the condition laid down surrounding a particular event when, in fact, the hon. member obviously does not have to go there at all if he does not want to do so.

I have not had a chance to think that through, but in terms of founding a question of privilege on the basis of the member being prevented from carrying out his duties in the House, it seems to me that that has always been tied to the duties, or aspects of parliamentary duties, which are absolutely essential to any member, and has to amount to the prevention of a member in his essential obligations—not in those obligations which may be, although closely tied, not tied or related in some way to his essential obligations. I am not making a final

determination, but there is a procedural difficulty there which we face.

The reason I want to leave it without making a determination at this time is because there is a great deal of importance in what the hon. member has raised. As the minister has just pointed out, the matter of lock-ups is a rather recent development, and I think everyone has agreed that they have been established with the best of motivation. In fact the hon. member said quite specifically that this lock-up is no exception, that it is obviously for the best interests of members who wish to participate so that their performance in the House will be better, either in their own capacity or on behalf of their party. It is a recent development, and therefore this House has not addressed itself to the conditions which either ought to surround this kind of lock-up or not surround it, depending on the point of view taken.

It may be that with the expressions of interest, cited by the hon. member for York-Simcoe, of former finance ministers of very recent duration—both of whom have put their views on the record in a specific way—that they favour, as I am sure all hon. members do, greater consultation within the limits of possibilities on these matters, but no one has ever addressed himself to a series of conditions that ought to surround or not surround these kinds of lock-ups.

If the ministers' sentiments are broadly held on that side of the House, it may be that the consensus exists whereby some reference to a committee could be agreed upon in order that this matter be examined and reported back to the House with recommendations, without the necessity of establishing a question of privilege within the narrow strictures of privilege. Therefore I would like to leave it to see whether or not it can be explored over the next short while, as to whether or not some reference can be created or some vehicle found through which this matter can be explored for the benefit of the House in an attempt to set things down.

The hon. member has certainly raised a valid point as to conditions that ought to surround this kind of lock-up in so far as members are concerned. If it turns out that some agreed reference can be made, then so much the better. If some agreed reference cannot be made, then we will return to the question of privilege as raised by the hon. member, and I will then give all hon. members who are interested in the subject an opportunity to be heard at that time.

Mr. Ray Hnatyshyn (Saskatoon-Biggar): Mr. Speaker, I simply rise on this particular point to accept your suggestion and to inform the Secretary of State for External Affairs (Mr. Jamieson) that we are receptive to a proposal by the government House leader as soon as it is convenient. We leave the matter in abeyance until that time.

GOVERNMENT ORDERS

[*Translation*]

HEALTH RESOURCES FUND ACT

MEASURE TO AMEND

Hon. Monique Bégin (Minister of National Health and Welfare) moved that Bill C-2, to amend the Health Resources Fund Act, be read the second time and referred to the Standing Committee on Health, Welfare and Social Affairs.

She said: Mr. Speaker, I would like to be as brief as possible this afternoon so that the House will not a have to suffer too long my raucous voice. I therefore want to underline the highlights of the proposed termination two years before expected.

We all recall that the Health Resources Fund Act was given royal assent on July 11, 1966, a little over 12 years ago. It was our colleague, the hon. leader of the government, who held the health portfolio and that piece of legislation was one of the high points of his career. It was voted to make up, in a sense, for certain things as regards the teaching of medicine and related professions, laboratory equipment and research facilities in Canadian universities and hospitals, although the federal government does pay 50 per cent of all health costs in Canada through the ten provincial governments.

[*English*]

This fund, hon. members will recall, was passed some 12 years ago under the Health Resources Fund Act and was allocated $500 million to be divided into three parts—$300 million was allocated to the provinces on a per capita basis, $25 million was allocated to the Atlantic provinces for joint projects, and the balance, $175 million, was put aside to be allocated by the governor in council for particular projects.

• (1542)

What is important to know is that, basically, the fund did the job it was supposed to do. Of the $500 million appropriated under the act, 83.4 per cent has been spent or is committed and will be reimbursed on presentation of invoices, and that 83.4 per cent amounts to $416,700,000.

Now, Mr. Speaker, I should like to review rapidly the way in which that fund was spent. Approximately one-fifth of the fund went to medical schools and multi-purpose buildings in the health science complexes; another one-fifth went to university hospitals; some money went to affiliated hospitals; a smaller sum, namely, $23 million, went to dental schools; and $76 million went to nursing schools, auxiliary schools and other health manpower training centres. Of the money committed to this date, $60.8 million remain to be paid in the next three or four years.

I should like to explain to members of the House that all the submissions which have been approved, and which therefore represent a contract between the Government of Canada and the provincial governments, will be fully honoured, despite the

reduction due to the fiscal constraints which we think are essential to put the Canadian economy back to full productivity. We will honour all these commitments. For instance, in this particular fiscal year I anticipate some $3 million worth of claims which will be paid on presentation of invoices and auditing according to the usual rules of the game.

I have here a list giving the geographical distribution of the various projects which were approved. I should like to ask the permission of the House to table it as an appendix to *Hansard* because it might be unpleasant for members of the House to have to listen to the list being read. The list represents a fair distribution of the 238 projects throughout the provinces and territories of our country which benefited from the fund.

Mr. Knowles (Winnipeg North Centre): Mr. Speaker, I wonder if it would not be better to have the list appended to today's *Hansard*, because tabling it would not make it available to very many people.

Miss Bégin: Mr. Speaker, I will never learn the jargon of the House, but that is what I meant. Perhaps the House could indicate to me how I am supposed to proceed.

The Acting Speaker (Mr. Turner): Is there unanimous agreement to allowing the minister to append the list to today's *Hansard*?

Some hon. Members: Agreed.

[*Editor's Note: For list referred to above see Appendix "A".*]

[*Translation*]

Miss Bégin: For instance, as concerns my own province, 57 projects representing more than $100 million have been approved. Quebeckers will certainly recall the opening of the new Cité de la Santé complex in Laval where the federal minister representing Canadian taxpayers was of course not able to speak, but whose presence was I believe noticed by everyone. If we emphasize the fact that we participate in such important hospital initiatives as the very beautiful Cité de la Santé in Laval, I believe it is quite clear that Quebec, since this is the example I have chosen, is one of the provinces which is a net beneficiary of the health resources fund.

Quebec Premier Lévesque, who made the official speech for this inauguration early last fall, laughed when he saw that I was not speaking and he said: "Of course, federal representatives think that they have contributed to the Cité de la Santé in Laval, but all that they have done is to give us back the money from our taxes."

I would have liked very much to take a few minutes to put the record straight because a national fund, like the health resources fund, not only gives back to the people of a given province the money that they have paid in taxes to the federal government, but in all the cases where a province is poorer or disadvantaged, it gives, through redistribution, much more money than the taxpayers of this province had paid originally.

On the other hand, Mr. Speaker, one of the major objectives of the health resources fund is the training of medical and para-medical personnel.

[*English*]

One of the objectives, other than the straight building of training and research facilities, is, of course, manpower training. I have here a list, which could be of interest to members of the House, of the more than 20 manpower categories which have benefited from the fund. Perhaps these tables also could be made an appendix to today's *Hansard*. I think the list would provide valuable information to all members of the House.

Some hon. Members: Agreed.

[*Editor's Note: For list referred to above see Appendix "B".*]

Miss Bégin: Mr. Speaker, let me just single out five categories from among the health professions which have benefited from the fund. They are first, dental assistants and dental hygienists. When the fund was first created ten years ago, 58 dental assistants graduated every year throughout Canada; now there are some 917 dental assistants who graduate each year. I think this is a remarkable achievement.

Some hon. Members: Hear, hear!

Miss Bégin: In 1966, 82 dental hygienists graduated, and in 1976, some ten years after the establishment of the fund, the number increased to 350.

With regard to physicians—and we know how effective the health resources fund has been—the number of graduates throughout Canada rose from 880 in 1966 to 1,725 ten years later, so the number of physicians in our country has more than doubled. It is the same with physiotheraphists whose number rose from 232 to 446 graduates a year.

As to public health inspectors, we all know of the need for more public health inspectors if we want the new perspectives for preventive medicine to come into force in Canada. The public health inspectors who graduated ten years ago numbered 40, and are now 106. So, altogether this fund has done a great job.

Why put an end to a good fund two years before its natural end? The Government of Canada had a difficult decision to make in applying a major, traumatic restraint on its own expenditures. It has meant that in the current fiscal year a cut back of some half a billion dollars was made, and a cutback of $2 billion is proposed for the coming fiscal year.

● (1552)

In terms of expenditures and consequences on the quality of life in Canada, it is quite difficult for a minister with a major portfolio, such as the one I am responsible for, to select which programs have less priority or can be given second priority when compared to others.

I did not have much difficulty singling out the health resources fund as one which had done a great job. Regretfully

it is to be terminated now because of the difficult conditions in the country. The economies of the federal and provincial governments face severe problems. By its nature the fund is cost-shared 50/50 by the provinces and the federal government, and approximately 85 per cent of its capacity has been used. Because of provincial economic situations, major growth in the near future is not evident. For these reasons, it is with regret that I announce an early termination or cancellation of the health resources fund.

Proposals under the fund are made to the Minister of National Health and Welfare in different ways. I should like to take a few minutes to refer to that procedure in order to inform Canadians what submissions will not be honoured by the early cancellation of the fund. In addition to stating the extensive use of the fund by the provinces, namely 83.4 per cent, I should like to say that many provinces have used their share completely, such as Newfoundland, Prince Edward Island, New Brunswick, Ontario, Saskatchewan, and Alberta. With this bill and the amendment I will propose in a few minutes, these provinces will have used fully their share of the health resources fund.

Submissions are proposed to the Minister of National Health and Welfare in several forms. They can be of a verbal nature, for example, when provincial ministers or doctors at certain hospitals mention a project which is taking shape. This can be mentioned to the minister during a conference or some official function. Also it can be done by way of a letter of intent. Then draft submissions are made. Proposals can be made in various forms, other than the official application form devised for that purpose. The submissions are studied and the costs are arrived at by consultation between representatives of the federal and provincial departments involved. Then the final submission with the signature of the provincial authority is presented to the minister for signature, and a binding contract is established. As I said earlier, all binding contracts and submissions approved by the federal government will be fully honoured.

Due to the economic circumstances of the federal and provincial governments, unfortunately we decided to terminate the health resources fund. At that point some submissions were ready for signature and on my desk, but they could not be honoured because of the last minute administrative delays and pending policy decision.

At committee stage I will propose an amendment to Bill C-2 to change the final date for approval of projects from September 9, 1978, to November 3, 1978. The reason I am proposing this change of date is that since first reading of the bill it has become apparent, in order to achieve an equitable distribution of funds within the various provinces and territories, that it is necessary to provide for approval of some additional projects in several provinces. This would bring the rate of utilization by the provinces to a level of 85 per cent. These projects have been submitted, and they might have been approved by September 9 except for the administrative procedures involved in reviewing submissions.

An additional step is required to improve further the equity in distribution. This concerns my province of Quebec and the Northwest Territories.

[*Translation*]

The Northwest Territories and Quebec show the lowest use of the health resources fund. I deeply regret to have to explain clearly that under the administrative procedures for the health resources fund, which is a 50/50 cost-shared program, the concerned province must take the initiative to send us a submission or a draft submission signed by competent authorities. In late September I received from British Columbia an application without even a signature. You cannot play like that with amounts of several million dollars. So the province in question must send in a submission, or a draft submission, signed by the appropriate provincial authorities which is then considered by us and eventually approved. I have reviewed in detail the case of the province of Quebec which underused the fund to see if a mistake or error had not been made in my own department; it is clear that even if we had wanted to help Quebec in a particular way, it was impossible to do so because all we had on file was a five-year plan of some 25 projects totalling a few hundred million dollars, actually a lot more than the total amount in the health resources fund, and on which we had been given no priority.

I pointed out the danger of leaving files open that way in an informal manner on the first occasion when I met my colleague from the province of Quebec, but without results, so that even if we had wanted to do so, it would have been impossible to honour other commitments than those I signed since last fall when I attended the opening of Laval's Cité de la Santé, the research wing at St. Luc Hospital and the Penfield wing at Royal Victoria. So, to give Quebec and the Northwest Territories a last chance to use a little more the portion of the fund equivalent to the number of people in the province of Quebec, I am proposing to add $3 or $4 million more. Unfortunately there were no tenders advanced enough for me to sign before November 3, so we are going to find within the department other ways of giving Quebec, if possible, $3 million more. So I invited my colleague, provincial social affairs minister Lazure, to tell me as soon as possible for which of the projects of his five-year plan he would like to receive $3 million more.

So I am giving the House notice of my intention to introduce an amendment to the bill providing, as I said, for a fairer distribution. That amendment will include the Queen Elizabeth Hospital in Charlottetown. It will also include a project for a childrens' hospital in Calgary, projects for Saskatchewan, others, I believe, for Manitoba, and as I said, for the Northwest Territories and for Quebec but I think that it would be more appropriate to discuss it only at the standing committee in order to be able to analyse the details of that amendment and its consequences.

● (1602)

[*English*]

I think that some of the members of parliament who will speak later on today on this funding may want to use this forum to give us help, if I may use that expression, in respect of the possible reductions, anticipated reductions, or non-existent reductions in medical research funds.

May I take a few minutes to review very rapidly the situation as regards the medical research scene in Canada. Basically two channels are used as sources of funds by researchers on the federal scene. The largest and well-known one is, of course, the Medical Research Council, which was provided with a budget of $60,002,000 for the current year in the main estimates, which was increased last June by an additional $3 million. This represents an 11 per cent increase over the previous fiscal year, 1977-78 and, therefore, is quite good. However, during the process of locating restraints in every department and agency I, unfortunately, had to reduce by $500,000 the base budget for the council for 1979-80. That is really a minimal amount. Negotiations are taking place at this time with Treasury Board to determine what will be the real increase for 1979-80 for the Medical Research Council. Up to this point I have been pleased with the government's stand on the increase for the Medical Research Council.

I am also very pleased that the cabinet is currently studying a proposal for the stable funding of the Medical Research Council to ensure that the level of biomedical research in Canada is maintained, and I hope to be able to make an early announcement in this regard.

As to the other avenue for grants and contributions for medical research use, biomedical researchers at the federal level turn to what we call in the jargon the NHRDP, the National Health Research and Development Program, of my own department. That program had a budget for the current fiscal year of $12 million. Unfortunately I had to reduce it by $2 million. At this point I would like to state quite clearly that I hope this apparently important cut of $2 million from $12 million will not affect the grants and contributions as much as it will overhead costs of NHRDP.

The MRC should be congratulated for the remarkable work it does in keeping administrative costs to a very minimum. I wish I had the figures with me. They can be given later in the debate. I want to mention particularly the fact that all the people who serve on the Medical Research Council, close to 150, and the experts who serve on the committees of the peer review system that exists in the MRC to allocate funds to the research projects submitted, work on a completely voluntary basis. That is remarkable when we think of the numerous corporations and Crown corporations, private and public, that pay per diem fees to their members. The people serving on the MRC are not paid, and I wanted to point that out to other Canadians because I think this represents a remarkable contribution to medical research in this country.

I hope to have the NHRDP of my own department take the example of the MRC and decrease their administrative overhead costs as much as possible. Let me point out that while the administrative costs of the program are comparatively higher, they are subject to the requirements of the Auditor General and to our own audit of various grants and contributions.

[Miss Bégin.]

Let me conclude by saying that the health resources fund during the period 1966-78 has met the objective of providing necessary facilities on a national basis to train health personnel in sufficient numbers to meet current and anticipated demands. This has also equipped the provinces and the territories with beautiful and very well regarded medical facilities, hospitals and laboratories, located throughout the country.

In concluding my remarks at second reading of a measure to cancel the national health resources fund two years earlier than forecast, let me say to the medical community, in particular the biomedical community, I wish them well for continuing development. We have established with Canadian taxpayers' money the basis of a good network of health facilities throughout the country; that is very important, and that was the purpose of this fund. Thank you, Mr. Speaker.

Some hon. Members: Hear, hear!

Mr. Paul Yewchuk (Athabasca): Mr. Speaker, I was rather amazed at the approach the minister has taken, speaking on behalf of the government, concerning this rather shabby piece of legislation. She seems to indicate that medical research in this country is in better condition than it has ever been and that there really are no problems in this field.

Let me quote from Dr. Jacques Genest, director of the Clinical Research Institute of Montreal, the minister's own city. He said:

No other nation of the western world has treated biomedical research in such a disastrous way—

● (1612)

That does not confirm what the minister just told us about this. He went on to say that one of the results of this policy is that between 300 and 500 biomedical research workers were lost in the fierce competition for funds. I wonder why the minister does not explain that, if things are going so well in research.

Dr. Genest went on to say that professional insecurity has killed the motivation of young doctors who need to train for five years in a specialty and spend another four or five years becoming research workers.

Those are statements by a person who is dedicating his entire life to research. They are somewhat contrary to what the minister has tried to lead us to believe. In her introduction she seemed to praise the health resources fund while chopping it. That is a rather paradoxical approach to government. She cannot have it both ways, Mr. Speaker—she cannot be talking out of both sides of her mouth about this fund. Either the fund is good and deserves support, or it is bad and deserves to be chopped. She is saying it is good and deserves to be chopped. That kind of logic does not make much sense to me, and I am sure it is only logic that the Liberal government of this day could put forward.

In her comments she used the word "dramatic." She said that the government has to take dramatic steps in its restraint program. Whether she realized or not, she put her finger on the nail when she said that, because those are the only kinds of cuts this government is making in its restraint program—those which are dramatic, those which evoke or stimulate an outcry or response from the people of Canada. When this kind of dramatic cut is examined carefully, it is revealed as nothing more than political grandstanding. If the government were serious about making cuts it would forget about drama and would look at the Auditor General's report. If ministers took the time to study this report, they would see the hundreds of pages of suggestions of where the efficiency of government could be improved, where improved accountability methods could save millions of dollars, if not billions.

For some strange reason, however, these recommendations appear year after year in the Auditor General's report, except that each year the circumstances are worse. The government talks about dramatic cuts in spending but seems to avoid those recommendations which would not be so dramatic but which would correct the extravagant waste of millions of dollars. I have to object to this kind of an approach with all the vigour I possess—an approach by a government that is more concerned with drama than with increasing efficiency and doing something about the excessive waste imposed by its practices and policies.

Needless to say, Mr. Speaker, we on this side of the House are not very impressed with the proposals contained in this bill. As the minister indicated, the health resources fund was established in 1966. The sum of $500 million was set aside to assist provinces in the establishment of health training facilities and research facilities. About 25 per cent of this was to go toward research. So far, $416 million has either been committed or already spent. The proposal in this bill as it was originally drawn would allow the federal government to welch on its commitment to the tune of $84 million. Of that fund, three-quarters was allocated to the construction of facilities for training health professionals, acquiring research equipment, and training Canada's brilliant young people for careers in the health field.

Through its austerity program the government has decided to chop this fund. The thing that concerns me most is the method used, which again is typical of this government. It did not bother to tell the provinces in advance; it did not bother to consult with the provinces in advance but just sent a telex about five days after the intention was made public.

In order to confirm these statements, in case either of the ministers in the House should try to challenge them, I have here responses from each of the provinces about this bill. I specifically asked each province whether it had been consulted in advance of the government's intention to cut the health resources fund being made public. The New Brunswick minister replied that he was advised by the minister but not consulted.

Miss Bégin: New Brunswick used it up.

Mr. Yewchuk: Nevertheless, they were not consulted.

Miss Bégin: There was not a penny left.

Mr. Yewchuk: Mr. Speaker, the fact is that none of the provinces were consulted prior to a unilateral declaration about a change in an agreement which involved the federal and all provincial governments. The minister and her predecessor, who is also in the House, may shout across to me that some of the provinces have used all their allocation, and that may be so, but nevertheless they are still parties to the agreement—

Mr. Lalonde: There is no agreement.

Mr. Yewchuk: —and if federal-provincial relations are to work then there must be consultation when federal-provincial contracts are to be broken by the federal government.

Mr. Lalonde: There is no contract.

Mr. Yewchuk: I have here a comment from British Columbia, which was not consulted prior to the announcement that the health resources fund was to be terminated. The minister in that province indicates that he communicated his displeasure to the federal minister. The Nova Scotia minister replied to my inquiry that there had been no consultation since he came to office. The Newfoundland minister indicated that his province was not consulted prior to the announcement that the program was to be terminated, and writes that their experience in this respect is similar to that of other provinces. Manitoba was informed by telex but not consulted. The same applies to Ontario—"not consulted"; Saskatchewan, "not consulted"; Alberta, "not consulted"—

Miss Bégin: They used all the funds.

Mr. Yewchuk: They did not.

Miss Bégin: Ontario did.

Mr. Yewchuk: Yes, Ontario did say they had used all their funds. Alberta did not. In any case the Ontario government was not consulted even though they had received their funds. It was still part of a federal-provincial agreement. Alberta was not consulted. Quebec was not consulted.

The minister went to great lengths to say that Quebec has not used up its funds and has not submitted any projects which were priorized in the proper manner. If that is the case, it is all the more reason why there should have been some consultation with that government prior to the announcement of this bill. I want to ask the minister why there was no consultation with the government of Quebec prior to such an announcement. Surely she cannot say Quebec received all its funds. This seems to me to indicate that the minister had no real desire to concern herself with the reaction of the provinces. She simply decided, according to the instructions given her, perhaps by the Prime Minister (Mr. Trudeau) or someone else, that she would do a little bit of mass media grandstanding and make this announcement without consulting the people directly involved.

The minister also stated that Prince Edward Island had received all its funds. This is at variance with what I have been told. They indicate they have not received much of their funds as yet. That may be why the minister is introducing an amendment to this bill. Perhaps it would put them in a better position, but when the bill was introduced there was no evidence that Prince Edward Island had been consulted or had received a significant portion of its share of the funds.

There is no doubt in my mind that the provinces are objecting strenuously to the amendment. They find themselves in the middle of construction projects, training programs for which they—

Miss Bégin: They are opposing the amendment? They are begging for the amendment.

Mr. Yewchuk: The minister is interjecting again. She has just finished her remarks but she seems to have a lot more to say. If she likes, Mr. Speaker, I will sit down and let her finish her speech.

Some hon. Members: Hear, hear!

Miss Bégin: Mr. Speaker, would the hon. member permit a question to clarify his speech, please?

Mr. Yewchuk: Mr. Speaker, I will reserve five minutes at the end of my remarks for the minister to make clarifications. She can ask any questions she wants then, and perhaps also in the standing committee.

Mr. Knowles (Winnipeg North Centre): You have unlimited time. Five minutes at the end of unlimited time?

• (1622)

Mr. Yewchuk: We do have unlimited time. At the rate of interference from the other side we will need unlimited time to get through my notes before the day is over.

As I said, the provinces are indeed objecting to this unilateral welching out of a commitment. In my view that is not the way to run a country. Some provinces were advised at the outset that their projects would qualify. However, at the time of the announcement of this bill there are some projects which have not yet been approved with the result that the provinces are now left dangling. I am sorry the minister was not more specific in terms of her proposed amendment to this bill respecting an additional $15 million. We are not in a position to know what projects she had approved to cover that extra $15 million. I know it has been tabled—

Miss Bégin: I said it.

Mr. Yewchuk: I have not had a chance to see the materials to which she has referred. For example, the government of Alberta was left up in the air concerning a children's hospital in Calgary. This results in a $3.5 million shortfall for this project—

Miss Bégin: I signed it. I said it.

[Mr. Yewchuk.]

Mr. Yewchuk: The minister now states she signed it.

Miss Bégin: You did not listen.

Mr. Yewchuk: I am glad to hear that.

Respecting the province of Manitoba, which I said was notified but not consulted in advance, it has committed capital projects based on the premise that at least for capital projects federal funds would be available to the extent set out in the Health Resources Fund Act. If that support is withdrawn, Manitoba will be required to fund an additional $7.2 million from provincial sources. Projects submitted for consideration by the federal health and welfare department to which no federal commitment has been made include the Seven Oaks project for $4.7 million. Planning and preparation are under way but projects which have not been submitted yet include the Cancer Treatment and Research Foundation for an amount of $1.4 million, and the energy system for the Health Sciences Centre for the amount of $1.1 million. A telex was received by Manitoba from the minister five days after this bill was made public to the press.

The province of Newfoundland was also informed but not consulted. However, Newfoundland announced it had received its allocated funds and was not too concerned. But it found that it was not now in a position to help the other Atlantic provinces which had helped Newfoundland with projects in the past.

Nova Scotia had not been notified. That province will lose $2.2 million for proposed projects planned but not yet approved as of September 9, 1978. These projects included renovation and equipment for nursing units, in the areas of physiotherapy and occupational therapy, as well as rehabilitation equipment and other non-specific projects.

In the case of British Columbia a large amount of money was required for its development program which, as the minister had indicated, had to fit into a five-year development plan for health resources. This has been severely curtailed.

I assure you, Mr. Speaker, that the on again off again policies of this particular administration are causing serious discontent among the provinces, and have done so for the past ten years. The general approach that this minister and the Prime Minister uses, and which the previous minister of national health and welfare used when he occupied that position, seems to be one of confrontation. I will not use the word deliberate, but one could easily conclude that deliberate confrontation with the provinces is going on, perhaps to create a hassle for reasons which could include some political expediency for this federal administration.

It is nothing short of criminal negligence when funds are cut for health research and facilities in this way. We know that, in the long run, every human being in this country will be affected during his or her lifetime. This government seems to be saying in this particular instance that the saving of dollars seems to be more important than good health. In my view, and I am sure hon. members will agree, this is certainly false economy.

I mentioned earlier that about one-quarter of this fund has been allocated toward medical research. We already know from previous comments that I have made in this House along with other members, and indeed representatives of the research community both inside and outside of parliament, that funding of medical research has already been seriously eroded. Unsalvagable damage has been done to the research capability of this country as well. Numerous laboratories are idle. Hundreds of research workers have left the country, or have left their careers to do other things in order to keep body and soul together. Various technicians have been relieved of their duties and are on the unemployment rolls which are already bulging. In general, the policies of this government have been creating havoc in research and have caused stagnation in the general attitude toward research. In Montreal, the minister's own city, a researcher said last April that he was close to a breakthrough in successful eye transplants. However, he did not carry on his experiments any further because his laboratory was "broke". This researcher made a public appeal for funds in order that he could continue.

There is no doubt about it that biomedical research in Canada is in a critical phase. In my opinion, the minister's words sounded rather hollow, if not cynical, when she stated she wished the research community the best. On the one hand she is wishing the research community the best, and on the other she is cutting their throats. It seems to me that she cannot have it both ways. If she wishes them the best and understands the value of their work, she should not be cutting their throats.

I have mentioned that hundreds of research workers are out of work in Canada. As long as this government is in power nothing will be done about that. The reason that nothing will be done stems from the fact that perhaps research contributions in the past have not created enough political drama for this government. They have not given the government the kind of political expectations it expects, and the research community is therefore being dumped. It is time that this government realized that it is foolish to think that by cutting research spending, it will make significant savings in the health field. It has been proven, over and over during the past few years by various researchers, that spending on research is the only way that health care spending can be cut in the long run without reducing the effectiveness of the service. In fact, one can cut health care costs through research and improve the health care that is delivered to the Canadian people.

Some hon. Members: Hear, hear!

Mr. Yewchuk: That is exactly what this party wants to do. I hope it will have the chance to do that when the time comes following the next election.

Just to outline some examples, a well-known researcher in Saskatchewan has recently concluded a study which clearly shows that for every dollar invested in research today, ten years down the road $20 will be saved in permanently reduced health care costs. If the minister is really concerned about saving money on health care, it is obvious that research is the best way to accomplish that.

• (1632)

Cutting research is not a saving. Indeed, it increases the cost to the taxpayer. I will give some examples of what I mean by that. It cost $41 million to develop the polio vaccine. That was the total cost. Since it has been in use in this country, since 1955, it has saved the people of Canada $200 million per year. Just that one successful piece of research has saved this country more than four times the amount of the total expenditure on research each year since 1955. It is astonishing, to say the least, that any government that has the slightest concern about its people and the cost of health care would say it can save money by cutting research. That one example clearly shows that increasing spending on research is the only way to save money in the long run.

I will give another example. Measles immunization represents a saving of at least $10 million per year in permanently reduced health care costs. Research on hemophilia, a bleeding disease, has saved $20 million a year in hospitalization costs alone.

The research project on blindness in premature babies cost $34,000. The annual saving from that research has been $24,000 for every one dollar spent.

I could give a lot of other examples. However, I will just refer the minister to the speech I made on this subject in this place on October 30, 1978. If she reads that carefully, she will be more informed as to why cutting research funds is not the way to reduce health care costs in this country.

The role of government has changed drastically. With this change has developed increasing confusion about the relationship between national and provincial governments. Moreover, the responsibilities of both levels of government have become blurred, with tremendous overlapping and confrontation in inter-governmental relationships. I have already touched on that. Evidence of confrontation is the provincial reaction to the amendment to the Health Resources Fund Act now under discussion.

In a federal system, direct consultation among the responsible governments is essential as a means of ensuring that the goals of all governments are better integrated and more sensitive to the regional and national requirements. For a federal-provincial system of government to operate smoothly, effectively, and for the benefit of the people, there must be mutual respect between the provincial and federal governments. There must be a mutual feeling of trust.

The provinces need to trust the federal government. If the federal government makes a commitment, they need to rely on that in order to do their planning for the future. When the federal government takes the position that commitments are made to be broken, the feeling of trust breaks down. This is why the federal-provincial system has broken down and why unity in this country has been so shattered in the ten years of this regime.

We in the Progressive Conservative party believe that if we can ensure that federal policies give adequate weight to legitimate provincial concerns, we will have gone a long way toward easing the present tensions of the system of government which has created unnecessary conflict in Canada, and toward ensuring that a government and Parliament of Canada will be an accurate reflection of our current realities.

Miss Bégin: I rise on a point of order, Mr. Speaker. The hon. member for Athabasca (Mr. Yewchuk) agreed to accept a question at the end of his speech. For the majority of his speech, he did not refer to the Health Resources Fund but spoke of medical research. We agree that more money would be welcome in medical research. He spoke of the bill under consideration for only a few minutes, and in that time referred to a broken contract. I have tried to show in black and white that all contracts presented have been signed and have been fully honoured. I would like the hon. member to clarify his statement.

Mr. Yewchuk: Mr. Speaker, my understanding is that the health resources fund was a commitment made in 1966 by the Liberal government of that day, for $500 million to be allocated to the provinces for the various projects which I outlined in my speech. That commitment was made by the then federal government in good faith. That was before the current Prime Minister and minister came to office with their own approach to federal-provincial relations.

The provinces accepted that in good faith in 1966. They were instructed at that time that they had to present five-year plans and submit specific projects. They were told that if they abided by the rules set out by the federal government, the commitments at that time would be met. The minister has now broken those commitments. Regardless of how she tries to weasel out of it, she cannot escape the fact that a commitment was made to the provinces, and today that commitment is being broken.

Mr. David Orlikow (Winnipeg North): Mr. Speaker, I want to make a few comments on the speech just made by the hon. member for Athabasca (Mr. Yewchuk) who spoke first in this debate on behalf of his party. His speech today was like virtually every speech made by members of his party, either in this House or in committee, when estimates are being discussed. They always oppose the government's proposal for a reduction of funds, in this case for the health resources fund, and pledge, directly or implied, that a Conservative government would do more.

I have not been able to understand, and still cannot understand, how that party can propose to cut expenditures, as it has said it will, and reduce the number of people working for the federal government by 20,000 for each of three years, and at the same time oppose every suggestion made by the present government for reductions. There is a basic dishonesty in that approach to which the members of the Conservative party ought to give serious consideration.

Mr. Yewchuk: Mr. Speaker, I rise on a point of order. I am sorry to interrupt the hon. member. I would not do so because I have made my comments, but he accuses us of dishonesty, something I do not like. I think he should withdraw that remark. If the hon. member had not been sleeping in his seat while I was speaking, he would have heard me outline how increased expenditures on research would save this country money in the future. Our approach is that you can reduce health care costs in the long term by increasing research in this country.

The Acting Speaker (Mr. Turner): Order, please. I suggest to the hon. member that is not a point of order, but a point of debate.

Mr. Orlikow: As you correctly pointed out, Mr. Speaker, that was not a point of order but a point of debate. I am not saying that the hon. member for Athabasca was dishonest. I am saying there is something improper, incorrect and, I think, dishonest in the arguments constantly advanced by the members of the Progressive Conservative party. They would spend more money on medical research, scientific research, or cultural affairs, as the hon. member who has just left the House has said, or agriculture or anything else, and at the same time substantially reduce expenditures of the federal government without reducing the standard or level of service. I think they would find, as the Conservative government of Manitoba has found, that there is not that kind of fat in any of the government's operations, and that if they really propose to cut expenditures they must do it by cutting standards of service.

● (1642)

I want to spend most of my time dealing with this proposal which has been put forward by the government and explained by the Minister of National Health and Welfare (Miss Bégin). I am sure she will not be surprised when I say we intend to vote against this bill. This bill is part of the cutback program announced by the government back in September of this year as part of its plan to defer, review, and cut back some $29 million which would have been spent under the provisions of the Health Resources Fund Act passed more than ten years ago. Under these cutbacks a total of $370 million was to be cut from federal-provincial programs. Cuts in such programs as the health resources fund amounted to $150 million, along with $220 in transfer programs between the federal and provincial governments. What the federal government has done by its recent action is this: it has already exceeded that cutback goal, and therefore we see no reason for proceeding with this bill. The minister shakes her head. She says no. We have the figures, however, and if she disagrees with them I am sure she will have plenty of time in which to disprove them.

The cutbacks to date are as follows: $55 million in equalization grants, $150 million by deferring the community services program, $160 million by deferring the social services legislation, and $25 million under the public utilities income tax transfer, making a total of $390 million. Proceeding with this bill would increase the cuts by a further $29.5 million, up to $420 million.

I suggest the government is out of control in its restraint program. It feels it must outdo the Conservatives who have been preaching restraint for a few years now. It is now $50 million above the target for cutting back federal-provincial programs it announced in September. Last Friday it wiped out another $20.6 million by eliminating the Ministry of State for Urban Affairs and 185 employees.

It is important to face the fact that the federal government is again going back on a promise made to the provinces. In 1967 the federal government promised it would put up $500 million for health resources fund programs. The minister takes some comfort from her statement that they had either spent or committed more than 80 per cent of that $500 million. I want to remind the minister that there is a hell of a lot of difference between $500 million in 1978 and the $500 million which was promised by the then minister of national health and welfare in 1966 and 1967. To meet the goals conceived in those years when this program was first proposed would require, today, close to a billion dollars.

Miss Bégin: How is it the provinces did not apply then?

Mr. Orlikow: That is an old story. Very often it happens that the provinces, particularly the have-not provinces, possess neither the financial nor the technical ability to meet the timetable set by the federal government. I would have thought the present minister would have known this and given them some extra time, rather than cutting the provinces off without discussion, in a unilateral way.

I do not know whether the hon. lady has read some of the speeches which were made by the then minister of national health and welfare when he brought this legislation forward, but there is a world of difference between what he proposed, the discussions he promised the provinces, and the unilateral decision which has been made by the government and by this minister who—under tremendous pressure from her cabinet colleagues, I am sure—has brought down the measure we are considering.

Consider what the minister of national health and welfare said in June, 1966:

> Such a program will undoubtedly help to create a professional climate to attract increasing numbers of able people to study and practice medicine and related professions and will thereby improve still further the quality of care available to our people.

He went on to say it would require large investment and lengthy planning in co-operation with the provinces, and that government proposals had been prepared on the basis of visits to provincial departments of health. Were visits made to the appropriate provincial departments when the federal government decided to terminate this program with almost $30 million unexpended? No, they were not. It was done on a unilateral basis without the consent or approval of the provinces. The basic purpose at that time, according to the minister, was to meet the need for trained people and catch up where there was a shortage of trained personnel. Have we done these things? Of course we have not.

I am sure the minister has received many more representations than have come to me on the subject, but I have received quite a few with regard to the shortages which still exist. If I have time I will put on the record some of the comments made by those who work in the field. They are the ones who ought to be satisfied, they are the ones who, if they are not satisfied, come to members of the opposition and communicate with the press.

When we object to cutbacks of this kind we are not speaking in a partisan way, though some may think otherwise; we are expressing the views of those who are most concerned with the situation.

The minister went on to say at that time that an ad hoc technical committee met with governments and national associations, estimated provincial needs, and dealt with needs for long-term projections as a basis for allocating funds and the creation of a health resources advisory committee. He was concerned there should be discussion of that kind.

What I want to ask the Minister of National Health and Welfare now is this: were consultations of that kind held with the provincial governments and with the various professional disciplines before the government embarked on its present course of action? And was any agreement forthcoming with regard to those proposals? I do not think there was, but I would be interested in getting the views of those organizations as expressed to the minister if she has them.

The former minister said the federal government had stressed the importance of close consultation and continuing liaison between the federal and provincial governments at all levels and that, although the moneys would not be fully used in the early years, their long-range provision would ensure that adequate opportunities were made available for the provision of health facilities. That was the purpose of the bill. It is obvious to anyone who would want to look at the facts that we still do not have adequate physical facilities or funding of programs to attract into the field of health care the kinds and numbers of people who are required. We still have people who are working for salaries that are a disgrace. There is a case in Winnipeg, and I am sure that it is not an isolated one, of a man with a Ph.D. in chemistry who was working in the field of cancer research for a number of years and was drawing a salary of $13,000 a year.

● (1652)

The minister had some flattering words for the people who work in medical research, and they deserve them. However, this country does not deserve to have the kind of dedication it gets from these people in these fields because it does not treat them in such a way that they could get a feeling that the country appreciates what they are doing to help meet our health needs.

When the bill was introduced in 1966 many members on this side had reservations about it, which they expressed, but which were ignored by the government. I do not often go back to previous speeches I have made and remind hon. members of what I said, but I could not help, while looking at the speech

made by the then minister of national health and welfare, looking at the speech I made on that occasion. At that time I pointed out that the figure of $500 million was not based, as far as we could see, on any scientific or realistic assessment of what was required. I said that the figures seemed to have been pulled out of thin air. I must have been correct because today, despite the very sharp increases in the cost, which means that the $500 million allocated in 1967 is worth today approximately $300 million, this figure would have to double or quadruple to be on a par with spending by the government of the United States on medical research.

I said that we needed to spend another $100 million a year if we were to come close to the efforts being made in the United States. We are a long way from spending that other $100 million per year on medical research, even though $100 million allocated in 1967 would probably be worth $160 million today.

I pointed out that if there were sufficient funds for personnel and the necessary facilities for medical research the brain drain of scientists out of the country would disappear. However, the brain drain continues and will probably accelerate given the stop-and-go approach this government has taken toward scientific research in general and medical research in particular.

The minister seems to have rationalized what she is doing by saying that things are going at least moderately well. What we must do, in discussing this bill, is not just look at the termination of this program and the elimination of $29½ million from this fund, but at the whole picture of what this government is doing.

Without going into great detail I would like to go over some of the cuts which have been made by this government. The government has cut $8.5 million from supportive science in the Department of Agriculture, $3 million from the extension to the Lethbridge Research Laboratory, $2.8 million in contributions toward construction at veterinary colleges, $2.7 million from the Canadian Dairy Commission for product research and promotion programs; $.8 million in grants to universities for water resources research, although much of our water is polluted; $1.4 million from the Alberta oil sands environmental research program, $700,000 in stratospheric research, $2.7 million from the pollution abatement technology program, $2.8 million from the Newfoundland Environment Centre and Maritime Forest Research Centre, and a support cutback to the Department of Fisheries of $11.1 million.

There were also cutbacks in the technology development program in the Department of Industry, Trade and Commerce of $2 million, $13.5 million from Statistics Canada, including $1.3 million in post-secondary education programs administered through the education, science and cultural division of the Department of Industry, Trade and Commerce.

I come now to the cutbacks made in the Department of National Health and Welfare. I remind hon. members that the cuts must be added to the $29.5 million which the minister is already proposing to eliminate in this program. The total science cutbacks—

PROCEEDINGS ON ADJOURNMENT MOTION

[*English*]

SUBJECT MATTER OF QUESTIONS TO BE DEBATED

The Acting Speaker (Mr. Turner): Order, please. It is my duty, pursuant to Standing Order 40, to inform the House that the questions to be raised tonight at the time of adjournment are as follows: the hon. member for Esquimalt-Saanich (Mr. Munro)—Forestry—Decision not to close Petawawa research station; the hon. member for Churchill (Mr. Smith)—Labour conditions—Unemployment figures published by Statistics Canada—Status Indians; the hon. member for Cape Breton-East Richmond (Mr. Hogan)—Feasibility study on coal mine in Donkin, N.S.

● (1702)

It being five o'clock, the House will now proceed to the consideration of private members' business, namely, notices of motions and public bills.

PRIVATE MEMBERS' MOTIONS

[*English*]

The Acting Speaker (Mr. Turner): Are notices of motions Nos. 2, 4, 5, 6, and 7 stood by unanimous consent?

Some hon. Members: Agreed.

The Acting Speaker (Mr. Turner): We will now proceed to notice of motion No. 8 standing in the name of the hon. member for St. John's West (Mr. Crosbie).

* * *

TRANSPORT

NEWFOUNDLAND RAILWAY SERVICE

Mr. John C. Crosbie (St. John's West) moved:

That this House directs the government to reject the recommendation of the Sullivan Royal Commission on Transportation Services to and within Newfoundland that proposed the discontinuing of railway services in Newfoundland and reaffirm that Newfoundland should have a vigorous and effective railway mode of transportation and that the government accept the other recommendations of the interim report of the Sullivan commission and discuss the implementation of the same with the government of Newfoundland and this house urges the government to consider the advisability of the government agreeing to meet the financial losses of the Newfoundland railway, a railway system owned by the government but operated on behalf of the government by CN, so that CN will cease its attempts to sabotage and close the Newfoundland railway system and begin effective management to the railway mode of transportation for Newfoundland.

He said: Mr. Speaker, this motion is most timely because, if the House passes it today, it will forestall what can only be described as the murder of the Newfoundland railway. The

Newfoundland railway is being murdered today with malice aforethought by CN, aided and abetted by the Minister of Transport (Mr. Lang) who has given CN carte blanche to "do in" the Newfoundland railway service as soon as possible, or within the next six to eight months in any event.

My motion asks the House, first, to direct the government to reject the recommendation of the Sullivan Royal Commission on Transportation Services. That was the recommendation that the railway service in Newfoundland be discontinued. The commission based that recommendation on the conclusion that it was no longer economically feasible to operate a railway service in Newfoundland. I will come back to that point later. The commission made that recommendation with reluctance; two commissioners for, against one who dissented.

The motion also asks the House to reaffirm that Newfoundland should have a vigorous and effective railway mode of transportation. Surely we should do that. How can anyone argue that one province in the Canadian federation should not have a rail mode of transportation? I should like to see anyone suggest that for Saskatchewan, Quebec, New Brunswick or Nova Scotia, and see where they would get.

My motion also asks the government to accept the other recommendations of the Sullivan commission and to discuss their implementation with the government of Newfoundland and this House, and that the government meet the financial losses of the Newfoundland railway. There is no reason in the world why CN should have to meet the losses of the Newfoundland railway. That railway is owned, lock, stock, and barrel by the Government of Canada, which was given it free and gratis on April 1, 1949, by the Newfoundland public. They own it and asked to run it, and there is no reason in God's world why CN should have to meet any of the financial losses caused by the operation of the Newfoundland railway. These losses should be met by the people of Canada through the House and through the government.

My motion goes on to propose that CN be instructed to start giving vigorous and effective management to this railway to see if it has a chance of becoming more viable in the future, because in the last ten years CN has done everything within its power to drive freight and cargo off the Newfoundland railway, having driven passengers off with the connivance of premier Smallwood in 1968. In the 1960s the premier was promised that Canada would meet 90 per cent of the cost of the inferior Trans-Canada highway if his government would not oppose the abandonment of the railway passenger service. The Pearson government, having achieved that, in the 1960s we had the obsequious slogan of the Newfoundland government on Trans-Canada and the passenger service was replaced by an inferior bus service, upon which this commission reports, and which I will mention in a moment.

We will not trust Canada again to do away with our railway on the basis that our freight and cargo will be moved more effectively by other means. Their promises have been broken with regard to the railway passenger service and they will be in this other connection.

I want to cite the following to members of the House. Surely no one argues that a rail service must be profitable. Let me quote from the *Economist* of July 15, 1978, where, in an article on railways, the following is stated:

> No major national railway makes a profit. Britain's is one of the few to come close. Austria spends 1.8 per cent of gross domestic product propping up its railways. Belgium 1.4 per cent, West Germany more than 0.8 per cent and France more than 0.7 per cent. British Rail's so-called "contract" with the government (to compensate for losses caused by "socially desirable" but unprofitable passenger services) amounts to $364 million a year—only 0.3 per cent of g.d.p.

We know that in nation after nation the railway does not make money, but that does not mean to say that those nations do away with their rail services. They are still needed, if not on economic grounds then on social and other grounds, and they are still kept operating. But in Newfoundland we are supposed to be different, we are supposed to agree that if our railway is not making money—at least CN says it is not—it should be abandoned, done away with, and we should depend thereafter on the highway or on the sea, and that we are not to have the rail mode. Well, Mr. Speaker, we do not agree to that.

The Sullivan report has been in the hands of the minister since June of this year. Six months have gone by without one shred of activity, without an acceptance or a rejection of it or of any of its recommendations. The minister made the report public on July 24, that is, over four months ago, and there is still no action by the minister.

When the minister appointed the commission on March 28, 1977, he had a press conference in Newfoundland. I wish to quote from the *Evening Telegram* of March 29, 1977, in which the minister is quoted as having said that this study:

> —won't be just another study to lie on the shelf because the province is "at a critical point" for decisions, transport minister Otto Lang yesterday maintained.
>
> "I consider this one the final one," he said following a press conference in St. John's, for "we cannot wait any longer for tough decisions . . . and good decisions for Newfoundland."

Further on in the article it is said:

> And it will report its findings and recommendations to the Minister of Transport by the end of 1977.

The minister was going to act, and he wanted the commission to report by the end of 1977. It reported in June of 1978, but he has not done a thing since. That is the kind of decision we are getting from this minister—he has not done a thing. What he is doing is standing by while the CN cuts the railway adrift. I will explain that in more detail in a moment.

Everyone in Newfoundland who has any position in public life is opposed to the recommendation that the railway be abandoned. I brought the matter before the Atlantic caucus of the federal PC caucus in Ottawa in August of this year and the party agreed that there should be a continuing rail mode of transportation throughout the Atlantic region. The following motion was passed:

> That the PC party affirm the need for a continuing rail mode of transportation throughout the Atlantic region as a national policy and as a tool for continuing regional development and opposes any attempt to abandon rail transportation services in any province considering that government must ensure financial support for a rail service with new direction and emphasis by competent management prepared to compete vigorously for the traffic available, and the

PC party condemns the benign neglect of railway services, now the Liberal government policy in the region.

That was the position of the federal PC party on August 14, and it still is.

Then the provincial Liberals came out against abandoning the railway. Our leader went to Newfoundland and confirmed our position a few days after the caucus meeting here in Ottawa. On August 22, the Newfoundland government came out in opposition to the abandonment of the Newfoundland railway and said it must continue. It stated that under the terms of the union it cannot be abandoned without the consent of both governments. The Prime Minister (Mr. Trudeau) was sent a wire to that effect.

Finally, the government broke its silence, and on September 12 the Secretary of State for External Affairs (Mr. Jamieson), the cabinet minister from Newfoundland, made a statement which was quoted in the *Evening Telegram* of September 13. He said that the Newfoundland government's decision not to accept that recommendation "puts this particular issue to rest". He went on to say that the Canadian government fully accepted that decision. The article quotes him as stating:

> Now that there has been a decision not to consider abandoning the railway, 'the onus is now on all concerned to test the validity of the proposition that rail freight traffic can be increased and the service made more attractive to potential users,' Jamieson said.
>
> This will require, among other things, 'a new sense of commitment on the part of Canadian National Railways. As the designated operator of the system it must accept the decision.'
>
> Jamieson said he has recommended to transport minister Otto Lang, 'that he require the CNR to prepare without delay detailed proposals outlining ways in which rail freight may be made more efficient and attractive.'

What has happened to all those fine words of September 13? The Secretary of State for External Affairs then went on to say that there must be federal-provincial negotiations to agree on an over-all approach to the report's recommendations, and that federal-provincial negotiations "on a very comprehensive scale" must begin right away. When are these very comprehensive negotiations going to begin?

● (1712)

Do you know, Mr. Speaker, that I have been writing the Minister of Transport, (Mr. Lang), with copies to the Secretary of State for External Affairs, since early August? I asked him what action he was going to take on these recommendations, and what steps he was going to take to keep the railway operating in Newfoundland. On August 3 I wrote to the Minister of Transport concerning the bus service. On August 21 I wrote to the Minister of Transport concerning the recommendations for the railway. I pointed out to him that certain trains were being discontinued, that conditions of business were being changed, and that business was leaving the railways because of the uncertainty. I asked him to make a statement. I wrote to the Minister of Transport on September 6, bringing the same things to his attention. Then the Secretary of State for External Affairs spoke in Newfoundland on September 13, and nothing else happened.

Around October 14 we learned that the CN in Newfoundland was laying off 20 people from its freight service, and cancelling two trains from Corner Brook to St. John's and from Port aux Basques to St. John's on weekends. The minister was questioned in the House on October 17 as to why this was being done, when he promised that there would be no layoffs until the final report of the commission was received. The minister gave us his gobbledygook that there would be no layoffs except those related to changes in the level and flow of business, the ordinary sort. The minister said that he would look into these layoffs, these changes in circumstances, and report to me. I have not heard a word since October 17. We cannot believe or trust the minister one single iota in what he says or does. He is the most untrustworthy, most heartless minister I have ever come across in my long experience, provincially and federally. I still have not heard from him.

Mr. Benjamin: What about Otto?

Mr. Crosbie: I am talking about the Minister of Transport.

Mr. Benjamin: He is the Grit who stole Christmas.

Mr. Crosbie: That was on October 18. Then I learned that not only were these trains being cancelled but that CN was cutting its capital budget for next year in half in Newfoundland, that there would be layoffs of dozens of people in January, that 200 would not be taken on to improve the railbed next summer as a result of the cuts in its capital budget, and that there would be cuts in its maintenance budget. In other words, they are doing in the railway altogether. The CN is determined that it is not going to lose any more money on the Newfoundland railway.

So, I wrote the Secretary of State for External Affairs on October 24, drawing this to his attention. On October 30 I drew the drastic budget cuts to his attention, the fact that CN will not replace personnel, and other details which I do not have the time to give now. Still I have received no answer from either one of those ministers, except a perfunctory acknowledgment of my letters.

I have been asking since August, as well as has the Newfoundland government, for a meeting between the Rail unions, the ministers, and the Newfoundland government. I have been asking the government to tell CN that the government will meet its obligations, that it will meet any cash losses which they can prove are occurring, and that it will meet the necessary capital expenditures on the rail service. I asked for the government to direct them to carry this service on vigorously, or to get someone else in there who will. We cannot even get a meeting six months after this report came down. I wrote the Secretary of State for External Affairs on October 30. He has not responded; he has not arranged a meeting.

But there is a meeting tomorrow with these two ministers and a group from North Sydney and Port aux Basques. That meeting has been arranged since. It is to do with certain events on the CN marine services, where they are now using a private service from Halifax to St. John's, not using CN vessels, and laying off certain marine employees. This is going to affect the

longshoremen at Port aux Basques in the district of the Secretary of State for External Affairs. They are having a meeting tomorrow with these two ministers. But, the government of Newfoundland cannot get a meeting, the hon. member for St. John's East (Mr. McGrath) and myself cannot get a meeting with them, and the railway unions, which represent 2,000 to 3,000 people who receive their livelihood from working on the Newfoundland railway, cannot get a meeting with these mighty ministers. But when somebody from Port aux Basques in the district of the Secretary of State for External Affairs wants a meeting, a meeting is arranged almost immediately. This is the brutal political way in which these ministers operate.

Today the Minister of Transport, in answering a question, had the gall to suggest that support of the Newfoundland railway was one of the political and humanitarian aspects of his mighty service to the nation. I say the man is an ogre who has to be driven from office.

On Tuesday, December 5, we are having a meeting in St. John's. We are going to rock St. John's. The reverberations will be felt up here. Perhaps the hon. member for St. John's East will make it. He may have trouble with conflicting business which he has to do here. The railway unions will be involved, and other members of parliament from Newfoundland, if they are interested. The Secretary of State for External Affairs, the Minister of Transport, and Mr. Bandeen will be at that meeting to answer these 2,000 or 3,000 Newfoundlanders as to why they are being abandoned and thrown into the cold by the federal Liberal party here in Ottawa. They will want some answers: they will not like what they hear.

The railway is being crucified by inattention and neglect. I have confirmation from high sources in CN that the Minister of Transport has told them—

Mr. Collenette: Name them.

Mr. Crosbie: I will name them when I have to name them. He has told them, "You are to operate as a commercial operation. If you want to lay off people in Newfoundland, if you want to cut back trains in Newfoundland, if you want to use private shipping services in Newfoundland and this causes layoffs of dozens or hundreds, you can do it; you are to operate as a commercial service. Just let us know ahead of time how many you are laying off and when, but you have our permission to do it." That is the policy of the Minister of Transport here in Ottawa. But he will pretend, when he gets to the public, that he is trying to protect the Newfoundland railway.

The government's attitude is that the CN has permission to do away with the Newfoundland railway. By next February, if action is not taken by the government, the process will be well under way, and 2,000 or 3,000 people will lose their jobs. That is a serious thing in a province which already has an unemployment rate in excess of 16 per cent officially, and twice as much unofficially.

What will the government do? Will the government accept my motion or not? What will it do about the bus service? The Sullivan royal commission recommended no increase in fares and found no substantial bus service—it attacked the bus service being offered, and said that there should be no increase in fares until there is a substantial increase in facilities. Then a week later the CN applied to the Canadian Transport Commission for a 36 per cent fare increase, and the government in Ottawa did nothing to prevent that. It allowed its creature, the CN bus service, with this inadequate service, to apply for a 36 per cent increase. This is now being fought before the courts and before that commission in Newfoundland. The government had not dealt with both recommendations.

The Sullivan commission recommended that the federal government pay for 90 per cent of the cost of improving the substandard Trans-Canada Highway in Newfoundland. We have not received a word from the Minister of Transport on that recommendation. The synchrolift in St. John's was recommended by the Sullivan commission six months ago. The Minister of Industry, Trade and Commerce (Mr. Horner) was batted to his knees by nanny, by his own nanny. He has a nanny now in the President of the Board of Economic Development Ministers (Mr. Andras), and he has a nanny in the Secretary of State for External Affairs who said, "No, you cannot have a synchrolift in St. John's until I tell you that you can have it." That recommendation was ignored by the minister.

We have the implementation of a year-round ferry service to Argentia recommended by the Sullivan commission. It was ignored by the hon. gentlemen opposite. We have a recommendation that there should be either no subsidies to direct water carriers to Newfoundland, or equal subsidies to all three carriers and not just a special subsidy which Clarke Newfoundland steamship service has been getting for the last ten or 15 years. That should cease, but there has been no action on that.

When the Minister of Transport was questioned here, he said that he was waiting for the final report of the Sullivan commission. Well, this is the final report. It does not say "interim." It says, "Report of the Commission of Inquiry into Newfoundland Transportation." He need wait no longer. In its preface, the commission itself said that the second volume of the report will contain, in addition to elaboration of important solutions, conclusions and recommendations based upon specific research projects completed during the summer. It is just a supplement. This is the final report; this is not an interim report. The minister has still not taken any action, because he said that he is waiting for the final report.

In March, 1977, he could not wait to get this report, its recommendations and conclusions. Today he does not care whether he has it or not because, in league with Mr. Bandeen of CN, he is hoping that CN will so cripple the Newfoundland railway in the next six months, that there will not be a chance for it to continue operating. There will not be a stick or a stone carried on that railway. Who will move their cargo with the kind of uncertainly which now faces the rail service? That is why this motion is before the House.

I know it will be talked out by gentlemen opposite because they have no choice. They have taken no action, and they will

be guilty of allowing the murder of the Newfoundland railway to occur, unless some action is taken here and now. I know there are others such as my colleague, the hon. member for St. John's East, who will want to speak. Therefore I shall come to an end. But let me reiterate: we have a classic case here of the government trying to encourage CN secretly behind the scenes to do away with the railway, which Newfoundland brought into confederation on April 1, 1949. It was built from our sweat and blood. That little island off the coast of Canada that could not afford it in the 1880s and 1890s, in an act of faith constructed a railway across the 580 miles from St. John's to Port aux Basques, with a lot of vicissitudes, and it was a narrow gauge railway. We brought this in with us. It was given to the Canadian government, and now it is to be abandoned without even the admission that it is to be abandoned.

• (1722)

The Minister of Transport and Minister of Justice should have enough guts to say that he has told Mr. Bandeen he can shut down everything that is not making money in Newfoundland. If that is his instruction, let him come out and say it, because we want the answer. The 2,000 or 3,000 people down there working on this railway and their families, some 10,000 people, want this answer. This is the kind of heartless action that I am repeating to this House, with just a few of us here while down at the Conference Centre they are putting on a big pretence that they are interested in the economic development of Canada, and the saving of Canada economically. They are not interested at all. If they were, they would be acting to save the 3,000 jobs and the families of those who depend on the Newfoundland Railway. Therefore, I urge the House to support the motion, Mr. Speaker.

Mr. Maurice Harquail (Parliamentary Secretary to Minister of Public Works and Minister of State for Science and Technology): Mr. Speaker, if there ever was a need for being convinced about pretense, certainly the hon. member for St. John's West (Mr. Crosbie) has displayed that need this afternoon by taking up the time of the House with his motion.

I am always amused when listening to the hon. member who, as we know, was a former minister of finance in a Liberal administration in Newfoundland. We have heard him expound with equal enthusiasm the greatness of the Liberal Party of Canada when he was in that position. He always appreciated the transfer of payments, and he also appreciated very much the co-operation of the federal government in those times. He always went to great pain and at great length to express his thanks and appreciation on behalf of the people of Newfoundland. We now see some great transfigurations and great transfers in positions not only of philosophy but, indeed, of principle, when we listen to him.

I have the impression that for those of us in this House this afternoon and the listening audience the hon. member for St. John's West has given the best live definition of rhetoric in the way he addressed this House this afternoon. There is another word I suppose that would sum up equally well what he had to say about his motion, and that is gobbledygook.

[Mr. Crosbie.]

This is a convoluted and lengthy motion, but it does give members an opportunity at least to put a few positive facts on the record in respect of transportation, and particularly transportation in the Atlantic area. I certainly want to profit from the occasion this afternoon by speaking of the great accomplishments of the present Minister of Transport (Mr. Lang). I should have thought there might have been a question of privilege in some of the remarks made by the hon. member for St. John's West in his attempted attack on the character of the Minister of Transport, which I found to be totally unparliamentary. I am sure that on a reflection of the record in *Hansard* tomorrow there will be a prima facie question of privilege the minister might want to pursue.

Mr. Crosbie: I hope so.

Mr. Harquail: This is not uncommon. It is typical of the type of attack we see all the time, whether during question period or in debate, which makes one always ask whether this is really what the citizens of St. John's West expected and wanted to hear—this type of irresponsibility, and irresponsible remarks made in this House, such as shown by the hon. member in his attack this afternoon on the Minister of Transport. On the contrary, I am delighted to note that the Prime Minister (Mr. Trudeau) has left that hon. minister in that portfolio of transportation, because that minister has shown real leadership in transportation. We always say that constructive criticism is all right, but criticism for the sake of criticism without foundation is totally unacceptable.

As a result of the leadership of the Minister of Transport and of the president of Air Canada, a New Brunswicker, by the way, Mr. Claude Taylor, as well as through the good work of the president of the CN, Dr. Bandeen, we have seen both these Crown corporations show a profit. No one seems to want to mention this. Certainly no one from the other side of the House ever bothers to mention that fact. We realize that during those difficult years when they were not able to provide an efficient operation or produce a profit, there was justifiable criticism. We looked for ways and means to rectify the situation.

As a result of vision and the dynamic approach of this government we have been able to turn the corner in transportation, not only in respect of Air Canada but in respect of the CN as well. There is quite a bit of truth in that commercial that the CN is a business as well as a responsibility. I suspect that is what underpins the Sullivan report and its findings, that we cannot just continue to carry out operations which are not economically viable. I am sure that is the reason Dr. Bandeen and his team at the corporate level have taken the steps they have taken and have been successful in the recapitalization of that corporation, and able to separate the losing passenger service with the provision of that new service known as VIA Rail. The setting up of that corporation was the result of co-operation between CP and CN. It was a step taken to provide efficient, modern passenger service facilities to Canadians, and Canadians are now aware of that very positive

move, leaving the 90 per cent balance of business in freight and other services provided by CN in a most efficient fashion.

Having regard to air passenger service, I thank the hon. member for St. John's West for giving me, as a member for some years of the Standing Committee on Transport and Communications, the opportunity to state that I have had the privilege of travelling across this great country to visit harbour port facilities on the B.C. coast, in Vancouver, and on the east coast at St. John's, Saint John, New Brunswick and Halifax. I have had a first-hand look at the situation in those areas. Members of that standing committee have shown good faith in their interest in all transportation questions. They have gone from the nation's capital to examine, inspect and investigate at first hand the situations existing in respect of transportation, not only in central Canada but in western Canada and on the east coast.

I have many friends who are Newfoundlanders, and I am very proud of the contribution Newfoundlanders have made as Canadians, not only in respect of transportation but on all fronts. From what I have been able to observe, Newfoundlanders have a great deal more vision, more optimism, and a more positive outlook than we have had described by the hon. member for St. John's West this afternoon.

In reference to Newfoundlanders and transportation, let me take the opportunity of conveying my best wishes to the new president and chief executive officer of Eastern Provincial Airways, Mr. Steele. I certainly would want to take this opportunity of congratulating him on the assumption of those responsibilities. That airline has provided Canadian citizens in the Atlantic area with excellent air passenger service. It is a service that is first-class and compares favourably with any other in Canada today. Newfoundlanders can certainly be proud of the progress that smaller airline has been able to achieve in such a short period of time. One of the main reasons I am so pleased to make that comment today is that this airline has been able to provide a much needed service in the area of northern New Brunswick from Charlo to Montreal, linking us with the rest of Canada.

● (1732)

I have said on many occasions that not only do we find it important, from an economic point of view and for the future, to be linked with Montreal and central Canada, but on every occasion we have also urged the Minister of Transport and others in Air Canada and Eastern Provincial Airways as well as the CTC to consider this all-important air passenger service linking Newfoundland, Nova Scotia, Prince Edward Island and New Brunswick. It is an essential, fundamental development for the Atlantic area.

I am optimistic that through the new executive of EPA we will see an even greater expansion of the services they are providing already, keeping in mind that aspect that we are all pushing for, including the council of maritime premiers and the government of Newfoundland. We urge those who have responsibility for providing air passenger service to seize the first opportunity to provide that link in the four Atlantic provinces.

I should like to express my personal appreciation and admiration for the three commissioners and their spirit of public service to Canada and the province of Newfoundland which they have demonstrated in carrying out this difficult and complex task. These eminent and respected Newfoundlanders, at considerable personal sacrifice, have devoted the last year and one-half to this inquiry. They have given a high standard of service to the public.

It is because there is a need to understand more fully the implications of the recommendations to both the federal and provincial governments that the federal Minister of Transport and the provincial minister of transport and communications have set up a committee with representatives from each government to analyse the recommendations. Until there is a better understanding of the implications of the Sullivan report recommendations, I do not think it would be responsible for the government to reject the recommendations on the railway and accept all the rest, as proposed by the hon. member for St. John's West. Before any broad acceptance or rejection can be undertaken, the government must at the very minimum have available all the evidence that the Sullivan report can present. This, of course, includes the analysis of volume 2.

In summary, Mr. Speaker, I oppose the motion on the ground that the government cannot give the commission's work the credit it deserves until it has studied it further. The full and immediate implementation of all the recommendations with the exception of the railway recommendations would lead to very serious financial problems in this period of restraint on government expenditures. Only when those factors have been fully explored and understood by both governments can a decision be made.

Again, through you, Mr. Speaker, I should like to express my appreciation to the hon. member for St. John's West for his initiative in bringing this motion before the House. It gives me the opportunity to acknowledge the excellent work carried out on behalf of all Canadians by the eminent Minister of Transport who, with vision, wisdom and his leadership qualities, has been able to accomplish so much in a short period of time.

That brings me back to my earlier comment about how much I appreciate the fact that in his wisdom the Prime Minister left to the Minister of Transport the grave responsibility of budgeting for our transportation needs and of leading that department and other Crown corporations. His success with the Department of Transport, Canadian National Railways, Air Canada, Canadian Pacific and other corporations such as Eastern Provincial Airways in the Atlantic area is a measure of his distinction. He has brought a high degree of expertise and skill to negotiating with the various unions in an effort to bring a mood of tranquility to that important aspect of our economy.

Mr. Les Benjamin (Regina-Lake Centre): Mr. Speaker, I am delighted to speak on the motion of the hon. member for

St. John's West (Mr. Crosbie). We in this party agree with the purport of the motion—that the Sullivan commission recommendations on the Newfoundland railway should be rejected. It will be interesting to see how the government of Newfoundland acts in this matter.

I wish the hon. member for St. John's West would talk to people in his own party, particularly those from central Canada, who while they talk about restraint do everything they can to cut the throats of public corporations, those people who demand profit-taking and profit-making out of public utilities at the expense of people in the outlying regions of the country. I do not know how the hon. member can reconcile his stand with the stand of his party on public utilities and public transportation. It is the Tory demand for restraint and cutbacks that has caused the Liberal government to implement Tory policy in transportation and in other parts of the economy.

Newfoundland has never fully been part of confederation as far as transportation is concerned. It is no different from Vancouver Island, the Queen Charlotte or the Arctic Islands in this respect. The nineteenth century mythology is that profit takes precedence over people, over providing service. The Newfoundland railroad should function as part of the national rail transcontinental system. Ferry service and rail car movements between the island and the mainland should be considered in the same way as the Trans-Canada Highway or the CNR and CPR main lines on the mainland. They can and should be efficient. They may or may not make money in a given year, or just break even—perhaps even lose money—but the point is that they should provide service.

We not only oppose the Sullivan commission recommendations in this area, but we submit that they totally ignore the economic realities and social and economic necessities of transportation in Newfoundland, let alone the rest of the country. If the government of Newfoundland opts for a short-term benefit under the Sullivan report recommendations, they will have to give up their historic and statutory rights. The implementation of the Sullivan recommendations would require renegotiation of the terms of entry into confederation for the province of Newfoundland. In fact, the commission submits that if the province refused to co-operate in the requested constitutional change, then in its opinion there would be no other choice but to continue to full rail service. That is all the government of Newfoundland and the people of the province need to know: they must fully and completely refuse to co-operate in the abandonment of their rail service.

I had the pleasure of spending a week in St. John's West at the time my hon. friend to my right won the by-election. I recall holding a press conference calling for the rebuilding of the Newfoundland railway lines to standard gauge and the enlarging of the transportation capacity of railway cars from the island to the mainland. I recall that an article in a St. John's daily newspaper pooh-poohed the idea and said it could not be done, that it would cost too much money. I did not hear about that from the then Conservative candidate in the St. John's West riding. However, he now makes a speech endorsing what I said two years ago in St. John's. The day will come, of course, when we "Mayo" implement my recommendations.

• (1742)

The Sullivan commission ignores some fairly fundamental things. The commission particularly ignores what energy costs in a place like Newfoundland. The abandonment of that rail line, according to our research, will mean a total energy increase of 6,350,000 gallons of diesel fuel annually. At the price people in Atlantic Canada have to pay for energy, what does that do to the people of Newfoundland and their economy in terms of goods and services? Add to that the costs of this mindless nineteenth century idea of profit-taking in the public utility advocated by the Tory party and implemented by the Liberals, and one will then get some idea of what it will cost the people of Newfoundland if they allow these nineteenth century ideas as proposed by the party represented by the hon. member for St. John's West to continue.

Energy consumption by the railways is over 3 million gallons, and as I have said, the total increase in energy consumption will be 6,350,000 gallons if the railway were abandoned. The Sullivan report is nothing more than an endorsement of the user-pay principle. It is clearly at odds with the original commitments made by Canada to Newfoundland in 1949. Under the terms of the union, the federal government agreed to take over the Newfoundland railway, including steamship and other marine services, and to maintain those services in accordance with the traffic offering and also relieve the province of the public cost involved. The commission recommends that the Newfoundland government renegotiate the terms of union to permit railway abandonment. I hope a government formed by the Progressive Conservative party that advocates private enterprise and profit-taking in public transportation will depart from their out-moded principles and refuse to renegotiate the terms of union regarding their railway.

Historically governments have recognized that Newfoundland's geography and distance from markets called for government intervention by way of subsidies and regulations. There has been nothing new about that since the middle 1800s in Canada. It is not new on the prairies, the Atlantic, the north or on the Pacific coast. The terms of union recognized that situation by extending maritime freight rate subsidies to Newfoundland and requiring confederation to cover the losses of rail, ferry and coastal services.

I do wish that in 1949 the people of Newfoundland and their spokesmen could have been a little more foresighted. They should have included in the terms of union not only a way to cover losses but also a way to cover the total cost of refurbishing and rebuilding their rail system, and as well the improvement of the water transport system connecting the island to the mainland. It is ironic that the terms of union recognized this latter point, and by the way it was recognized in the case of the prairie provinces in the Crowsnest pass rates, as well as in the other Atlantic provinces with respect to maritime freight rate subsidies, and in northern Ontario through the bridge subsidies. It took into account climate, geography and demog-

raphy. The MacPherson commission was a royal commission of Conservatives appointed by a Conservative government in 1961. At that time Mr. MacPherson suggested:

—in the long run, a system can be developed that should enable the people concerned to pay the total cost involved.

While recognizing that at present user-pay could not be applied to Newfoundland, the Sullivan commission recommends:

—That it be recognized as a principle that in those areas where competition can viably exist, the transportation system be developed toward a future situation where the concept of user-pay may be appropriate and applicable.

This concept, as I have said, was started by a royal commission under a Tory government in 1961 and it has continued under a royal commission under a Liberal government. It betrays confederation. I do not want to hear another Tory speaker talk about user-pay, competition, free enterprise and profits when it comes to railroads or airlines. If the people are to be properly served with transportation in all parts of Canada, then the nineteenth century concepts they cling to have to be forgotten.

Nobody would argue in favour of subsidies just for the sake of a subsidy. Subsidies have to be applied to Newfoundland for a reason. Distances involved must be taken into account as well as the scattered population and the need to stimulate growth in a depressed region. Transportation is an essential element to accomplish this. Transportation must serve the people. Goods must be carried in a manner which meets the competition in markets in other parts of Canada and in other parts of the world. Subsidies to Newfoundland are not distortions. Government intervention in transportation is an instrument to counterbalance distortions that already exist, such as poverty, geography, climate and in the location of people.

The Sullivan commission does not view transportation as a tool to assist development. It views it as a way to get a government off the hook. It views it as a method to make a profit for somebody. The whole purport of the recommendation, starting with the first royal commission in 1961 under the Diefenbaker government and continued by a Pearson government and then a Trudeau government, is exemplified by what one sees today in transportation over the entire country. It is exemplified by what is being attempted in Newfoundland, not with or for Newfoundland.

I hope the House will decide at one minute to six to accept this motion. I hope members on the government side will realize that a notice of motion, which is really a resolution, even though passed by the House, places no requirement upon the government to implement it. But at least it will tell the government what all members in the House feel. Here is an opportunity to say something in an area that, while it might relate most directly to Newfoundland, also concerns many other areas in Canada including northern Ontario, the prairies, the Pacific coast and the Arctic. It would be an indication that parliament is saying to the government that the legislation, regulations and rules which now govern transportation do not work. We need only quote a former Liberal minister of transport who said that in transportation competition does not work. It never has in Canada. There is not a single mode of transportation, including walking, which is not subsidized. If you were to follow the private enterprise mythology about competition and profit in transportation and the principle of user-pay, you would need to set up a toll booth every six blocks and charge the pedestrian either a 25 or 50-cent toll. The property owners have paid for the sidewalks. Therefore, in order to follow private enterprise logic to its conclusion in transportation, the pedestrians should pay.

● (1752)

If, Mr. Speaker, you were to suggest that profits should be made and there should be competition on our streets, highways and sewer and water systems, you would be locked up. Even the Tories and Liberals would not suggest that. They gave up on such things when they had toll roads and what-not back in the 1850s with private enterprise competition and road allowances. The same applies to railroads and airlines as well as other essential public services.

I urge the House to accept this resolution so that the government will be under no illusion that the adoption of this kind of royal commission recommendation would be counter to the whole intent and purpose of confederation. It would do nothing more than continue the colonizing of a part of our nation. If the government will agree to reject out of hand the Sullivan royal commission recommendations, it logically follows they will have to implement the recommendations of the Hall commission on freight rates in western Canada. They will have to implement recommendations of railway unions, farm organizations and small business organizations in this country that have been made over the past 50 years. Both the government and the official opposition will have to make a 180 degree turn in their ideology on transportation.

If the hon. member for St. John's West spends as much time persuading his own colleagues as he spent trying to persuade members opposite, he may even succeed in persuading parliament. I will be interested in seeing the policy that comes out of any Conservative party conference on transportation in Canada. I hope the hon. member for St. John's West extends his argument to some of his colleagues from Saskatchewan who over the past few weeks have said and done all they could to betray us with regard to transportation, orderly marketing and the wheat board. Instead they have patted Canadian Pacific on the head, even though it has bled this country for 90 years. They have done all they could to encourage and applaud international bandits like the Cargill Grain Company—free enterprise—no matter what it does to our grain producers or this country. It does not matter to Tories what it does to fishermen in Newfoundland when you apply private enterprise principles in transportation.

I am delighted the hon. member for St. John's West has presented this resolution. I hope it means a fundamental change of heart on his part, if not on the part of his colleagues.

Mr. James A. McGrath (St. John's East): Mr. Speaker, I have only a few minutes but I am not going to talk out the

resolution. I hope the House will deal with it in a positive way. I just want to make a few remarks.

I commend to the hon. member for Regina-Lake Centre (Mr. Benjamin) that he sit down and read the Sullivan report. He obviously has not read it. Otherwise he would not ask the House to reject it out of hand.

Second, the government of Newfoundland has already rejected that recommendation dealing with rail abandonment. As the spokesman for the New Democratic Party, he should be acquainted with that fact. As a consequence of that rejection by the government of Newfoundland, the Government of Canada had no choice, given the fact that the terms of union, specifically term 31, requires Canada to continue to operate the Newfoundland railway. The Government of Canada had no choice but to accept the fact that they had a constitutional obligation to continue with the Newfoundland railway as represented by a statement by the Secretary of State for External Affairs (Mr. Jamieson) on September 13. Perhaps the hon. member for Regina-Lake Centre should pick up on his homework.

Regardless of what the government of Newfoundland has done and regardless of what the Government of Canada through the Secretary of State for External Affairs has done, unless the Government of Canada is prepared to move very quickly, the constitution of Canada notwithstanding, there will be no railway in Newfoundland within 12 months. Unless there is a decision made now on the operating losses, abandonment of the railway will become a de facto situation, the constitution notwithstanding. The Secretary of State for External Affairs and the Minister of Transport (Mr. Lang) know that. It is nothing short of scandalous that they avoid making this ultimate decision.

The people of Newfoundland are getting sick and tired of being looked upon as a foster child of confederation and a foster child of Canadian National. Instead, they want to be and expect to be looked upon by the Government of Canada as a partner in the development of the last great frontier of this country, namely the province of Newfoundland and Labrador with its tremendous storehouse of wealth. In order to develop that resource, we need a new approach to transportation.

I urge the Government of Canada to move very quickly before it is too late. I commend my colleague from St. John's West (Mr. Crosbie) on bringing forward this motion which I know will address itself to the House, because the Government of Canada has responded to it in a positive way since it has been placed on the order paper.

Mr. William Rompkey (Grand Falls-White Bay-Labrador): Mr. Speaker, let me address my first comments to the New Democratic Party and follow up on what was said by my colleague from St. John's East (Mr. McGrath). I know they are flushed with success, but let me say this to them. If you want to win more seats, do your homework first. You have just rejected out of hand the concept of Port Labrador, the trans-Labrador highway, the development of airstrips along the Labrador coast and the interprovincial ferry service that is to be established in the province. You have rejected all of those because you have rejected all of the recommendations of the Sullivan commission. If you want to win more seats, do your homework first, because the people are not going to buy that line.

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

Mr. Deputy Speaker: If the hon. member has a real point of order, I am ready to hear it. However, it is six o'clock.

Mr. Rompkey: We have not got time for points of order. They had their day in court.

Mr. Deputy Speaker: It being six o'clock, the hour appointed for the consideration of private members' business has expired. I therefore leave the chair until eight o'clock tonight.

At six o'clock the House took recess.

● (2002)

AFTER RECESS

The House resumed at 8 p.m.

GOVERNMENT ORDERS

[*English*]

HEALTH RESOURCES FUND ACT

MEASURE TO AMEND

The House resumed consideration of the motion (Miss Bégin) that Bill C-2 be read the second time and referred to the Standing Committee on Health, Welfare and Social Affairs.

Mr. David Orlikow (Winnipeg North): Mr. Speaker, when I completed the first part of my speech at five o'clock I was dealing with the extent and effect of the cuts in funding affecting scientific research in general and research in the field of medicine in particular. I want to put on record what the cuts announced in September mean to medical research in this country.

In the Department of National Health and Welfare the total science support cutback for 1978-79 amounts to $10.3 million. It includes $3 million for the professional training program which was used for the upgrading of health personnel and about which the minister spoke so glowingly, and $4.8 million in programs for research into the non-medical use of drugs. The use of drugs is increasing. The complexity of the drugs being taken is growing and the effect of drugs in such important aspects of life as mind control can probably be seen in the tragedy which occurred at Jonestown some days ago.

The amount of $2 million has been cut from the national health research and development program, besides $500,000 from the research budget of the Medical Research Council. We are talking about the kind of stop-go decisions which this government has been making over a period of almost ten years and which in the view of researchers, medical researchers in particular, constitute a disaster. Each time this sort of thing happens it is an indication, almost an order, for some of our youngest and best medical researchers to take off for the United States where they consistently spend not just ten times the amount on medical research one might expect, since the population there is ten times that of ours, but probably one hundred times what we spend. In other words, they spend $10 per capita on medical research for every $1 we spend here. The result is that the discoveries are made in the United States and we become captives of the American market.

Then the research budget of the Minister of State for Science and Technology (Mr. Gillespie) is $1.8 million; $1 million has been cut from the National Research Council and $500,000 from the Natural Sciences and Engineering Research Council. The National Research Council has a worldwide reputation for the excellence of its work, but if this reputation is maintained no thanks will be due to the government. The effects of what the government has done and is doing will be seen not just this year or next year but in the decade and the generation to come.

It is an amazing set of decisions the government has made. In view of our high unemployment and poor balance of trade record, and the overwhelming evidence from other countries of the benefits of a strong research and development effort, these cutback proposals make no sense at all. Research is a labour-intensive activity which employs people in each of our provinces and, dollar for dollar, yields high dividends by comparison with other work.

● (2012)

In his announcement last June the then minister of science and technology said that he was aiming in five years to spend 1.5 per cent of the gross national product on scientific research and development. More than half of that which other western countries are spending has already been cut in Canada in scientific research in the announcements I have already listed.

A particularly disturbing feature of the proposed federal cutbacks in research, health care and education programs is that now the responsibility for continuation of support for work in these areas could fall very heavily on the already financially beleaguered provinces. Although the established programs financing agreement requires the federal government to obtain provincial consent for any action that reduces or diminishes Ottawa's contribution, the announcement on September 8 shows that the Government of Canada intends substantially to reduce payments to these cost-shared programs, probably by cutting cash payments rather than through transfer of tax points.

The effect of any major federal withdrawal may be offset somewhat through equalization grants, but in the final analysis there is no guarantee that the less affluent provinces especially could afford to assume the high cost of funding research, health care and education on their own.

The minister suggested in her speech that since 85 per cent or 88 per cent of the money allocated under the legislation in 1966 had been used, the needs of the provinces had been met. Nothing could be further from the truth. In my own province there is approximately $8.5 million which has not been used, despite the fact that our largest teaching hospital, the Health Sciences Centre, urgently requires modification. That hospital is short of teaching staff, emergency care and laboratory care facilities. It is in need of advanced diagnostic laboratories and of upgrading in its child health facilities.

Miss Bégin: Did you say the Seven Oaks Hospital?

Mr. Orlikow: I am talking about the Health Sciences Centre. The psychiatric facilities in that hospital are a disgrace. The minister may think that I have exaggerated the situation. The former head of medicine at the Health Sciences Centre, Dr. Reuben Cherniack, a nationally known researcher, left Winnipeg for the United States because of the lack of opportunity and facilities in that hospital. He is quoted in an article in the Winnipeg *Tribune*, July 5, 1978 as saying:

> A chronic shortage of research facilities, coupled with a negative attitude toward research, has reduced the Health Sciences Centre to a second-rate community hospital and forced the University of Manitoba medical school downhill—

Further on in the same article he says:

> —research uncovers new methods of approach, new methods of treating disease which are then applied to patients in the hospital.
>
> But more important is these researchers developed labs that quickly became applicable to the patient. That isn't happening now.
>
> The researchers are getting frustrated (by the attitude), their students are getting turned off. The future researcher is not going to be turned on.

A news story in the Winnipeg *Free Press* of last Saturday reports on a letter of protest that was sent to the minister of health in the Manitoba government, Mr. Sherman, by the former president of the Manitoba Medical Association, Dr. J. H. Crust, who protested vigorously about the fact that in the hospital in which he works, the Misericordia Hospital, seriously ill patients are denied beds because there are none available. In another story Dr. Crust talked of a patient of his who needed an operation and was left in the corridor in the emergency ward for 24 hours.

The story would be amusing if it were not so sad. The organized medical profession in Manitoba worked so hard to defeat the NDP government because they thought that it was unsympathetic to the medical profession and health care, only to find that the present Conservative government is no better.

The minister said today that the situation was not that bad in the field of medical research and tried to create the impression that the medical research community was relatively satisfied with the state of research and the support which it is getting from the federal government. I have a news clipping from the Ottawa *Citizen* dated October 18, 1978, which reports a speech the minister made at a meeting arranged by

an organization called Canadians for Health Research. It reads:

'I know you were hoping that I have been able to bring you an announcement that there would be increased funding made available and I wish I could have done that today, but regrettably I cannot do that'—

She stressed that while the $2 billion budget cutback hurt and meant a real 'tightening of the belt in government,' medical research would not be 'put on the back burner until our other economic difficulties go away'—

Further on the same article says:

"But the commitment that I want to make to you is that, even in a time of cutbacks and restraint, funding for medical research will be protected and will grow at least within the guidelines which the federal government has set to control its own growth."

The question is, do medical researchers accept the guidelines established by the government as being adequate? I suggest that they do not and that they have not for a long time. A letter written to the Prime Minister (Mr. Trudeau) on March 1, 1976, by Dr. Victor Chernik, Professor and head of the Department of Pediatrics, and pediatrician-in-chief at the Children's Centre at the University of Manitoba, illustrates the current situation in medical research. It reads:

The level of funding for medical research in Canada on a per capita basis is approximately $2.00 . . . while that in the United States is approximately ten times this rate. Thus, we are in danger of losing our best people, scientists who would compete very favourably in the U.S. funding arena.

In the last paragraph of his letter the doctor says:

In my own department there are several excellent investigators who have had to curtail excellent research programs in the diseases of children and several other young but very promising scientists who have not been able to get their programs off the ground because of serious lack of funding of the MRC. I submit that if the current policy of the Government of Canada is not altered medical research in the country will within the next three to four years be in serious jeopardy because of a lack of highly skilled and trained technical help, a major decline in the number of research trainees and the emigration of skilled scientists to areas which have a more stable funding base and are therefore more conducive to medical research.

The fears of Dr. Chernick have proven to be well founded because all the things he predicted have happened.

I have another article from the Winnipeg *Tribune*, dated April 28, 1977, which outlines the problems of medical research in my province. Manitoba is far from being the worst province in this area. This article reads:

● (2022)

What is lacking in this province, as in others, is money—money to attract high calibre people to Manitoba to perform research, teaching, and patient care functions, and to sponsor projects initiated by residents of the province.

It goes on to say:

Manitoba researchers reacted to the decision with alarm—

That is to the cutback at the time.

—noting that their purchasing power was cut by 35 to 40 per cent. Several research projects were scrapped and 38 research technicians in Manitoba lost their jobs.

There are probably another 28 who will lose their jobs this year. Let me bring the story up to the present. I have here a letter written to me on May 1 of this year from Dr. R. W. Hudson, secretary, research committee of the faculty of medicine of the University of Ottawa. In that letter he says in part:

The research committee of the faculty of medicine of the University of Ottawa feels impelled to make a public statement to the effect that:

1. A crisis exists in medical and health related research in this country as a result of government funding policies.

2. Long-term effects on medical research will, in turn, seriously affect health care delivery in Canada and the effect will be with us for many years to come.

3. Over the last five years the government has failed to respond appropriately to representations by many groups from within the field of health care, as well as by those from outside.

It is clear that the present government must take full responsibility for the present crisis and for the consequences that follow.

Last but not least, I have a letter sent to me by Dr. Cinader from the Institute of Immunology, the school of graduate studies of the University of Toronto. He applied for a grant for a project entitled, "Geriatric changes of the immune system," and he received a reply from R. A. Heacock, director, contributions and awards division of the research programs directorate of the Department of National Health and Welfare, which reads as follows:

As you have probably heard by now, the current series of expenditure cuts by the federal government will mean that the allotment of funds for the national health research and development program has been reduced by $2 million for the fiscal year 1979-80.

Having reviewed our budgetary commitments for the next fiscal year, it appears that in all probability no funds will be available to support any new projects and awards in 1979-80.

Dr. Cinader wrote to me. He is not complaining for himself because he is an established researcher who has access to other sources of funds, especially from the United States. He wrote to me on November 15 because he knows from past experience that I have been interested and involved in these discussions. His letter reads in part:

The recent decision that cuts of $2 million are to be made in external grants, given by National Health and Welfare (NHRDP), is a regrettable consequence of the current fiscal policies of the Canadian government. We are informed that the minister has decided to discontinue to consider newly proposed projects in 1978 and in the normal review period of 1979.

This will further increase the harmful long-term consequences of the scientific basis of our health services. When cuts are made, they must be carefully designed so as to protect the most valuable and original aspects of research, and must not occur at the expense of new progressive concepts. In short, it must preserve the capacity for recovery, when, finally, better funding has become possible and the tragically wasteful stop-go-stop technique of science funding has come to an end.

I do not have the time to put the whole letter on the record, but it is clear how Dr. Cinader, who is just one of the many adversely affected—

The Acting Speaker (Mr. Turner): Order, please. I regret to inform the hon. member that the time allotted to him has expired. He may continue with unanimous consent. Does the hon. member have unanimous consent?

Some hon. Members: Agreed.

Mr. Orlikow: I do not intend to be very long, Mr. Speaker. I could go on quoting from any number of sources in the scientific community, but I know that the minister knows that the decision made by the government—and I hope forced on her against her better judgment—is not acceptable to the scientific community. In every sector of the scientific commu-

nity in every province people are dismayed, in fact they are completely disheartened, at this government's intolerable view that scientific research is not really necessary, and that when cuts are made they can be made easily, without too much difficulty, without too much protest and without too many ill effects in the field of scientific research. It is a position with which most of us disagree, certainly one with which people in all the scientific disciplines in this country disagree. It is one more illustration of this government's failure to understand the role of government and the need to invest not less but indeed greater efforts, many more people and much more money in all fields of scientific research.

This bill is just one more example of the government's failure to understand the needs of the Canadian people, one more illustration of the decision of the government to impose restraint without thinking through the consequences on what those cutbacks mean to people and to their needs. It is such a serious mistake and failure on the part of this government that we in the NDP cannot and will not support the proposal contained in this bill.

Mr. Hal Herbert (Parliamentary Secretary to Minister of State for Urban Affairs): Mr. Speaker, I want to address a few words to the House on this bill, but before I do so I want to make a few points of clarification regarding some of the remarks of the last speaker.

First of all, no submission for medical or hospital research has been refused by the department. Second, all agreements that have been signed will be honoured. At present, 85 per cent of the funds set up for this purpose have been utilized. It is obviously false to criticize this bill in an attempt to promote medical research.

Having said that, may I say a few words about the bill itself. A royal commission on health services, commonly known as the Hall commission, was established in the early 1960s at the urging of the Canadian Medical Association. The association, encouraged by the success of physician-sponsored service plans, felt that the "supplement not supplant" philosophy of public funding of medical care insurance for low income groups only would find support. However, after carefully conducting the most thorough and complete survey of the health situtation in Canada so far undertaken, the commission came out strongly in favour of a shared-cost program parallel to the hospital insurance program; in other words, a universal and government operated medicare program.

The medical care program which was implemented in 1968 was based on the 1964 recommendations of the royal commission on health services. It is important to look at some of the significant factors that led to its recommendations.

During the mid-1960s when the program was being considered, Canada was one of the few industrial nations without a national medical care insurance program. Although universally available plans existed in a few provinces, in most provinces there were Canadians who found it impossible to buy protection against the cost of medical care. In some cases this was due to ill health or age, with no insurance company willing to take the increased risk associated with issuing a policy. In other cases, individuals who were not members of an insurance group could not afford the higher premiums required for individual enrolment. It was only in those few provinces which embarked upon the governmental prepaid medical insurance plan, pioneered in Saskatchewan in 1962, that any resident who was not a member of an insurance group could with certainty buy comprehensive coverage without producing evidence of being a good risk, and without the possibility of being asked to pay a higher premium.

● (2032)

I should like to interject a very personal note at this point. I was in that position myself. Because of certain conditions and situations, I was the father of a family which was subject to sickness in the household day after day, week after week, month after month. Because I had not been enrolled previously in any assistance plan, it was impossible for me to obtain the necessary coverage. Debts accumulated, and every time a member of my family had to enter hospital, the debts increased. I found myself in an extraordinary situation. I was running out of any method by which to pay my bills. I had gone to the bank and finance companies. I was paying a tremendous interest rate of 18 per cent per annum on the money I was borrowing. I was in hock up to my eyebrows.

An hon. Member: What does this have to do with the bill?

Mr. Herbert: I am pointing out how essential it was for the government to introduce a universal plan, so that persons experiencing extremely difficult financial conditions would be covered, despite the fact that no insurance company would touch cases similar to my own.

At the end of 1967, approximately 70 per cent of Canada's population was estimated to have some insurance protection against the cost of necessary medical care under voluntary plans. Eventually I was able to participate in one of those voluntary plans, but by then I had debts which I thought would never be repaid. An additional 4 per cent to 5 per cent were covered under a compulsory insurance plan in Saskatchewan, while others came under a variety of public programs for categorical assistance in receiving medical care. However, it should be noted that the Hall commission in 1964 reported that of those many Canadians who had private medical insurance, approximately 30 per cent had very inadequate coverage.

What benefits do we perceive from hospital insurance and medical care programs? The most obvious effect has been the removal of financial barriers to necessary medical, hospital and medical practitioner care for all residents of Canada. Again I should like to refer to my personal situation. Look at the embarrassment I faced when talking to a doctor who had performed a very expensive operation. I had to say to him, "Doctor, I have no way of paying your bill. I have borrowed to the limit." He said, "I will be sending you a bill. It will be a relatively small one. Pay it when you are able."

Ill health no longer means that families face crushing financial burdens related to costs, in addition to other misfor-

tunes. Surely when one has sickness to contend with repeatedly, one should not also have to face financial concerns respecting the buying of one's daily bread.

The benefit of a medical care plan must be self-evident, but if proof is needed I should like to mention the 84 per cent to 88 per cent of the respondents in relatively recent Gallup polls who felt that they were receiving good value from health insurance, which topped the list of government finance services mentioned in the polls. The introduction of medical care programs meant that medical practice has become economically viable in any community with sufficient population to warrant a doctor, because of the virtual elimination of bad debts for medical practitioners. In itself this is a means of encouraging practice in areas where populations could not previously maintain an economically viable practice.

Once again, I should like to refer to a very personal experience. When my wife entered training school for nursing, she borrowed money from the provincial government, on the condition that either she repaid the loan or went to work in one of the areas where doctors would not go because the population was not particularly large, or because the population had no means of paying the doctor's bills. When my wife graduated from nursing school, she went to Baie Johan Beetz and spent a considerable amount of time there. She got to love the people of that community. As a newly graduated nurse, she did all the work one thinks of being performed by a doctor: delivery of babies, various kinds of minor surgery and extraction of teeth. These are the things one has to do when a community is completely cut off from the rest of the world for a period of several months, when there is no communication of any kind, other than that which can be dropped by aeroplane. There is no way of getting out and there is no way of getting in.

That is the type of medical service which was available to this community in the years prior to the introduction of a medical care program. The men and women who went into these areas certainly did not do so for financial gain. It was a tremendous strain on the individual concerned because most of them were young, enthusiastic, and had relatively little experience. They were called upon to perform some incredible tasks when helping with the problems of communities such as Baie Johan Beetz.

In addition to such general economic inducements resulting from the advent of the medical care program, the federal government contributed toward provincial monetary incentives to encourage physicians to establish in underserviced areas, such as the one I have mentioned. Obviously, those are areas where financial encouragement must be given in order to have the kind of medical service which is essential and necessary.

Every day we hear how bad things are in Canada, when really things could not be any better than they are at the present time compared to conditions in the rest of the world. We have more doctors per capita than any other country. We have extraordinary medical services. Any member of our population can go to hospital next week without having to worry about the bill. It is extraordinary that there should be objections to the kind of assistance which has meant that we are able to send some of our surplus doctors into areas, where there has not been viable business for doctors in the past. In these small communities, not only was there no means by which a physician could be paid, but the gratitude of the people was often shown in some unusual fashion. For example, in my wife's case, she would receive jars of pickled fish, and all kinds of things which were quite precious in a community like that, as compensation for the services she performed.

● (2042)

As well as encouraging physicians to reside and practise away from metropolitan centres—who would not practise in a metropolitan centre today, and one of our problems is to get people away from these metropolitan centres—the medical care program has helped stimulate visiting specialist services for smaller communities. Once again, we talk about specialist services. Imagine being in an area where, not very long ago, it was not a question of getting a specialist's services but rather a question of whether you could get a doctor's services at all. This program brings these specialists to towns whose population is such, that they could not attract these specialists on a full-time basis. Of course, to the extent these services are going into areas not provided for previously, there is some associated increase in costs. But in a country as vast as ours, we feel dollars are well spent when they lessen disparity by bringing about better distribution of skilled human resources. We all know that one of the problems of the program—abuses, if you like—is that people in metropolitan areas are able to shop around, often from doctor to doctor, and draw on the expertise of the many specialists in those areas.

Canada has also experienced some dramatic improvements in certain health indicators. At the time our hospital insurance program came in, in the late 1950s, our infant mortality rate was more than 40 per cent higher than that of Australia, 30 per cent higher than that of England and Wales, and nearly 20 per cent higher than that of the United States. By the end of 1971, which was the first year that all provinces were in medicare for the full year, our infant mortality rate had dropped from 21.8 per 100,000 live births to 14.3, still equalling Australia's but surpassing that of the United Kingdom and New Zealand. In 1975 the Canadian rate was 11 per cent below that in the United States.

The Acting Speaker (Mr. Turner): Order, please. The hon. member for Athabasca (Mr. Yewchuk) wishes to rise on a point of order.

Mr. Yewchuk: Mr. Speaker, it seems that the hon. member who has the floor has made an error in regard to the bill we are discussing. The bill before the House at the moment relates to the health resources fund, not medicare. It seems the hon. member either does not know the difference or has picked the wrong speech.

An hon. Member: Or is filibustering.

Mr. Herbert: Mr. Speaker, what I have been doing is responding to the speeches already made by members of the

opposition who chose to use this bill for a discussion of this specific subject. It is my opinion that what I am attempting to do is respond to the points which have been made by various speakers from the opposition benches.

Some hon. Members: Hear, hear!

Mr. Herbert: The maternal mortality rate on the eve of medicare was 27 per 100,000 live births. Incidentally, I was going to mention before I was so rudely interrupted by an hon. member opposite that one of the reasons for the mortality rate in days when we did not have a proper program was that in outlying communities more often than not—sometimes the percentage was as high as 75 per cent—the birth was not normal and required expertise. Often the people in those small communities were left with an inexperienced nurse who had to cope with some extraordinary problems.

The maternal mortality rate dropped a third by the end of 1971, and by 1976 was seven per 100,000. It is noted in some studies on the effects of implementing medicare that pregnant women were starting their prenatal care earlier than they had been doing before medicare. One presumes that, if prenatal care is of any value to the mother as well as to the baby, this earlier start of prenatal care may very well have had something to do with this marked drop in the maternal mortality rate.

Incidentally, I guess it goes without saying that if we can improve the facilities available to the mother at the time of birth, we are going to eliminate many of the problems encountered with all kinds of retardation in later life due to the inadequacy that used to exist in the facilities available at the time of birth.

I am not prepared to suggest that the improvements in maternal and infant mortality rates in the last ten years have been entirely due to medicare. However, it seems almost impossible to conceive that the tremendous change in the access to doctors, both physical and financial, since the introduction of medical insurance did not play some part.

With an increasing output from Canadian medical schools, Canada's doctor-population ratio is better than one in 600. We should be very proud of that. It has passed the target which the Hall commission despaired of reaching before 1991. As I mentioned a little earlier, I think we should sometimes talk about some of the good things in this country instead of always talking about the gloomy side.

All provinces have experienced a substantial improvement in their doctor-population ratios. Some changes have been especially gratifying. For example, the doctor-population ratio of Newfoundland, one of our less fortunate provinces economically, increased from one in 1,500 the year before medicare to almost one in 700, eight years after it joined medicare. As well as the improvement in the doctor supply over-all, more of the province's practitioners are settling in smaller communities. The increased supply of physicians and other health manpower relates to the significant impetus of the health resources fund established in 1966 which was complementary to the hospital insurance and medicare programs.

I felt it was essential, despite the interruptions by members of the opposition, to put on record some of the accomplishments, and some of the necessary responses to points raised by members of the opposition during this debate, points I might say that did not relate at all to the bill but which required some response. I have been very happy to do that.

Some hon. Members: Hear, hear!

Mr. Heward Grafftey (Brome-Missisquoi): Mr. Speaker, I do not usually start my speeches in this way but, in respect of a matter as important as this relating to the health resources fund, I do not understand how the government, following the minister's introduction of the bill, could follow with a speaker who carried on for 35 minutes without addressing himself for one minute to the bill. He delivered a speech that had nothing whatever to do with the bill. We across here have been incredulous. The hon. member suggests that he answered our points one by one. Now the hon. member smiles. I do not think it is all that funny that an hon. member opposite should speak on this bill without addressing himself to its subject matter, namely, the health resources fund. I think even the minister is embarrassed.

Miss Bégin: No, not at all.

Mr. Grafftey: She will have to stretch her imagination very far because she knows she will have to do a lot of convincing to convince me and others that the hon. member who preceded me addressed himself for more than 30 seconds to this bill.

Some hon. Members: Hear, hear!

Mr. Grafftey: The hon. member did mention that in comparison with other countries we do have a very good doctor-population ratio. I have recognized this in the past as a result of research I have undertaken over many years. The one difficulty is, there is a bad distribution of doctors. We have an over-concentration of doctors in some of our high income urban areas.

An hon. Member: Oh, oh!

Mr. Grafftey: I think that hon. member should really leave the House. He has just disgraced himself with an irrelevant speech.

Some hon. Members: Oh, oh!

Mr. Grafftey: I am not joking about that. We have more to do than listen to that kind of speech.

Some hon. Members: Hear, hear!

The Acting Speaker (Mr. Turner): Order, please. I would suggest that the hon. member get back to the bill.

Mr. Grafftey: I am right on the bill, Mr. Speaker. When we talk about the doctor-population ratio, we in this House recognize that the ratio in this country is pretty good. I think that the hon. minister would be one of the first to admit that in

many, many areas of this country we are talking about poor distribution of doctors. There are many low income areas, rural areas and small towns going without doctors and paramedical help. It is not good enough just to quote the ratio of doctors in comparison to other countries.

● (2052)

The hon. member for Winnipeg North (Mr. Orlikow) related this question to the debate on restraint that has been taking place during this parliament. Mr. Speaker, I want to go on record as saying that I support the hon. member for York-Simcoe (Mr. Stevens) and my leader in their position on restraint but surely we should be selective. I think the hon. member for Winnipeg North is drawing a very long bow when he says that every time the government brings in a measure that means cutting back, this party criticizes them. That is not so, Mr. Speaker. We are going to be responsible and selective and we are going to talk about the health resources fund with that in view.

In direct relation to the health resources fund I want to draw an analogy. Let us suppose that at nine o'clock tomorrow morning the government decided that it would be public policy that everybody in Canada should have free bread and we vote a supplementation into their pockets so that the people could have free bread, but nobody in the government told the bakeries what we had done. The government knows full well that in terms of medicare and hospital insurance they had the full support of this party. Although we had some misgivings about how things were done, we voted income supplementation into people's pockets for services and personnel that for many Canadians were not available. Costs skyrocketed and the system broke down. In many ways what we did was analogous to my story about a country voting free bread, voting supplemental income into people's pockets but doing nothing about notifying the bakeries.

We had the Hall report in Ontario, in Quebec the Castonguay report, and also the royal commission on the Healing Arts in Ontario, all of which said that whether we like it or not, whether it was forced on the provinces by unilateral federal decision or not, the fact is we have hospital insurance and medicare. Next came the establishment of the health resources fund which the hon. member for Athabasca (Mr. Yewchuk) dealt with in great detail in his remarks today.

I hope the hon. member for Winnipeg North will pay attention to what I have to say. I researched the Hall commission findings, and the royal commission on the Healing Arts findings in the mid sixties when these commissions addressed themselves to the problems of medical financing, medical research, medicare and hospital insurance, and they said the health resources fund should be established not only for proper planning of personnel at the local level, but, in effect, to reduce costs.

I challenge the Minister of National Health and Welfare (Miss Bégin) to research back to the mid-1960s. The health resources fund in relation to health research—which I shall touch on later and which the hon. member for Athabasca brought up in a responsible way this afternoon—was initiated to help plan the provision of paramedical personnel, to train more doctors, to work in co-operation with medical schools and to work at the community level in terms of rationalization plants and health care to people at the community level.

If the hon. minister were to read all the recommendations emanating from the Hall report in Ontario, the Quebec report and all the studies, she would find that one of the central recommendations for the establishment of a health resources fund was spending dollars in order to save dollars in the long run.

What a ludicrous display of lunacy we see on the floor of the House of Commons today, Mr. Speaker. The federal government, like a bull in a china shop, cuts back on a fund, one of the main reasons for which is to save money. Hon. members opposite laugh but they have not studied the bill. They are just voting automatically with the government. What happens is that Treasury Board takes a wide view, the Prime Minister (Mr. Trudeau) says, "We are going to have to cut back," and the Minister of Finance (Mr. Chrétien) says, "Restraint!"

I was once parliamentary secretary to a minister of finance, although it seems long, long ago. But I know that when you look at all the statutory items you can touch, there are not many you can logically cut back on. Treasury Board officials—and I challenge the Minister of National Health and Welfare to deny this—say, "Here is something we can touch—the health resources fund."

Miss Bégin: That is not true.

Mr. Grafftey: They say, "That is not a statutory consideration," and so the bureaucrats, aided and abetted by their Liberal counterparts opposite, decide to cut the health resources fund. They do it without any idea of what they are cutting. I ask the minister if she denies that one of the aims of the health resources fund in the mid-sixties—apart from the humanitarian aims—was to save money, to put the plant and personnel in place in co-operation with the provinces, as the long-term $500 million was voted. Was not one of the central reasons for the health resources fund to save money in the long run? Today, in a crisis situation, the government is trying to give the Canadian people the impression that they are going to save a few dollars when in the long run it is actually going to cost millions.

I should like to summarize what the hon. member for Athabasca, this party's spokesman for health, so ably articulated earlier today. The federal government's health resources fund was created in 1966 to help provide money to meet the capital costs of constructing, renovating, acquiring and equipping health training and research facilities. For these purposes, $500 million was made available for use over a 15-year period. The fund was to pay up to 50 per cent of the cost, the rest to be provided by the provinces or some other source.

In December, 1967, things got off to a bad start. The minister of finance at that time, Mr. Mitchell Sharp, announced that he would seek to limit the total fund allocation

in the next fiscal year to $40 million. In fact, the total actually approved was $37.5 million. The same limitation was applied for the fiscal year 1969-70.

This change in rules in midstream caused chaos in the program ten years ago. In the first nine months of the fund, from July 31, 1966 to March 31, 1967, federal-provincial health officials agreed that $14.9 million should be given to various projects, but only $4.7 million was actually paid out by March 31, 1967, because of the federal government's intransigence. In the following fiscal year another $66.3 million was committed. Again because of the federal government's intransigence, the total payment was $32.6 million. That is how the fund got off the ground.

This on-again-off-again attitude of the federal government, aided and abetted by Treasury Board officials who cut into areas where they did not know what they were cutting, has created chaos when the object was to bring stability to the whole area. I say that Ottawa is slashing the health resources fund. I said this over ten years ago and I say it again today. This has had an alarming effect.

● (2102)

Let me talk for a few minutes about what the Castonguay report had to say indirectly about the province of Quebec vis-à-vis the health resources fund. The province of Quebec and the Castonguay commission typify only too well the Canadian scene vis-à-vis the delivery of medical and health care services, and indirectly the application of the health resources fund. Over 12 years ago the report concluded that regional planning was a number one priority in any progressive public medicare plan. Castonguay specifically recognized, as I said at the outset of my speech, that income supplementation through the hospital insurance plan and medicare was being voted into people's pockets for medical personnel and services that many times were not there, especially in low income and small town rural areas of this country.

The health resources fund not only had to address itself to this humanitarian difficulty but it had to address itself also to the cost spiral. At the centre of each region should be found a large health training centre with university affiliation, together with a large teaching hospital which should include all the highly specialized services, the report concluded. Decentralized from this large unit, often to be founded in smaller towns, cities and suburbs, the Castonguay commission recommended the establishment of general hospitals. I am now talking more particularly of the province of Quebec. These hospitals were to have over 200 beds for general surgery and specialized functions could be performed. Further decentralization as recommended by the Castonguay report should see the establishment of hospitals for the care of chronic diseases, old people's and nursing homes, ambulatory care centres, convalescent homes, health care clinics and so on.

When this bill passed the House, Ottawa obliged the provinces by allowing them to participate in a universal medicare plan, a hospital insurance plan, but we are voting again today meaningless sums to help make ready the facilities and personnel needed under programs that were voted on over ten years ago. Quebec is no exception, Mr. Speaker. I address myself particularly to the minister right now when I say that regions all over Canada have embarked on medicare programs before services were initially prepared, and still the government is doing nothing in co-operation with the provinces to rectify the situation. I say that if this government persists in its attitude of pretending to save short-term dollars at the expense of long-term chaos, no one knows what the results will be.

How many times did the minister have her say with Treasury Board officials before this ludicrous cutback took place? Can she convince this House during this debate that Treasury Board officials who recommended this cutback have any idea at all what the program is about?

Apart from the humanitarian aspect of needing to implement the plan at the community level in terms of building ambulatory care facilities, convalescent homes and the like, as well as the training of paramedical personnel to take the place of high cost doctors, if the minister had really pleaded her case with the Minister of Finance and Treasury Board officials she would have shown them how, in the long-term, short-term cutbacks will cost the Canadian taxpayer a lot more.

The case for medical research has already been made a lot better than I could make it in the few short minutes available to me tonight. Surely it is self-evident. For the last ten years we have heard about the exodus of research scientists leaving Canada for the United States. I do not want to get into that almost sterile debate because it should be self-evident. Again, I refer to the humanitarian factor. How can one put a cost on scientific research? I think of Dr. Wilder Penfield in the Montreal Neurological Research Institute. How can one possibly put a cost on the millions of dollars, again apart from the humanitarian considerations, that he has saved the Canadian taxpayer by his work at one of the world's greatest neurological institutions? How can one put a cost on what my old schoolmate, Charlie Scriver in Montreal, is doing? I single him out, but there are many others. How can one put a cost on what Banting and Best did in terms of scientific research, and how much they saved the Canadian taxpayer? In this respect we could go back to the fifteenth century.

I think hon. members opposite should treat this debate a little more seriously than they are. We all realize the excellence of the delivery of medical and health care services at the community level, and the excellence of our teaching facilities at universities which depend on the excellence of our scientific establishment. How many times do we have to tell successive ministers of health and welfare this? We have documented it and documented it to the extent that I will not document it again tonight.

Canada is spending per capita a good deal less on medical research than the U.K. and the United States are spending. Of all the false economies—and now I address myself to the hon. member for Winnipeg North (Mr. Orlikow)—

Some hon. Members: Oh, oh!

An hon. Member: It is Winnipeg North Centre.

Mr. Grafftey: Winnipeg North. The hon. member criticized us for criticizing the minister's position, and now like us he is going to vote against this proposition.

Miss Bégin: How do you vote on it?

Mr. Grafftey: If the minister thinks we will support her lunacy in this bill, she will be sadly disillusioned. I am sure the hon. minister is not really angry at us; she is probably angry at her own colleagues. If the hon. minister could relax and take off her partisan hat, she could tell us that she is a lot more annoyed with her own colleagues than she is with us. By cutting back on medical research the hon. lady is helping to kill the goose that lays the golden egg. How often—and I will repeat this as often as it takes for the minister to get a feeling for the proposition—have we been told the excellence of our whole delivery system of health care at the community level and the excellence of our teaching in medical schools depends on a well integrated and well financed research establishment here in Canada?

● (2112)

The minister might convince herself for partisan reasons that it does not matter much. However, she will not convince those on this side that this short-term cutback, apart from its humanitarian folly, is not going to cost the Canadian taxpayer in the long run millions and millions of wasted dollars. It is incredible that a government can find millions of dollars to buy Nordair, and can satisfy its quasi-doctrinaire propensities and go out and buy Pacific Petroleums—

An hon. Member: It hasn't yet.

Mr. Grafftey: Well, it is on the way.

Mr. Andres: Stick to the bill.

Mr. Grafftey: The government is going into debt for about $1 billion to buy Pacific Petroleums and Nordair. That will not create one job in this country. It is supported by its socialist friends. It can somehow find over a billion dollars of indebtedness to satisfy its quasi-doctrinaire propensities by buying out oil companies and airlines. What else does it do? It cuts back on medical research.

Miss Bégin: Come on!

Mr. Grafftey: The minister is so blindly partisan she just sits and groans. Can she deny what I said? The government is cutting back on medical research and the health resources fund, something in which my socialist friends to my left would be interested. Simultaneously, this government finds the money to buy Pacific Petroleums and Nordair.

I hope before this debate ends that the minister can convince us that, if she has not already done so, she will take her case to Treasury Board and do a little rethinking. I will bet my bottom dollar that she really has not pleaded the case with Treasury Board. With the way this government has balled things up, the minister would not have had a chance to plead the case. I am sure it was done unilaterally without her knowledge. We in the official opposition would like to think that before this debate is over the hon. lady will do a bit of reconsidering.

As I said at the outset of the debate, our position on restraint is very clear; we are being selective.

Some hon. Members: Oh, oh!

Mr. Grafftey: You know where we stand on this issue.

Mr. Breau: We want to hear it again.

Mr. Grafftey: You were not in the House when our critic made his lead speech this afternoon. It was made abundantly clear.

An hon. Member: We would like to hear it again.

Mr. Grafftey: I am sure you would. I am not sure the minister would like to be closeted for very long with the leading minds of the medical health care scientific community whom this government is letting down.

What I have tried to put forward today is the historical fact of this government bringing in medicare and hospital insurance, supported in substance by members on this side. The vote is very clear. We in the federal authority imposed this on the provinces. I remember the debates. I hope members opposite remember them.

Intrinsic in the whole matter of the health resources fund was that it was incumbent upon us to work in a long-term way with the provinces. We were to make ready the plan, the personnel and update the scientific community to ensure that we were not just voting into people's pockets income supplementation for services and personnel that were not there.

It was a 15-year plan. Five hundred million dollars was voted. Because it was a non-statutory item, the finance minister of the day, aided and abetted by Treasury Board, even before the plan got off the drawing board in the sixties cut back. Today we are doing the same thing. The government may be penny wise, but they are pound foolish in this regard.

I ask members opposite not to automatically vote with the minister on this. Study what the health resources fund is all about. If they do that in clear conscience, they will not support this government. This will just lead to chaos. What is it doing to federal-provincial relations? How can a provincial health and welfare minister set out long-term goals in terms of putting paramedical people in place and in terms of community hospital planning? What should a provincial authority, with its plant ready to go, do when all of a sudden, out of the blue, without any warning it is unilaterally cut off by a federal government that has mismanaged the economy and wasted money?

This government has been the most wasteful administration since confederation. It has brought this country to its economic knees with its waste. What does it do in a crisis? It cuts back on health resources. I say to members opposite that if they

support the hon. lady in this folly, it will be another nail in their coffin at the time of the next election.

Before a vote is taken on this measure, I plead with backbenchers opposite to be a little less jocular and to do a little research on the *raison d'être* of the health resources fund in terms of what it was meant to do, not only with regard to putting the plant and personnel together but in terms of control and cost. I will then be very surprised if they do not join with us on this side of the House in voting down the absolutely iniquitous measure proposed by the hon. lady today.

[*Translation*]

Mr. Gilbert Parent (Parliamentary Secretary to Minister of Veterans Affairs): Mr. Speaker, I have something to say to my colleague the hon. member for Brome-Missisquoi (Mr. Grafftey).

[*English*]

The item under discussion today is the health resources fund. The hon. member for Brome-Missisquoi (Mr. Grafftey) says that we should research all of the data so that we can make an intelligent decision. I propose to put before hon. members some of the facts which I believe will be helpful in making up their minds as to how they should vote on this particular bill. When the debate is over, if these facts do not agree I ask them to bring them up for debate so that we can look at them. Indeed, I have done my research on this bill.

In order better to understand the proposed amendment before us, I will refer to other programs having significant linkages to it in the past and currently. In the postwar period, significant impetus was given to the improvement of health care and services with the introduction in 1948 of the federal general health grants program to which the hon. member referred early in his speech. These grants had been referred to and described as "fundamental prerequisites of a nation-wide system of health insurance". This meant that the whole nation was going to be covered as equally as possible in a health scheme so that all Canadian citizens would have the best care and protection we could provide as a nation.

● (2122)

The objective has not changed. This bill will not be detrimental to the original concept of 1948. These grants provided financial support to the provinces for the development and expansion of public health services intended to prevent illness and disability, as well as to control tuberculosis, polio, measles and other communicable diseases; for the detection and early treatment of mental illness; for the improvement of health services for mothers and children; for the early detection and treatment of cancer; for the rehabilitation of the disabled; and finally, for research into problem areas. This is what we have been doing and what we are doing today. This work will in no way be detrimentally affected because of the bill before us.

These grants also contributed to provincial health surveys of health services and resources, to the development of a standard accounting and reporting system for Canadian hospitals, and to improvements in diagnostic services. Through the hospital construction grant of 1948-1970, contributions in the amount of over $44 million were made to the provinces for the construction and upgrading of hospital and health facilities on the basis of $1,000 for each active treatment bed or its equivalent in diagnostic service areas, and $1,500 for each chronic or convalescent bed. Hon. members on the other side want to call this waste. I suggest it is not waste but a good investment for the benefit of all across Canada.

This grant assisted with costs of constructing space for more than 130,000 beds in active treatment, chronic convalescent, tuberculosis and mental hospitals; for more than 16,000 bassinets in newborn nurseries; for 24,300 beds in nurses' residences; for 900 beds in interns' residences; and for more than 8,300,000 square feet of floor areas for various hospital services available to both in patients and out-patients. Although not large in terms of the total cost of hospital construction, the grant provided an incentive which to no small degree assisted in providing new hospital beds and modernizing existing hospital buildings to meet the hospital bed deficit of 1948, the needs of a rapidly growing population in the 1950s and the increasing demand for hospital care following the introduction of hospital insurance in 1957-58.

The second step occurred in 1958, ten years later, with the implementation of the hospital insurance and diagnostic services program, under which the federal government shared in about half of the cost of provincial hospital insurance plans, which, of course, had to meet the minimum criteria of federal legislation.

With this implementation virtually all residents of Canada received more or less free hospital care, but given the inadequate level of private medical insurance coverage, there developed an incentive for both the doctor and the patient to use the hospital wherever possible. Canada had nearly seven insured hospital beds of various types per thousand of population throughout the sixties compared with approximately five per thousand in the United States; and, of course, with our program Canadians have greater financial access to those beds than the average citizen does in the United States.

So much for comparisons we always want to make with our neighbours to the south. So much for saying we are always the poor cousins. I suggest that the health care delivery system in Canada is second to none, not only on the North American continent, but the whole world over. As a matter of fact, Senator Kennedy is coming up here to get witnesses to testify before the United States senate committee, because he wants to implement a scheme there which is a good as ours. Here in Canada it is about time we told everybody how pleased we are with the things that we have, rather than always complaining about the things we do not have.

The net result was exactly what one would predict. Hospitals were used more. While admission rates per thousand are about the same as in the United States—between 162.1 and

162.3 in 1964—the days of short-term hospital care are greater in number in Canada than in the United States—1,547, compared to 1,318 in 1974. In Canada, the average length of stay was approximately one and a half days greater—9.7 as compared with approximately 7.9 in the U.S. However, many short-term Canadian hospitals have long-term units, and if these are excluded, the Canadian figure becomes 1,389 days per 1,000 of population which is much closer to the U.S. figure.

During most of the 1960s, with this demand for the use of hospital beds, hospitals continued to be built in that time. We had the great hospital boom. Consequently, about 85 per cent of Canadian hospital beds are relatively modern and good for many years. When there are too many general hospital beds, regardless of the sophistication of budget review techniques, costs are difficult to control, especially when the supply is out of balance with care requirements. Many acute general hospitals cannot readily be converted to alternative uses, which would reduce the acute bed-population ratio more quickly.

In the Department of Veterans Affairs, many of the veterans presently in hospitals are not necessary acutely ill. They are there for temporary care, for long-term care and for rehabilitation. The veterans affairs department is in agreement with the provincial governments, that these men who served their country so well can be taken care of closer to their own homes and nearer to their friends and their families.

Some hon. Members: Hear, hear!

Mr. Parent: However, most provinces are trying to lower the active treatment bed-to-population ratio down to something more in the order of four to four and a half beds per thousand of population, from the six or more that most provinces have. A great deal of emphasis is being placed on ambulatory care. In my own riding of St. Catharines in the last four years, we have opened four of these personal nursing homes, which provide personal care for the aged and the chronically ill. In this way we have helped to cut down a great deal the number of people who are using the beds in hospitals, so that those in greater need can get in and be treated properly.

● (2132)

The planning guidelines to cut general hospital beds vary. For example, in Ontario and New Brunswick the goals are set at about four beds per thousand of population in urban areas, and 4.5 beds per thousand of population in rural areas. The goal for Quebec is 3.2 beds per thousand of population, while British Columbia, Alberta, Manitoba and Nova Scotia have set targets of 4.5 beds per thousand of population. Saskatchewan is a little bit higher with a goal of five beds per thousand of population.

It should be noted that in Newfoundland the bed standards depend upon the service performed, two beds per thousands of population, where there is no surgery performed, 2.5 beds where minor surgery is performed, 3.2 beds for regional hospitals and four beds per thousands of population for provincial referral hospitals. These statistics give an over-view of what is going on right across Canada and enable us to compare how Canadians are being treated in hospitals; for example, how they are treated in British Columbia and how they are treated in New Brunswick.

These ratios reflect the practical recognition of several factors, including the current inventory facilities, the range of insured institutional alternatives—that is, special rehabilitation, chronic nursing homes and personal care beds—the extent of ambulatory programs and services, as well as the demographic factors such as age, sex, and distribution of population. Beds are currently being taken out of service through attrition or amalgamation of services, particularly maternity and obstetrical beds, because of the great population decline we have experienced in recent years. This population decline is also reflected in the schools, in the decline in the number of children attending, which in turn causes a decline in the needs of teachers and schools. In my opinion there will be very few new schools or new hospitals built in Canada in the next few years simply because we now have an adequate number of both. The adequate number of hospitals we now have enables us to deliver beds at an adequate level of health care, so that Canadians can be proud of what we have done, what we are doing and what we will be doing in the years ahead.

How is this being done? The hon. member for Lincoln (Mr. Andres) experienced the closing of a small hospital in his riding about a year ago.

Mr. Corbin: Caused by the Tory government.

Mr. Parent: My colleague from New Brunswick says that it was a Conservative government that caused this. The Conservative government of the province said that restraints had to be carried out and they tell us they restrained selectively. I do not know what that means, but the member for Lincoln made it known that he would not stand for such a thing and subsequently the hospital was reopened. The hon. member knows now that the same level of health care is being delivered in his riding as it was prior to this cutback by a Tory government.

The role of the few general hospitals is being subjected to closer scrutiny than at any time in the past, and rightfully so. By continual review and analysis of actual health care needs, provinces are gradually and proportionately reducing the number of acute care beds and service relative to the population. Not only are we dealing here with healing people who are ill, but we are also dealing with preventive medicine, as touched upon earlier by the hon. member for Brome-Missisquoi.

In the field of preventive medicine, Canada has made great strides. Recent unofficial figures for 1975 and 1976 show that the acute bed supply in Canada has decreased in absolute and relative terms from 128,000 in 1974 to 122,300 in 1976, or from 5.7 beds to 5.3 beds per thousand of population. The number of public hospitals in the last ten years has increased only slightly. The number of beds in public hospitals were 151,719 in 1975. With a beds-per-thousand ratio of 6.6,

including chronic, acute and convalescent beds, this has doubled the number of beds which existed some 25 years ago when the ratio was five.

I would like to deal briefly with the hospital insurance program, and also the utilization review. One of the most important spin-off benefits accruing from the hospital insurance program has been the tremendous bulk of statistics and data which can be used for planning and evaluation. The federal government has played a major role in standardization across the country of this data base. It has provided expertise for the provinces to set up a comprehensive data gathering and analysis system and the majority of provinces now have, because of this government, sophisticated computer application of these statistics. With this information they can measure themselves against any other province or city in Canada and determine whether they are delivering the health care which Canadians deserve.

Several volumes of hospital statistics for use by the hospital industry or other interested parties are now published on a regular basis yearly. At the hospital level the data are used for local administrative and planning purposes. At the provincial level the data are used, among other things, to make comparisons of the activities of similar hospitals, to assess the kinds of care, to estimate future costs for program planning, for research, evaluation, interpretation and ongoing administrative control.

The hon. minister at all times uses this data before she makes any decision like this for program planning and research. I would point out that in the field of research we provided in the last budget a great many incentives which will be good not only for our own citizens, but which can be used for the betterment of health care delivery for the citizens of the world. Canada was the country where insulin was discovered, which today is the greatest controller of diabetes, once considered a killer disease. It is now under control because of research that went on in Canada.

As I was saying, these data are also used, for example, as a control on utilization. Most provinces require long stay reports to be submitted on in-patients occupying a bed for longer than a specified period of time, generally between 15 to 30 days. Sophisticated computer programs have been devised in some provinces to compare the utilization of services in comparably sized hospitals. Again I point out to you, Mr. Speaker, that this is very good because then you can see that your costs and your delivery system in a particular area are equal to those in another area, and if you are delivering not only quantity—which is what the hon. member on the other side was referring to—but quality in health care, with which we are involved here, it is quality which will not be compromised. This government would not think of compromising the quality of health care.

• (2142)

Some hon. Members: Hear, hear!

Mr. Hnatyshyn: I thought you were finished.

Mr. Parent: The hon. member wishes I had finished my comments. That is only because I am pointing out the good things while they on the other side are used to hearing gloom and doom. When anyone tells them the way things are, they clap two or three times and retire behind the curtains. Sometimes they are told to clap and wear blue suits.

Studies on the pattern of the flow of patients, particularly in respect of hospitalization, make facility planning and reorganization of services a more meaningful exercise. This is largely possible because of the wealth of data on patients and services which is being assembled continuously on computer tapes. All aspects of provincial health care, including hospital utilization, medical care utilization and supporting social programs, can be examined in the light of data now being acquired and put on computer tapes. These studies provide valuable information on the incidence of specific surgical procedures in relation to the age and sex composition of the beneficiaries, as well as data on the location and provision of service.

As a result, special committees are set up to determine whether the procedures are in fact necessary and, if so, whether they are carried out with the requisite quality considerations. For example, the rate of hysterectomies or tonsillectomies varies considerably between communities in relation to proximity to academic centres—

An hon. Member: One more time.

Mr. Parent: Hon. gentlemen opposite wonder why I am laughing. It is because of some of the remarks that were made by hon. member for Edmonton Centre (Mr. Paproski), the same hon. member who had the temerity today to table his football sweater. I am not sure of the number on the sweater. However, I do not want to get away from the subject. But this is why I laughed. I did not wish to be too serious about this. Now let me return to the more important things which we are here to discuss.

The cost of laboratory services for hospitalized patients and for ambulatory patients in government institutions, in hospitals or in private laboratories, can be obtained, analysed and evaluated.

An hon. Member: Don't you wish you had a sweater to table!

Some hon. Members: Oh, oh!

Mr. Parent: This brings me to the subject of utilization under the hospital insurance program. Utilization of Canadian hospitals, measured by per capita admissions, patient days and length of stay, historically has been higher than in the United States—there is no argument there. This was true for the period prior to the introduction of hospital insurance. On the whole, the margins were sustained during the 1958 to 1972 period. In more recent years, the differential between U.S. and Canadian hospital admissions has been narrowing and, in my opinion, will continue to do so. Canada's per capita admission rate is on the decline while the U.S. rate continues to increase.

With recent curtailments in the acute bed supply, per capita admissions are expected to decline further.

The number of hospital admissions per 1,000 population increased during the 1960s but since then has stabilized or has tended to decline. Patient days per 1,000 of population followed a similar pattern, and in fact have declined more markedly in the 1970s. The average length of stay, which has increased up to 1968 and 1969, has since tended to become progressively shorter and now seems to have stabilized below the 1961 level.

Now I should like to deal with what is probably one of the more important aspects of this bill, namely the quality of care under the hospital insurance program. As viewed by the Hall commission, quality—

—depends primarily on the supply, availability, knowledge, skill and dedication of professionally qualified personnel, secondly on the facilities at their disposal, and thirdly, on the organization services.

The quality of health care in Canada, as measured by these standards, has certainly been improved as a direct consequence of the health insurance program and related programs such as the health resources fund and professional training grants.

The supply of suitably qualified and trained health manpower increased significantly in the early stages of the hospital insurance program, with the funding available to teaching facilities and hospital nursing schools under the program, as well as the increased employment opportunities during the initial period of growth. Under the legislation, provinces were required to make arrangements so as to ensure that adequate standards were maintained in hospitals, including licensing and inspection. What good is it if you set up standards in hospitals, but you have no way of finding out what the quality of standards is in those hospitals?

The tradition of voluntary accreditation has been maintained in Canada through the Canadian Council on Hospital Accreditation which regularly surveys hospitals and related facilities and whose activities closely parallel those of the American Council on Hospital Accreditation. The accreditation program is actually financially supported by the provinces which recognize surveyor fees as an eligible cost.

All provincial hospital insurance plans have provisions for peer review for hospital care, that is, tissue committees, utilization, and length of stay committees. Peer review mechanisms also exist under the provincial medical care insurance plans in respect of services claimed by medical practitioners for in-patient, out-patient and non-hospital care.

While the approach and application of peer review procedures vary somewhat from province to province, the fact that collated utilization data are available in respect of virtually the total population of each province, contributes to more meaningful peer review. Generally speaking, each provincial plan requires standardized record and accounting procedures, including claims for the services of medical practitioners, so that a fair degree of interprovincial standardization has evolved in these matters.

[Mr. Parent.]

The organization of health services likewise has been influenced by the programs, especially after the implementation of the Medical Care Act which set the stage for more integrated planning and operation of health care facilities and services. Progressive patient care, unimpeded by financial barriers, became much more feasible, as did regionalization of health services once basic diagnostic and therapeutic services—that is, hospital in-patient, out-patient, physician care, public and private laboratory, radiology, etc.—became insured. So it would be wrong to suggest that health care would in any way be diminished or jeopardized.

The minister has discussed this bill with us in caucus many times. There have been innumerable committees from which she has gleaned information from her colleagues in the House. I am sure the hon. minister, as so many of us, welcomed the interventions of hon. members opposite; but instead of forever putting before us the negative aspect of things, perhaps they could point out some of the good things which have been done and are being done for Canadians.

• (2152)

In no small part these are due to the fact that the Minister of National Health and Welfare has gone to great pains to see to it that not only the quantity of care is being maintained as much as possible in this time of restraint, but that the quality with which patients are treated in hospitals in no way can be affected detrimentally.

In the long run, the bill will be beneficial to all Canadian citizens. Also it will be beneficial in the short run, in times of restraint. I urge hon. members to vote for the bill now that some facts have been put before them, now they can judge for themselves and see the good things we are attempting to do in order to provide the health care which has existed in the past and will continue in the years ahead.

Mr. Bob Brisco (Kootenay West): Mr. Speaker, I have listened with interest and some measure of consternation to the words of the hon. member for St. Catharines (Mr. Parent). I am reminded of a speech which was given to a group of uneducated people in the southern United States during a political campaign a number of years ago. The speaker was attempting to bring about the defeat of the other candidate and he said, "You know that this man who seeks to represent you is a pragmatist. Worse still, he graduated summa cum laude, and when he got to university, he was a Phi Beta Kappa". He threw these words at the audience and astounded them to the extent that they thought the other candidate was some kind of a creature from Mars. By his choice of words and the inflection in his voice, he confounded and confused his audience and they bought what he said.

This is the type of game the hon. member for St. Catharines is attempting to play. I cannot speak for his side, but I can for mine. The educational level on my side is such that we are not prepared to grab that kind of garbage. The hon. member did not say that it was his government which was responsible for the discovery of insulin and for the support of the discoverers of insulin, but he implied it by the tone and inflection of his

voice. Then he went on to poke fun at the Conservative whip. He was not really poking fun at the Conservative whip. He was attempting to cover up what he thought was something humorous, because he does not know the difference between a tonsillectomy and a hysterectomy. I would be pleased to demonstrate that to him at any time.

I saw the man launch into full flight. He said, "How blessed we are". He sounded like Oral Roberts. According to the Prime Minister (Mr. Trudeau), the enemies of the government are opposition members and the press. Do the enemies and the people of Canada consider that they are blessed by the government? They are not; they are cursed by the government. They will find out just how cursed they are when the government has the guts to pull the pin and call an election.

I listened to the astute observations of the hon. member for Winnipeg North (Mr. Orlikow). He is capable and quite facile at distortion. He likes to pick at things, and he picked today. He talked about the Tories preaching restraint on the one hand, and wanting to bring in the program in its full bloom on the other. He spoke out of both sides of his mouth. He knows full well that there are programs of value which must be continued. Certainly the Auditor General described the programs and policies of waste which can be removed.

The other evening I had the opportunity to watch television at which time the Minister of National Health and Welfare (Miss Bégin) was being interviewed. I could not help thinking then that for perhaps the first time in a long while we have a dedicated and sincere minister, and I have not changed my views in that regard. Frankly, if the minister could have her own way she would not contemplate for a minute the kind of bill which she introduced. The minister has a better appreciation of the social needs in Canada than that.

The Prime Minister went to Bonn, and he sailed the lake with his counterpart in West Germany. He went to Morocco, twiddled his toes in the sand and suffered a fit of sunstroke. In that blush of sunstroke, he returned to Canada and went on national television. He confused Canadians and confounded his cabinet. After it was all over and the debris had settled, we have the benefits which supposedly are being reaped by Canadians because of so-called restraint. The big free spenders suddenly realized the error of their ways. But they have cut holus-bolus. They have amputated without consultation with the patient, without the benefit of anaesthetic. I suppose I do not have to ask the classic question: How can the minister in conscience implement this bill without first consulting with the provinces? But I would be astounded if the government did anything else.

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

* * *

BUSINESS OF THE HOUSE

Mr. Knowles (Winnipeg North Centre): Mr. Speaker, before we proceed with the late show, can an hon. member opposite tell us which comes first tomorrow as between Bill C-2 and Bill C-10?

Mr. McIsaac: Mr. Speaker, in answer to the hon. member's question, we shall continue with the consideration of Bill C-2 and then proceed to Bill C-10.

PROCEEDINGS ON ADJOURNMENT MOTION

[*English*]

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

FORESTRY—DECISION NOT TO CLOSE PETAWAWA RESEARCH STATION

Mr. Donald W. Munro (Esquimalt-Saanich): Mr. Speaker, on November 14 and on other occasions the Minister of State (Environment) (Mr. Marchand), in reply to questions concerning the amalgamation of the Forest Management Institute and the Forest Fire Research Institute in Ottawa with the Petawawa Forest Research Institute, indicated that the proposed amalgamation would result in considerable savings in administrative costs, and in his words would be good for forest services in general. He failed to say what it would cost in human terms, and said even less in terms of the loss of benefit to the forest industry in Canada.

I should like to put the picture into perspective. The minister spoke about the federal research arm of the industry which contributes approximately $6 billion to Canada's favourable balance of trade. This is part of the federal research arm of the industry which contributes something like $1 billion to the federal treasury and another $500 million to provincial treasuries. What are they slicing off? They are slicing $5.3 million from the budget.

• (2202)

What does the Canadian forestry service research cost in all? What does it cost when you consider the contribution it makes to the Canadian economy? I have made a rough calculation and it is something of the order of three-quarters of 1 per cent of the contribution to the export trade balance alone. I have made an attempt to find the figures in respect of federal contribution toward forestry research as a percentage of what the Canadian forest industry makes to the Canadian economy as a whole in terms of forest products, lumber, paper and employment, and I would suggest that the contribution there in those terms would be something of the order of .00 per cent.

Under this government, with the decrees after dark on August 1 on the road back from Bonn about which we heard just a few minutes ago, the Canadian forestry service finds itself in trouble, whatever the minister says. Why is the

minister not prepared to wait, before following through with these cuts announced in August, until he has had the advice which he has sought, and which was due in June, from the Canadian Council of Resource and Environment Ministers, or until a task force has been put together to come up with recommendations on the future of the Canadian forestry service?

The minister has responded to other questions on the future of the Canadian forestry service and has allowed it to be believed that the Canadian forestry service is in good shape and will have no trouble whatever surviving the cuts that will be imposed on it. Does the minister know that he is in danger of losing the director of the institute, one of the senior scientists, the entire professional staff of the forest appraisal and remote sensor programs, all experts in fields in which Canada has led the world for 50 years, as well as some of the best technical support staff? Is this a service that is in good shape and will be in good shape after these cuts take place?

The minister has also led us to believe by his replies that the privatization scheme which he has in mind, and about which he is not at all clear—because he talked about Crown corporations on the one hand, and then he dropped that and talked about privatization—has been warmly received by the forest industry. That is what he has led us to believe.

In support of that claim the minister has stated that the chief executive officer of Crown Zellerbach, Mr. Rogers, and chairman of the Canadian Forestry Advisory Council, indicated his support for the proposal for privatization, and particularly in respect of the proposals for the forest products laboratories in the west and in the east. The truth of the matter is that the industry is not so warmly supportive of this notion as the minister would lead us to believe.

What the forest industry has done, in fact, through the Canadian Forestry Advisory Council, which incidentally had not met for three years until brought together in a panic by the minister about a month or two months ago in order to get some advice on this problem, was ask for bridging funds and for a bridging time so that the labs could be properly worked into the system. They could not accept April 1 as a date that is meaningful in terms of closing down, as has been proposed, or privatization.

● (2207)

I am sure when the parliamentary secretary replies he will ask where else the cuts could be made, and that is a most important question. I have suggested there are nodes of interface between the policy end of the operation by the government and the sharp end of implementation in the field. There are too many of these intervening nodes of administrative interface—that is the buzz word these days, as euphemism for roadblocks—between the government and the field operations. The Department of Supply and Services has to be brought in to negotiate contracts. The Auditor General recently warned us what that means in terms of cost and overruns.

There is a plethora of regional offices which have not been operational but which have been asked to recommend cuts.

[Mr. Munro (Esquimalt-Saanich).]

The minister said he has been advised by his officials but those officials are in the administrative field, not in the research field, and so do not know the value of the work being done. The administrative section is obviously not making recommendations for cuts in their own functions but have recommended cuts in the laboratories and the research stations.

Mr. Donald Wood (Parliamentary Secretary to Minister of Regional Economic Expansion): Mr. Speaker, it has become apparent to me in the last little while that members of the House, and more particularly the hon. member for Esquimalt-Saanich (Mr. Munro), are now fully realizing the importance of the forestry industry to Canada. Canada has always been known as a forest nation, and with the vast resources of its many provinces that will not change. In recent years there has been much diversification and industrialization in the forests, but that has really only gone to prove one thing—its limitless potential for the continued well-being of Canada.

One of the areas that has received more attention in the past few years is tree improvement and the intensification of forest management in general. Research has done wonders in the forestry industry, not only for the processing but more particularly as it relates to tree species and genetics. As a result of genetics, some of the new species can produce up to 50 per cent more wood than the older species in a given period of time. That is only a beginning and improvement in genetics will result in improvement in wood production.

This tree improvement research constitutes a major element of the Canadian forestry service research program. It is very important for the hon. member to fully realize and understand that the Canadian forestry service is much more than and plays a much larger role than mere research. It is responsible for the co-ordination of all federal policies which have anything to do with forestry. It must disseminate forestry statistics as they relate to the industry and it is very much involved in international activities and many other functions.

By far the largest part of these non-research activities falls to the headquarters of the Canadian forestry service. These offices are now staffed at the minimum level necessary and I am sure—at least I hope—that the hon. member would not want it to be otherwise.

I want to assure the hon. member that policy and economic studies will play a stronger role in the Canadian forestry service program in years to come. It is very important to keep all this in its proper perspective so that what the consolidation of the programs has meant and will mean to forestry in the future can be fully understood.

The consolidation of the Forest Management Institute and the Forest Fire Research Institute with the Petawawa forest experimental station will result in a strong, broadly based national research program. At the same time, substantial savings can be made in administrative costs. Again I say to the hon. member that I hope he is prepared to support savings and efficiencies as they relate to government spending.

Mr. Deputy Speaker: Order, please. I have to interrupt the hon. member as his allotted time has expired.

• (2212)

LABOUR CONDITIONS—UNEMPLOYMENT FIGURES PUBLISHED BY STATISTICS CANADA—STATUS INDIANS

Mr. Cecil Smith (Churchill): Mr. Speaker, recent changes in the unemployment insurance boundaries have combined northern regions of Manitoba, Saskatchewan and Alberta into one economic region. As a result the unemployment rate in northern Manitoba, which is the Churchill constituency, has dropped from 26 per cent to 4.6.

As you are no doubt aware, sir, the rate of unemployment in a region determines the length of work time needed to draw benefits and the length of time claimants can draw benefits. The more than 20 per cent drop in the unemployment rate in northern Manitoba means residents will now have to work 14 weeks instead of the former ten weeks required to claim benefits.

Contributing to this reduced unemployment rate is the fact that unemployed status Indians are not taken into account in Statistics Canada labour force figures. My question is: Why are status Indians not included in those statistics? Status Indians are part of the program; they pay into it, and they derive benefits from it. But now, because they are not included in the statistics of the unemployed, the qualifying period for unemployment insurance is longer and the re-entry period is extended to 20 weeks. This is a marked discrimination against Indian people. They are being treated as second class citizens and do not even rate Canada's statistics.

For the two years Canada Works has been in operation, the Churchill riding has received some of the highest grants for all of Canada. It is clear from the Statistics Canada figures used by Canada Works co-ordinators that northern Manitoba has a high percentage of people without work, and there are few jobs available.

Statistics Canada figures state that our labour force is nearly 35,000 in the Churchill constituency and that of these over 9,000 people are unemployed. More than half of the unemployed population, or 5,365, are status Indians. The Department of Indian Affairs puts the number of unemployed status Indians even higher at 7,993.

Regardless of the variations in figures, it is clear estimates exist that are at least semi-accurate. If the government can pinpoint our need for Canada Works dollars, surely it cannot turn a blind eye to the many status Indians who are unemployed and require unemployment insurance benefits.

The deputy minister of employment and immigration tried to tell me in committee on Wednesday that present survey measures are meaningless in assessing unemployment rates for status Indians on reserves, and that to devise alternate methods would involve substantial time and personnel resources. This is reprehensible. We are talking about people, the first people of Canada, being arbitrarily excluded from a government program to which they contribute, and in effect penalized because they are not part of the damned statistics.

The deputy minister of Indian affairs informed me Thursday there have been no discussions between the two departments of Indian affairs and employment and immigration regarding the present distortion of the unemployment rate of the northern communities. When will this government deem this matter important enough to do something about it?

Will the concerned departments consider accepting figures from the department of Indian affairs for the number of unemployed status Indians on reserves? Or, alternately, will they accept a band council resolution certified by the chief and council as to the number of unemployed?

• (2217)

It is time this government took some action instead of having me run around to the different departments—employment and immigration, Indian affairs, and industry, trade and commerce, which is responsible for Statistics Canada—to change this contradictory and discriminatory policy. I want a firm commitment now that measures will be taken to ensure status Indians are included in the unemployment statistics of Canada.

Mr. Frank Maine (Parliamentary Secretary to Minister of Employment and Immigration): Mr. Speaker, the Unemployment Insurance Act as amended by Bill C-27 requires the Canada Employment and Immigration Commission to use rates of unemployment produced by Statistics Canada for the purpose of determining eligibility for unemployment insurance benefits. Status Indians on reserves are not included in the rates of unemployment produced by Statistics Canada. Therefore, unemployed status Indians on reserves are not included in the rate of unemployment for the 48 regions.

As the hon. member for Churchill (Mr. Smith) has noted in committee, this is a problem with the unemployment rate provided by Statistics Canada, especially in northern Canada. Officials of the Canada Employment and Immigration Commission have been and will continue to be in contact with Statistics Canada to determine what can be done to rectify this situation.

I think it is fair to add that, based on official discussions held so far, it would not be an easy matter to adapt the traditional labour force survey to the particular conditions on reserves in which concepts of labour force employment and unemployment are different from those concepts when applied to the vast majority of the working population in urban centres. Indeed our advice from the bureau is that considerable time and resources would be required to come to grips effectively with the problem.

Nevertheless, we realize it is important that something be done, and we are therefore proposing to contact immediately the Department of Indian Affairs and Northern Development to determine what action they, the bureau, and the commission might take to produce acceptable measures of unemployment statistics for status Indians on reserves, and gradually improve these over the years.

Hon. members will, of course, be aware that in the allocation of funds for the Canada Works program, labour surplus rates are calculated for Indians on reserves. These, we have to

admit, are rough and ready estimates and are not produced by Statistics Canada. As a result, they could not be used for the purposes of the unemployment insurance program. Thus, it will be important for us to pursue immediately the course of action which I have outlined, that is to say, co-operative discussions between the commission, the bureau and the Department of Indian Affairs and Northern Development, to determine the most practical and acceptable means of resolving the problem.

REGIONAL ECONOMIC EXPANSION—FEASIBILITY STUDY ON COAL MINE IN DONKIN, NOVA SCOTIA

Mr. Andy Hogan (Cape Breton-East Richmond): Mr. Speaker, further to my questions of November 15 when the Minister of Regional Economic Expansion (Mr. Lessard) was unavoidably absent, I should like to have the answers from his parliamentary secretary this evening.

Since the first phase of the feasibility study on the Donkin Mine has been finished, would it be possible to get a 12 to 20 page summary for myself and other interested members from the Department of Regional Economic Expansion standing committee? I realize that the report would be more than one volume and would be technical in detail, but I would be very interested in getting a résumé.

As I indicated in my questions, the more important second phase that involves the economic feasibility of the prospects for the new mine should be soon ready. It was indicated to me by a top Devco official last August that they expect the second phase to be finished by March or April before it goes to the Treasury Board. Can the parliamentary secretary to the minister confirm this or give us a more accurate date for when this second phase of the study will be finished?

This, of course, involves, among other things, whether the decision is going to be to build a mine that will have an annual production of a million, two million or four million productive capacity. It goes without saying, Mr. Speaker, that this is extremely important to an area with such high unemployment.

The employment selection officer for the Cape Breton Development Corporation informed me that as of October 1, 1978 there are 1,850 applications from Glace Bay for general employment in Devco. There are another 2,000 from New Waterford. The total for the whole of the Cape Breton area was estimated as of October 1 to be 4,900.

● (2222)

One can see how critical this mine at Donkin is to the future of the area from an employment point of view; it would have spin-off effects which would make for at least another 1.5 jobs per worker in the rest of that economy. It also indicates the prime need to go ahead with the modernization of the Sydney Steel plant so as to avoid even more desperate levels of unemployment in the area. Similarly, it becomes urgent to press on with the operations in Prince Mine to meet the employment objectives which were mentioned when the mine was first started.

[Mr. Maine.]

I referred to the steel industry in my remarks tonight because the future of the biggest employer in the Glace Bay area, mine No. 26 with its low sulphur and premium coking coal qualities, depends in part for its success on the Sydney Steel operation. One of the major concerns I heard expressed recently during my visit to the constituency is that the coal cleaning plant so vital to a reconstructed coal industry is still experiencing serious production problems.

I am told that in the last month there have been vast improvements in the operation of the plant, but as I mentioned in my question there are rumours that, because of its over-all failure to fulfil the expected potential, we may not be able to fill some of the coking coal requirements contracted for with such users of coke and coal as the Steel Company of Canada and Dofasco. If there is any truth to this it could be a serious blow to our prospects, because everyone with a knowledge of the industry knows that there is on average a $10 per ton premium at least for coking coal as against coal for use in generating thermal power. The prepared blends of coal from No. 26 with lingan coal make for an excellent metallurgical coking coal.

I ask the parliamentary secretary to provide answers to these questions which are bothering me.

Mr. Donald Wood (Parliamentary Secretary to Minister of Regional Economic Expansion): Mr. Speaker, I am glad to have this opportunity to reply to the hon. member; I only hope I shall have time in which to fully answer his questions.

The Donkin Mine feasibility study was originally scheduled to be carried out in two stages. Phase one was scheduled to begin in May 1978 with a report which would compare the economics of several project configurations using cost estimates and assumptions regarding marketability and the like. If phase one gave indications that the mine would be financially viable, phase two would be undertaken to provide definitive cost and performance figures which would be presented to the Government of Canada with a request for the necessary funds to develop the mine.

Unfortunately, it was not possible to prepare the phase one report by October 6 because of delays in getting information from the offshore bore holes and the seismic surveys, information which was necessary to determine the size, extent and quality of the coal seams which would be mined during the next 30 years or so.

On October 11, 1978, a preliminary verbal report was presented to Devco management. This was followed on November 20 by a second verbal report which showed that several mine layouts would be economically viable. The report also indicated there were additional possible mine layouts which should also be studied to determine which would provide the greatest economic benefit.

In view of the delays experienced to date and the importance of maintaining the final date of February 28, 1979, the date by which phase two was to be completed, it was decided to dispense with the preparation of a formal report marking the end of phase one and to proceed directly with the work

required to complete phase two. This work is presently being done and the study is now on schedule.

The Cape Breton Development Corporation has not presented the first phase of the feasibility study to the minister. Verbal discussions were held with Devco management. The study is scheduled to be completed by the end of February, 1979.

• (2227)

Our metallurgical coal production has grown from approximately 417,000 tons in 1976 to 1.2 million tons in 1977. At the present time our production rate is running about 1.5 million tons. In the current year production rates have continued to improve, and had it not been for a short strike and operating difficulties in the early part of 1977, the full deliveries of coal would have been supplied to our Great Lakes customers.

Mr. Deputy Speaker: Order, please. The hon. member has gone beyond his allotted time and I must interrupt him.

The motion to adjourn the House is now deemed to have been adopted. Accordingly, this House stands adjourned until two o'clock p.m. tomorrow.

Motion agreed to and the House adjourned at 10.29 p.m., without question put, pursuant to Standing Order.

APPENDIX "A"

GEOGRAPHICAL DISTRIBUTION OF THE 238 PROJECTS:

5 in Newfoundland in the amount of $30.5 million

1 in Prince Edward Island in the amount of $0.61 million

7 in Nova Scotia in the amount of $34.1 million

12 in New Brunswick in the amount of $15.5 million

57 in Quebec in the amount of $104.0 million

113 in Ontario in the amount of $141.4 million

9 in Manitoba in the amount of $11.9 million

9 in Saskatchewan in the amount of $19.5 million

7 in Alberta in the amount of $25.6 million

17 in British Columbia in the amount of $33.5 million

1 in Northwest Territories in the amount of $0.113 million

APPENDIX "B"

ANNUAL NUMBER OF GRADUATES IN A SELECTED NUMBER OF HEALTH MANPOWER CATEGORIES

Canada Health Manpower Category	No. of Graduates per year at Beginning of Fund (1966)	No. of Graduates (1976)
Audiologists and Speech Therapists	30	147
Biomedical Engineers	14	39
Chiropractors	39	99
Dental Assistants	58	917
Dental Hygienists	82	350
Dentists	296	465
Dieticians	200	281
Health Record Administrators	172	215
Health Service Executives	30	105
Medical Laboratory Technologists	265	1,200
Nurses	7,387	10,051
Nursing Assistants	3,800	5,506
Occupational Therapists	78	237
Optometrists	34	96
Pharmacists	358	646
Physicians	880	1,725
Physiotherapists	232	446
Public Health Inspectors	40	106
Radiological Technicians	662	708
Respiratory Technologists	9	138
Veterinarians	103	226
TOTALS	14,764	23,703
Increase of 8,939		

HOUSE OF COMMONS

Tuesday, November 28, 1978

The House met at 2 p.m.

● (1407)

ROUTINE PROCEEDINGS

[*English*]

CANADIAN WHEAT BOARD

PURCHASE OF HOPPER CARS BY BOARD—MOTION UNDER S.O. 43

Mr. Gordon Towers (Red Deer): Mr. Speaker, this is a matter of urgency related to the Canadian Wheat Board's intention to purchase grain cars.

The president of Palliser Wheat Growers Association says, "The current lack of grain movement off the prairies is not a railroad problem. The railroads are presently booked at only 50 per cent to 60 per cent of capacity to Thunder Bay, and only 40 per cent to 50 per cent of capacity to Vancouver" and, further, states, "Neither cars nor motive power are the problem"—when it comes to moving grain for export.

I move, seconded by the hon. member for Swift Current-Maple Creek (Mr. Hamilton):

That the Minister of Transport, in charge of the Canadian Wheat Board, release figures on which the decision was made by him or by the Wheat Board to establish there is a requirement for that board to spend hard-earned farmers' funds to buy hopper cars, because there appears to be some question as to need at this time.

Mr. Speaker: The introduction of such a motion for debate at this time can be done only with unanimous consent. Is there unanimous consent?

Some hon. Members: Agreed.

Some hon. Members: No.

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FISHERIES

WORKING CONDITIONS OF NEWFOUNDLAND FISHERIES PATROL VESSELS—MOTION UNDER S.O. 43

Mr. John C. Crosbie (St. John's West): Mr. Speaker, I rise, under the provisions of Standing Order 43, on a matter of urgent and pressing necessity. In view of the fact that Newfoundlanders who man the four fisheries patrol vessels operating from the province are discriminated against, since they must work three, four and sometimes more weeks at sea with only an assurance of three weeks' holidays each year, while crews operating out of Nova Scotia have two weeks on duty and then two weeks off, I move, seconded by the hon. member for St. John's East (Mr. McGrath):

That the Minister of Fisheries cease treating his Newfoundland seamen, the finest in the world, as galley slaves and treat them as if they sailed from mainland ports, with the same rates of pay and working hours and conditions as Canadians, while they patrol from outside the Arctic Circle throughout the North Atlantic waters and that man-years be authorized for the additional crew needed.

Mr. Speaker: The presentation of such a motion for debate can be done at this time, pursuant to the Standing Order, only with the unanimous consent of the House. Is there unanimous consent?

Some hon. Members: Agreed.

Some hon. Members: No.

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CONSUMER AFFAIRS

PROTECTION OF CONSUMERS AGAINST EXCESS PROFITEERING—MOTION UNDER S.O. 43

Mr. Cyril Symes (Sault Ste. Marie): Mr. Speaker, I would like to move a motion under the provisions of Standing Order 43. In view of the report yesterday by the government's new watchdog agency, the CSIP, which blamed spiralling food costs on increased profits, up 63 per cent between the first and third quarters of this year, per unit of output—a much greater rate than unit labour costs—and in view of the fact that consumers are still bearing the burden of inflation, I move, seconded by the hon. member for Winnipeg North (Mr. Orlikow):

That this House instruct the Prime Minister to dismiss as unfair and unworkable the reimposition of wage controls, and ask him instead to instruct his Minister of Consumer and Corporate Affairs to take concrete action to protect consumers against unwarranted profit-taking, as clearly Ontario's minister of consumer and commercial relations is not prepared to act to help consumers, having instead suggested only that consumers not buy products such as turkey where profits are unnecessarily high.

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

Some hon. Members: Agreed.

Some hon. Members: No.

S.O. 43

CANADIAN WHEAT BOARD

PURCHASE OF HOPPER CARS BY BOARD—MOTION UNDER S.O. 43

Mr. Ray Hnatyshyn (Saskatoon-Biggar): Mr. Speaker, I rise, under the provisions of Standing Order 43, on a matter of urgent and pressing necessity. In view of the alarming precedent, condoned by the government, of the tender by the Canadian Wheat Board for hopper cars at the expense of the western grain producer, thereby opening the way for the requirement of primary agricultural producers and other natural resource producers to supply their own rolling-stock, I move, seconded by the hon. member for Peace River (Mr. Baldwin):

That this House reject the policy of this government to extend the user-pay policy to a policy of producer-pay.

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

Some hon. Members: Agreed.

Some hon. Members: No.

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INDIAN AFFAIRS

RECOGNITION OF NATIVE PEOPLES IN ECONOMIC DEVELOPMENT POLICIES—MOTION UNDER S.O. 43

Mr. Cecil Smith (Churchill): Mr. Speaker, I rise, under the provisions of Standing Order 43, to seek the unanimous consent of this House. In view of the harsh economic conditions suffered by the many Indian people of this country, I move, seconded by the hon. member for Moose Jaw (Mr. Neil):

That the Minister of Indian Affairs and Northern Development be included in the new super ministry responsible for economic development in Canada, to ensure native peoples' concerns are represented in the over-all economic development of this country.

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

Some hon. Members: Agreed.

Some hon. Members: No.

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ENVIRONMENTAL AFFAIRS

PROPOSED EXPLORATORY DRILLING IN N.W.T.—DETRIMENTAL EFFECT ON ENVIRONMENT—MOTION UNDER S.O. 43

Mr. Wally Firth (Northwest Territories): Mr. Speaker, I would like to move a motion under Standing Order 43. In view of the fact that four organizations—Canadian Arctic Resources Committee, Canadian Nature Federation, Inuit Tapirisat of Canada, and the Canadian Wildlife Federation—have raised serious objections to the procedures followed by the federal Environmental Assessment Review Panel which is currently reviewing a proposal for exploratory drilling by Norlands Petroleum Ltd. in the Lancaster Sound region of the Northwest Territories, I move, seconded by the hon. member for Winnipeg North Centre (Mr. Knowles):

[Mr. Speaker.]

● (1412)

That the Minister of the Environment investigate these charges outlined in a letter sent to him on November 23, 1978, by the Canadian Arctic Resources Committee, and state that the hearings which begin today in Pond Inlet, N.W.T., will be conducted in a manner that is fair to all parties involved.

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

Some hon. Members: Agreed.

Some hon. Members: No.

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REGIONAL ECONOMIC EXPANSION

LAND REGISTRY SERVICE PROGRAM IN MARITIMES—MOTION UNDER S.O. 43

Mr. Bob Corbett (Fundy-Royal): Mr. Speaker, pursuant to Standing Order 43, I rise on a matter of an important and pressing nature to seek unanimous consent to put a motion before the House.

As there is considerable concern in the maritime region, as expressed by the Council of Maritime Premiers, the Public Service Alliance, numerous real estate boards, the New Brunswick Association of Professional Engineers and other responsible groups interested in promoting the maritime region, over the apparent decision of the ministry of DREE to withdraw its financial support of the land registry service just entering its second five-year option, and as this very valuable work provided by the public sector has progressed extremely well to date and is vital to the successful completion of a visionary program made possible by the joint co-operation of the federal and provincial governments of the region, and as the program provides employment for well over 200 people, I ask leave to move, seconded by the hon. member for Halifax-East Hants (Mr. Crosby):

That this House does forthwith instruct the Minister of Regional and Economic Expansion to review the decision to discontinue his department's support for the land registry service program and continue to support this program which is so vital to the development of the land resources of the entire maritime region.

Mr. Speaker: Before the motion can be presented to the House under the terms of Standing Order 43, unanimous consent is required. Is there unanimous consent?

Some hon. Members: Agreed.

Some hon. Members: No.

CONSUMER AFFAIRS

EXCESSIVE PROFITS IN FOOD INDUSTRY—MOTION UNDER S.O. 43

Mr. Lorne Nystrom (Yorkton-Melville): Mr. Speaker, my motion arises out of the study which was issued today by the Centre for the Study of Inflation and Productivity, which states that in the last 18 months, profits by food companies have increased by some 63 per cent, much faster than labour cost inputs. I would move, seconded by the hon. member for Winnipeg North Centre (Mr. Knowles):

That this House ask the government to instruct the corporations involved to roll back those food prices which have been artificially inflated by excessive profits in the food industry.

Mr. Speaker: Is there unanimous consent to this motion being presented under the terms of Standing Order 43?

Some hon. Members: Agreed.

Some hon. Members: No.

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PUBLIC SERVICE

CONSULTATION WITH UNIONS ON COLLECTIVE BARGAINING—MOTION UNDER S.O. 43

Mr. Howard Crosby (Halifax-East Hants): Mr. Speaker, I rise, under the terms of Standing Order 43, on a matter of urgent and pressing necessity affecting the Public Service of Canada.

The public service has been in a state of turmoil and depression since the presentation of the measures contained in Bill C-28 and because of the failure of the past president of the treasury board to consult with the bargaining agents for the public service on changes in the laws affecting public servants. Since the new President of the Treasury Board (Mr. Buchanan) has now declared his intention to respect the concerns of the public servants of Canada, I would move, seconded by the hon. member for St. Boniface (Mr. Hare):

That the government direct the President of the Treasury Board to convene immediately a meeting with the officers of the Public Service Alliance and other bargaining agents for the public service for the purpose of establishing a consultative process to consider proposed changes in the laws affecting public servants and any amendment to the Public Service Staff Relations Act relating to collective bargaining.

Mr. Speaker: Under the terms of Standing Order 43, unanimous consent of the House is required before the motion can be presented. Is there such consent?

Some hon. Members: Agreed.

Some hon. Members: No.

Oral Questions

ORAL QUESTION PERIOD

[*English*]

CANADIAN WHEAT BOARD

PURCHASE OF HOPPER CARS BY BOARD—CONSULTATION WITH RAILWAYS

Mr. Frank Hamilton (Swift Current-Maple Creek): Mr. Speaker, my question is addressed to the Minister responsible for the Canadian Wheat Board. There are presently some 360,000 tons of grain in transit to the west. That represents about 5,000 grain cars: many of them are only two-thirds full. Some were 1,000 bushels short because they were misdirected to branch lines which could not carry them.

As Canadian Pacific Railway has declined the government's offer to fix up 1,000 grain cars, saying they were not needed because its grain fleet was sufficient, I should like to ask the minister whether he discussed this proposed purchase by the Wheat Board of up to 2,000 hopper cars with the railways, and whether he is satisfied that these additional cars are really required.

Hon. Otto E. Lang (Minister of Transport): Mr. Speaker, the question of the number of cars which may be required is a very complicated one having to do, first af all, with the manner of using the cars; how many times, for instance, they are turned around between the prairies and Thunder Bay or the west coast. There can, therefore, be a number of opinions as to the number of cars required.

There is a further question which arises: do you have just enough cars to manage the ordinary heavy movement, or do you have additional cars to manage high peak movement when that is required, even though it be for only a five or six-week period?

● (1417)

The railways, particularly CP, have been arguing that the required number will be available, but I am not at all sure that I agree with their judgment. I reported back to CP and urged them again to enter into a rehabilitation program for 1,000 boxcars. We will be taking that suggestion to CN to see if they will enter into a further agreement with regard to rehabilitation.

The point is that the judgment about how many cars are required is a difficult one. I am satisfied that additional cars will be required in the fairly near future. Whether that will be in six months, 12 months or 18 months is the only question, because of the volume of grain that will be involved. The Wheat Board, obviously, did not want to take the chance of not having those cars so it made a judgment in favour of ordering up to 2,000 cars. I am sure the board will be mindful of the fact that there might ordinarily be an obligation to pay demurrage charges, and additional cars might avoid some of those charges.

Mr. Hamilton (Swift Current-Maple Creek): Mr. Speaker, we are well aware that the grain cars in service now average 18

round trips a year. It would seem that better utilization of the fleet is what is required. Producers are afraid that they will be tabbed for $100 million to buy these additional cars and that, in addition, the Crow rate will be raised. Has the minister discussed this purchase with the farm groups of western Canada?

Mr. Lang: Mr. Speaker, the Canadian Wheat Board handles most of the discussions. But I would like to make it very clear, and I am sure hon. members will be interested to know, that the Wheat Board did discuss this matter with producers and, most particularly, with the elected advisory board which is elected by the 11 districts throughout the prairies and which is composed of those chosen by farmers to represent them. My information is that that advisory board, which includes some of the best known spokesmen for agriculture in the west, unanimously supported the decision by the Canadian Wheat Board to order the cars.

Mr. Hamilton (Swift Current-Maple Creek): Mr. Speaker, my impression is that this has come as a distinct shock to every farm organization in western Canada. There is now a 42-cent per bushel premium, Vancouver over Thunder Bay. We are getting off just over 500 cars a day there. We used to get off 750 cars a day. Has the minister considered appointing a transport controller to get us out of this tangle?

Mr. Lang: Mr. Speaker, we have appointed co-ordinators at terminals, which has been a very effective step in bringing about far more unloads than was common a few years ago. I am not satisfied that the system is working to its maximum and, as a result, over some of the objections of hon. members opposite we appointed a firm of outstanding management consultants to look at the question of interface between the various parts of the grain handling system. What each part does is important in relation to the turnaround of these cars. Hon. members should remember that in the three years between 1974 and 1977, a very significant increase of up to 34 per cent, in terms of effective carrying capacity of our car fleet, occurred as a result of improvements which were introduced into the system.

LEGAL OPINION ON BOARD'S PURCHASE OF HOPPER CARS

Mr. Doug Neil (Moose Jaw): Mr. Speaker, my question is also for the minister in charge of the Canadian Wheat Board. Is the minister satisfied that the Canadian Wheat Board has the power under the act to purchase hopper cars and to charge the cost to producers? Specifically, has he or the board received a legal opinion from the law officers of the Crown? If so, will he table that opinion? It seems, on the face of it, that the action of the board is neither within the spirit nor the letter of the law.

Hon. Otto E. Lang (Minister of Transport): Mr. Speaker, I understand that the Canadian Wheat Board did seek and obtain a legal opinion before it took this step. The hon. member may again be painting a false picture when he says that the charges for these cars will be levied against farmers.

[Mr. Hamilton (Swift Current-Maple Creek).]

The fact is that any such charging will be done only over a prolonged period of years in terms of the way in which the cost of these cars is incorporated into their ongoing operations.

Second, it should be apparent that any solution as recommended by Mr. Justice Hall and the Hall commission to the problem regarding how grain costs are paid could well include taking over the cost of these cars. As a result of my conversations with the Canadian Wheat Board, I know that the board has this aspect very much in mind. The Wheat Board may just assure that it has the cars, without any real or significant cost to farmers over any period of time.

Mr. Neil: Mr. Speaker, despite what the minister has said, the ultimate cost of these cars will be charged back to the producer. Is it the intention of the board, if it proceeds with this purchase, to charge the cost of these cars only to producers of on-board grains, or does it intend also to charge a proportionate share of the cost to those who produce off-board grains and oilseeds?

• (1422)

Mr. Lang: Mr. Speaker, I am sure the board will know that if any charges are made in any way to farmers, it is those farmers in relation to whom the charge is made who will have the advantage of the cars and it is their grain which will be hauled by these cars.

The hon. member ignored all too lightly my statement that as we move toward a solution of the Hall commission recommendation in relation to carrying grain, it seems obvious to me that the cost of these cars will be incorporated in that solution and, therefore, in the end will not be borne by farmers at all. I do not think the hon. member should run away from that very important statement at this time and try to frighten farmers, when the Canadian Wheat Board has made what I think is a very useful decision to ensure that necessary cars are made available to haul grain.

Mr. Neil: Until this time the minister has not paid much attention to the Hall recommendations.

Some hon. Members: Hear, hear!

Mr. Neil: Because of the unprecedented move by the Wheat Board, and because of the opposition that is building up among producers in the farm organizations, is the minister prepared to make himself and officials of his board available as witnesses before the Standing Committee on Agriculture?

Mr. Lang: Mr. Speaker, I think the hon. member knows the minister and the Wheat Board are always very happy to appear before the Standing Committee on Agriculture.

CONSUMER AFFAIRS

MEASURES TO CURB HIGH LEVEL OF PROFITEERING

Mr. Edward Broadbent (Oshawa-Whitby): In the absence of the Prime Minister and the Minister of Finance, I have a question for the Minister of Consumer and Corporate Affairs. Considering that according to the report of the Economic Council of Canada which came down yesterday, manufacturing profits were up some 35 per cent in the last nine months—

Mr. Woolliams: Good.

Mr. Broadbent: My Tory friend, reflecting the philosophy of the Tory party, says "Good".

Mr. Woolliams: I like to see profits, don't you?

Some hon. Members: Oh, oh!

Mr. Woolliams: I always thought if we had profits we would have jobs.

Some hon. Members: Oh, oh!

Mr. Broadbent: I should like to ask the minister, since profits are up and real wages are declining, thus offering proof that we have had wage controls in the last few years but no price controls, whether the minister can tell us, on behalf of the government, what he plans to do about the high level of profiteering which exists in this country right now?

Hon. Warren Allmand (Minister of Consumer and Corporate Affairs): It is true that the CSIP report to the first ministers does indicate that price increases of food have been due in large part to increased profits and wage developments. I think that if the hon. member reads the report, he will see that wages did increase rather substantially and that moderation came only very recently. But they do blame the increases in the price of food on those two elements.

I must say, however, that I am somewhat perplexed, because the AIB report on profit margins which came out in June presented a different analysis. Since I only received this report today, I am still in the position of examining the details. But I agree with the hon. member that the allegations are serious and should be pursued, and I will report further when I have completed my studies.

Mr. Broadbent: If the minister would read the report with care, he would see that profits "have increased at a significantly faster rate than unit labour costs over the same period". The words which I should like to underline for the minister are "significantly faster".

My first question was not specifically about the food industry, but about manufacturing in general. Profits are up by some 35 per cent, in some sectors by 94 per cent and in others in excess of 47 per cent. I should like to repeat the general question: what does the government have in mind, given the fact that real wages now are declining at the rate of about 2 per cent a year, to stop the profiteering that is going on in the country and affects every Canadian family?

Mr. Allmand: I think we will have to determine with precision whether or not there has been profiteering. It is true that this report indicates that the increase in food prices has been due in part to the great increase in profits, but I want to compare their work with the work of the AIB report to determine where the difference lies; and if action is required, we will look at it.

Mr. Broadbent: Considering that this report provides in a pretty clear and graphic way a comparison of food price changes with profit changes and with unit labour cost changes, I think it would not be an excessive challenge, even to this cabinet, to produce a document to show that that evidence is false. Certainly, every Canadian buying food knows the prices are going up.

• (1427)

Would the minister have the heads of the major food companies come to Ottawa and get from them their figures to explain the profiteering? Then, if he is convinced it is taking place, will he take steps to order rollbacks so that this gouging of consumers can be brought to a halt?

Mr. Allmand: Mr. Speaker, I have met on a regular basis with the heads of the food industry and other industries in the consumer business. As a matter of fact, this week I met with the manager of the Retail Council of Canada.

The hon. member made a good suggestion. I would be pleased to call them in and have them explain some of these figures.

* * *

[*Translation*]

REGIONAL ECONOMIC EXPANSION

POSSIBILITY OF DECLARING OUTAOUAIS A DESIGNATED AREA—GOVERNMENT POSITION

Mr. Gérard Laprise (Abitibi): Mr. Speaker, my question is directed to the Minister of Regional Economic Expansion. To a question put to him on December 14, 1977 by one of my colleagues on the possibility for the Outaouais region in Quebec of being recognized as a designated area, the minister replied in part, and I quote:

> We have considered the possibility of intervening and are now considering it; I trust that within coming weeks, or possibly months, we will be in a position to announce a decision.

As that answer was given in this very House almost a year ago, can the minister tell us what has become of the study asked of his officials? In addition, when does he intend to make the final decision promised such a long time ago?

Hon. Marcel Lessard (Minister of Regional Economic Expansion): Indeed, Mr. Speaker, for several months now we have been studying the economic situation in the Outaouais region. Part of that area, as we know, is already designated

and has already benefited from the programs of our departments, both as provided by the act on direct assistance to industry or the joint assistance of the two levels of government. We have revised those programs over the last few months. We have looked into the designation of that area and what that could give it concretely, as well as other alternatives, such as joint action with the provincial government or with other government levels or other departments in Ottawa. Just a few days ago I received a progress report on those negotiations and I still hope that the best decision can be reached between the various levels of government which were consulted and myself, so that we can come up with what could prove to be the best possible program under the circumstances.

Mr. Laprise: Mr. Speaker, I have a supplementary. Considering that several in-depth studies on the economic and industrial situation in that area have already been made by the Société d'aménagement de l'Outaouais and by several other agencies which represent that area; considering that the rate of unemployment is continuously increasing compared to the provincial rate and that the rate of industrial growth is the lowest in Quebec, can the minister say whether he is really interested in that file and whether he intends to urge a solution for that area, as he has just said?

Mr. Lessard: Yes, Mr. Speaker, I am really interested in that file, and I have been for several months, but I am not the only one who takes an interest in that file; so do hon. members on this side, particularly those who represent the national capital region and the Outaouais area, the hon. members for Hull, Gatineau and Pontiac. We work together to find what would be the best solution for the development of the Outaouais area. So far, however, I am not satisfied that the mere fact of designating the area to make it eligible for industrial grants could meet the needs of the Outaouais area. Such a measure has already been applied to the area and it did not produce the expected effects. We were subjected to hard criticism by some people in the Outaouais area because that program was not considered as sufficient in the face of the difficulties. I do not intend to propose again the designation of the area, if it is the kind of reception we can expect. I would rather establish a concerted plan which will meet not only the needs but also the potential of the Outaouais area.

* * *

● (1432)

[*English*]

CONSUMER AFFAIRS

INVESTIGATION INTO RISING FOOD PRICES

Mr. James A. McGrath (St. John's East): Mr. Speaker, my question is directed to the Minister of Consumer and Corporate Affairs. Given the fact that the Centre for the Study of Inflation and Productivity, which released its report yesterday or today, has no investigatory powers but has available to it the same sources of information that are available to the minister, namely, the Consumer Price Index, given the fact that the CPI has shown a steady increase in the price of food and that CSIP reacted to these food price increases by saying, "The rapid increase in food prices over last year can be placed on soaring profits for food and beverage manufacturers", what steps is the minister taking within his department to ensure that consumers in Canada are not being ripped off? What ongoing investigations are under way within his department in the area of food prices?

Hon. Warren Allmand (Minister of Consumer and Corporate Affairs): Mr. Speaker, it is not correct that we have the same capability as CSIP for price monitoring. As a matter of fact, the price monitoring capability for government is now centred in CSIP.

However, we do have the capability of receiving the reports. We have the report that was tabled yesterday and, as I answered an hon. member, I will be giving it very serious consideration and will be attempting to determine why there are differences in this report from the AIB report which was tabled in June, which indicated a smaller and more reasonable profit on the part of industries in the food business. Once these reports are analysed, we will attempt to take some action to help consumers.

Mr. McGrath: Mr. Speaker, the minister does have the power to investigate and I would like to give him a specific area. Last week in this House, in answer to questions put to the Minister of Agriculture and the Minister of Consumer and Corporate Affairs with respect to increases in the price of turkeys, the Minister of Agriculture said that the price increases could not be justified; that there were, in fact, adequate supplies on hand and that producers were only getting a 4 per cent increase, whereas the minister said that prices would be going up because supplies had declined.

Who speaks for the government? What is the minister doing to lay the facts on the floor of the House of Commons and to tell the people of Canada why, for example, turkey prices in this country today are as high as $1.65 a pound. What is the minister doing about that?

Mr. Allmand: Mr. Speaker, the hon. member is mixing turkeys and prices in general. That is not unusual for him. We do not have a price monitoring unit in our department. The price monitoring unit for the government is now with CSIP, under the Economic Council. I suggest that the hon. member check his facts on that. However, we do have the capability of examining the reports that are presented by the AIB and CSIP and suggesting action to deal with these problems. That has been done in the past and I will do it again.

With respect to turkeys, what I said to the House the other day was that as of November 1 this year we had only 50 million pounds of stock available, whereas last year at the same time there were 72 million pounds of stock. This is a decreased supply, in a situation where demand has increased.

The Turkey Marketing Board has asked for an increase in quotas this year, but they have been turned down by the National Farm Products Marketing Council, which indicates to me that the National Farm Products Marketing Council needs more consumer input.

Mr. McGrath: Mr. Speaker, I only hope that on behalf of the consumers of Canada these two turkeys can get together. We have the Minister of Agriculture, in the House on Friday, telling us there is a surplus on hand of 17 million pounds and that the price increases could not be justified, and now we have the minister of consumer affairs telling us there is actually a shortage of supply. Which minister do we believe: the Minister of Agriculture, who tells us that the producers in this country are not ripping off the consumers, or the minister of consumer affairs who seems to be like a toothless tiger?

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AGRICULTURE

REASON FOR LICENSING GRAIN TERMINALS NOT OPERATING AT FULL CAPACITY

Hon. Alvin Hamilton (Qu'Appelle-Moose Mountain): Mr. Speaker, I would like to revert to the matter raised by the hon. member for Swift Current-Maple Creek and the hon. member for Moose Jaw and direct to the Minister of Agriculture a question that is of particular interest to farmers across this country.

In view of the fact that the Board of Grain Commissioners has the power of licensing grain terminals on the west coast, would the minister consider asking the Board of Grain Commissioners, which comes under his jurisdiction, to meet with the companies having grain terminals on the west coast and asking them to show reason why they should retain their licences for those elevators when they are not operating them seven days a week at a time when the demand on these terminals is tremendous?

Hon. E. F. Whelan (Minister of Agriculture): Mr. Speaker, all I can say to the hon. member is that I will certainly contact the chairman of the Canadian Grain Commission and talk to him about this. It is the first time this has been brought to my attention.

Mr. Hamilton (Qu'Appelle-Moose Mountain): Mr. Speaker, I want to thank the minister for his interest in this matter, because he has great power at this particular moment.

The second thing I would ask the minister to do is to ask the Board of Grain Commissioners if they will consider giving final export permit licences for barley, based on country elevator standards, so that barley shipments can bypass these terminals and go through the bulk loading facilities on the west coast.

Mr. Whelan: Mr. Speaker, I will consider the request and talk to the Canadian Grain Commission.

AIRPORTS

FOURTH RUNWAY AT TORONTO INTERNATIONAL

Mr. Ross Milne (Peel-Dufferin-Simcoe): Mr. Speaker, my question is for the Minister of Transport. Members will remember that on November 8, I rose in this House and received assurance from the minister that he would not alter his decision not to build a fourth runway at Toronto international airport. I share the concern of the many people in Brampton-Bramalea when they read in the local paper last week that the airport manager said that the runway was necessary and that studies were continuing.

Would the minister reiterate his commitment not to proceed with runway expansion, which would cause further disturbance and annoyance to at least 75,000 people, at the Toronto international airport?

Hon. Otto E. Lang (Minister of Transport): Mr. Speaker, I regret the interpretation put upon a statement made by the Toronto airport manager. I think that in fact he wanted to indicate that additional facilities in the Toronto area would be required in the near future, but that was said in connection with the fact that we were doing some technical studies with regard to the question of a fourth runway.

A couple of weeks ago I tried to explain to the House that these studies were being done in order to have information against any argument that we should go ahead with a fourth runway. I have been impressed with the uneasiness this has caused people who have built in the area where the fourth runway would have an effect on noise levels and who built there based upon the commitment of this government not to build such a major runway to their disadvantage. Accordingly, having concluded that I would find it difficult to ease their concern in any other way, I have today directed that the studies with regard to the fourth runway be stopped immediately.

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HEALTH AND WELFARE

MICROWAVE OVENS—HEALTH HAZARDS

Mr. Geoff Scott (Hamilton-Wentworth): Mr. Speaker, my question is directed to the Minister of National Health and Welfare, on a matter of some importance at this Christmas shopping time of year, and about which I have given the minister notice.

Given the fact that exposure to microwaves is suspected of causing numerous side effects and may, in fact, be a serious health hazard, and since the environmental health directorate of the health protection branch feels there is a definite need for further research on microwaves, can the hon. lady advise the House what steps she has taken to protect Canadians, considering the increasing use of microwave ovens? Are they safe, or not?

Hon. Monique Bégin (Minister of National Health and Welfare): Mr. Speaker, the standards for design, construction

and functioning of microwave ovens are established under the Radiation Emitting Devices Act. We have issued a pamphlet on the question of microwave ovens, which is updated regularly. Standards are reviewed constantly, according to research results arrived at either in Canada or abroad.

At this point in time, I would like to assure Canadians because, as the hon. member has said, it is Christmas shopping time, there is no reason for concern about any additional, new danger with regard to microwave ovens. I am satisfied that the standards we have issued in the department are sufficient.

Mr. Scott (Hamilton-Wentworth): Mr. Speaker, is the minister aware that the Canadian standards allow levels of microwave radiation that are 1,000 times higher than the standards set by the Soviet Union, and that it has been alleged that our standards allow a certain level of emission only because Canadian measuring instruments are not technically proficient enough to measure smaller levels of emission?

Miss Bégin: Mr. Speaker, I would like to remind the hon. member that the media in Canada for years has used the U.S.S.R.'s unknown research data to spread the rumour that there are great dangers associated with microwave ovens. However, nobody has ever been able to ascertain what the results of that data from the U.S.S.R. are all about. We know that the National Research Council standards are much more restrictive than those used in other western industrialized countries, including the United States. The National Research Council of Canada recently announced that they are initiating a new study in order to explore the question further.

• (1442)

SAFETY STANDARDS FOR RADIATION FROM ELECTRICAL LINES AND MICROWAVE LINES

Mr. Paul Yewchuk (Athabasca): Mr. Speaker, I have a supplementary question concerning radiation from electrical power lines as well as microwave transmission lines. Can the minister inform the House whether her department has made any progress toward the establishment of safety standards governing radiation from electrical lines and microwave transmission lines?

Hon. Monique Bégin (Minister of National Health and Welfare): Mr. Speaker, I would prefer to have a day to obtain an update on that subject. I will answer the hon. member tomorrow or the day after.

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CANADIAN NATIONAL RAILWAYS

SPUR LINE AT MALTON, ONT.—ENVIRONMENTAL EFFECT ON NEARBY HOMES

Mr. Paul McCrossan (York-Scarborough): Mr. Speaker, I have a question for the Minister of Transport, of which I have given him notice: it concerns an article in the *Globe and Mail* today on the planned CNR spur line at Malton which could have serious environmental consequences for area homes.

[Miss Bégin.]

In view of the fact that the CNR did undertake an environmental design study on the project but withheld its findings until work on the spur line had already begun, will the minister ask the CNR to delay further construction until the independent study being financed by the municipality is completed next week? Will the minister instruct the CNR to meet with the Peel regional council to consider possible alternatives which would cause less disruption for the 4,000 people in northern Malton?

Hon. Otto E. Lang (Minister of Transport): Mr. Speaker, I will certainly take the representation of the hon. member under advisement and consider whether there is any action I should properly take in this regard. I should say, however, in fairness to the CN, that it should be observed that before these houses were located in this particular place, the CNR considered that it was unwise to open up the subdivision for this development because of its operations. It made its view of the problem known at the time, but it was overridden by other decision-making bodies.

Mr. McCrossan: Mr. Speaker, my supplementary question is for the Minister of State (Environment). The ministry of environment for the province of Ontario recommended in August, 1974, that the CNR rail lines immediately north of Malton be relocated because of the likelihood of increased traffic and the noise levels which prevailed at that time. In 1975, the ministry again criticized the CNR for its failure to provide any public participation program in its study.

Could the minister explain to the House why Environment Canada approved the 1977 environmental design report for the project which provided the authority for the CNR to go ahead, despite the environmental violence the spur line would bring to the citizens living in northern Malton?

Hon. Len Marchand (Minister of State (Environment)): Mr. Speaker, with respect to that particular question, I will take it as notice.

Some hon. Members: Oh, oh!

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GRAIN

SUGGESTION FEED GRAINS BE UNDER SOLE JURISDICTION OF WHEAT BOARD

Mr. Les Benjamin (Regina-Lake Centre): Mr. Speaker, I have a question for the minister in charge of the Canadian Wheat Board. In view of the fact that two commissioners of the board have said that the open market feed grains policy is congesting elevator space and undermining the board's marketing activities, in view of the fact there is enough private enterprise feed grain in Thunder Bay right now to fill the domestic market for the rest of the winter, occupying 15.5 per cent of the space at Thunder Bay at a time when the Wheat Board is short of board stocks, and because there is unrestricted delivery of non-board feed grain which is destroying the

equality of the quota system that the western farmers fought so hard to get, will the minister consider recommending to the government and to the Wheat Board that feed grains be put back under the sole jurisdiction of the Canadian Wheat Board?

Hon. Otto E. Lang (Minister of Transport): Mr. Speaker, the current feed grain policy resulted after two years of deliberation by farm organizations which failed to produce any alternative solution to the problem of making sure that producers of animals anywhere in this country would have an equal opportunity to obtain supplies of feed grains at similar prices, plus transportation. In view of that fact, I do not think it is fair to jump at a particular problem in relation to the policy.

We have said that a certain form of quotas, and particularly the assignment of acres, would be a reasonable way of limiting delivery opportunities to the open market. In addition, I have no doubt that this year the fairly wide-open permission to switch grain from one elevator to another led to elevators being congested with what were essentially open market grains, even though technically there was a limit of 20 per cent on the amount of open market grain allowed in any one elevator. The Wheat Board has reacted to that policy by suspending switching; that problem should, therefore, gradually dissipate. I think the question of allowing switching may still be a live one. Perhaps if it is allowed, it could be limited to those cases where there is an actual sale of grain to a producer at the elevator to which the grain is to be switched.

Mr. Benjamin: Mr. Speaker, since the complaint is coming from commissioners of the board, let alone from myself, other hon. members and grain producers, and in view of the fact that the amount of off-board grain so far this year is double that which was delivered last year, which is displaced capacity the Wheat Board could have used to handle export grain, which in turn has meant lower opening Wheat Board quotas which coerce farmers who are short of cash to deliver grain on the open market, even though they get 48 cents per bushel less—as of yesterday's market—for No. 1 feed barley than they would through the board, will the minister instruct the Canadian Wheat Board to start implementing quotas on off-board grain and allow no deliveries until such time as we have sufficient board grain to meet our export requirements?

Mr. Lang: Mr. Speaker, the problem can only be one of the specific location of the stocks. Hon. members may appreciate that since the off-board market has no access whatsoever to export markets, the amount of feed grain which can be disposed of in that market is to the animals eating it in Canada. That is very limited; it is a very definite amount. If any off-board markets acquire more than that stock, they will have to carry it at their expense and it will be their own lookout in terms of lost profit. The market has its own pricing mechanism to discourage unnecessary or overdelivery of grain.

Surely, the hon. member would agree that we would all want to see western barley and other feed grains supplying the deficit market in eastern and central Canada. As long as that is going to happen, that amount of grain will move and it will have to be in the system to move to that market, regardless of the particular manner of selling grain.

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NATIONAL REVENUE

REORGANIZATION OF DEPARTMENT—DELAY IN SOLVING TAXPAYERS' PROBLEMS

Mr. Lloyd Francis (Ottawa West): Mr. Speaker, I have a question for the Minister of National Revenue. It relates to an article in the *Globe and Mail* of Wednesday, November 22, which stated that due to a recent reorganization of the minister's department, there would be an increased waiting period to have taxpayers' problems solved.

Would the minister assure this House and Canadian taxpayers that decentralization of government operations outside of the national capital region has not led to inefficiency in his department?

Hon. A. C. Abbott (Minister of National Revenue and Minister of State (Small Business)): Mr. Speaker, I can assure the hon. member that I have been advised that the change in organization will not affect the efficiency with which most questions are answered, 75 per cent to 80 per cent of which are routine and receive immediate answers. A few more require recourse to the central computer files, and very few require several days to be answered through having to get out the special material that may be involved. I have been assured that the same high standard that the hon. member's constituents and others have enjoyed from outside Ottawa will be maintained.

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AIR TRANSPORT

JET SERVICE TO WESTERN MANITOBA AND EASTERN SASKATCHEWAN

Hon. G. W. Dinsdale (Brandon-Souris): Mr. Speaker, I have a question for the Minister of Transport. It arises from the minister's statement during question period yesterday that the government, rather than following bureaucratic advice on transportation policy, follows "political judgment based on an inquiry among people . . . and consultation with the provincial government."

In view of the many petitions, received from the people of western Manitoba and the government of Manitoba, will the minister review his decision not to provide jet service into western Manitoba and eastern Saskatchewan, a decision that contradicts the Prime Minister's promise of May 23, 1974, during the last election and the minister's assurance that first-class air service would be in operation well in advance of the Jeux Canada Games which open in Brandon on February 12 next?

● (1452)

Hon. Otto E. Lang (Minister of Transport): Mr. Speaker, the hon. member misstates the situation rather seriously. Surely he knows it was not a decision of mine not to supply jet service to either the Brandon area or the Yorkton area. Indeed, I had asked for applications from airline companies to provide exactly those services. At one point in time I had those applications before the Canadian Transport Commission. In the end, in each case the application offering jet service was withdrawn by the applicant, not by any action of mine.

I still believe that the best service, in the long run, for Brandon and Yorkton would be the institution of a service that connects them with the east-west direction of the main line, likely with jet service. I have had continuing discussions with the airlines to encourage some interest on their part to come forward with that kind of application. I still stand ready to provide whatever help is required to make that kind of application work.

Mr. Dinsdale: Mr. Speaker, in view of the fact that it is the minister's controversial decision to have the Government of Canada purchase Nordair, rather than allowing the sale of Nordair to Great Lakes Airlines to proceed, which cancelled out the proposal of Great Lakes to provide daily jet service to the 200,000 people in the WestMan-EastSask area, will the minister instruct Air Canada, which overflies this area several times a day, to provide this service at least until a regional air carrier is available?

Mr. Lang: Mr. Speaker, I have spoken to the airlines about this question. I think that is as far as I really should go at this stage. I did say "airlines" in the plural, rather than in the singular. At this point in time, the appropriate thing would be for one of those airlines to make a judgment about providing this service and then to make an application before the Canadian Transport Commission. I look forward to that happening.

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[*Translation*]

UNEMPLOYMENT INSURANCE

REFUSAL OF BENEFITS TO CERTAIN PERSONS—GOVERNMENT POSITION

Mr. Roch La Salle (Joliette): Mr. Speaker, my question is directed to the Minister of Employment and Immigration. Yesterday, in reply to a question asked by the hon. member for Gatineau, a question which to me seems very important, the minister stated that he had not had the opportunity to read the decision of the appeals tribunal concerning persons who reached 65 before January 1, 1976, and that as soon as he had read it he would have to determine what procedure would have to be followed. Can the minister tell us today if he is aware of the decision of the appeals tribunal as regards those 65-year old people who thought they were entitled to their unemployment insurance benefits, and if so, can he tell us if he will make a statement allowing those persons who were unjustly penalized to receive their benefits in the near future?

[*Mr. Dinsdale.*]

[*English*]

Hon. Bud Cullen (Minister of Employment and Immigration): Mr. Speaker, it will be necessary for legal counsel to look at this particular decision. There will be two decisions to be taken—a legal, or judicial, one and a policy one. I want to have advice from my counsel before I reach any conclusions on the next step.

[*Translation*]

Mr. La Salle: Mr. Speaker, in view of the minister's reply, can he assure the House that, since these people have indeed been waiting for three years and that January 1, 1979 is approaching, he will at least take a decision prior to that date and make it known to the House and, if so, that he will allow these people to receive the benefits to which they are entitled? That would be an excellent Christmas gift from the minister.

[*English*]

Mr. Cullen: It might be a nice Christmas present, Mr. Speaker, but in some instances these individuals opted to take their Quebec Pension Plan or Canada Pension Plan payments. In effect, they would be paid twice. Under the law, there is no provision for doing that. As I said, I have read the decision: that is why I indicated there is a legal interpretation to be made respecting a decision as to whether we file a further appeal or whether a policy decision on payments can be made in conjunction with the policy of Quebec.

* * *

ADMINISTRATION OF JUSTICE

SENTENCE IMPOSED ON KEITH RICHARDS FOR POSSESSION OF DRUGS

Mr. Bill Jarvis (Perth-Wilmot): Mr. Speaker, my question is for the Solicitor General. It relates to the conviction and sentencing of Keith Richards of the Rolling Stones rock group.

The Solicitor General will recall questions put to him last Friday by the right hon. member for Prince Albert. It appears that the accused in this case, unknown to the judge who was pronouncing sentence, had a very lengthy criminal record, with some very serious charges resulting in convictions in jurisdictions other than Canada.

In view of the fact that this type of information is readily available to any Canadian prosecutor—out of CPIC, the RCMP computer in Ottawa—can the minister explain why the federal prosecutor in this case did not make the judge aware of Keith Richards' record? If the prosecutor did not have that documentary material on foreign convictions, can the Solicitor General explain why, when it is so readily available through the computer in Canada?

Hon. J.-J. Blais (Solicitor General): Mr. Speaker, the hon. member will recall that the initial question was asked by the

right hon. member for Prince Albert at a time when neither the Minister of Justice nor the Minister of Employment and Immigration were in the House. I indicated at the time I would like to have had notice of the question so that I could have checked with those ministers in order to provide the right hon. member with that information. I think the hon. member asking the question today should direct his question to the appropriate minister.

Mr. Jarvis: Mr. Speaker, I welcome the opportunity to address my question to the new Minister of Justice. He may have heard the exchange which took place with the Solicitor General.

The larger question is this: in terms of drug prosecutions against accused who are citizens of jurisdictions other than Canada, there is available through CPIC, the RCMP computer centre, documentary evidence. In view of the fact that prosecutors in cases such as the Richards case are not regular Crown attorneys but, as the minister knows, are chosen from patronage lists of lawyers who are rather well paid for doing this, can the minister explain whether it is the policy to make available to those federal prosecutors not only convictions under Canadian law but convictions that may have resulted from accusations in other jurisdictions? If that is the policy, what on earth happened in the Richards case? Why did the judge not know about this?

Hon. Marc Lalonde (Minister of Justice): Mr. Speaker, I can assure the hon. member there is no difference in policy between lawyers in the department and lawyers who are hired to represent the Crown in particular instances. All the information that is available, is available to the Crown prosecutor.

As far as this particular case is concerned, I will inquire and check whether the particular facts the hon. member alleges are correct, and whether the Crown prosecutor had the information which the hon. member claims he did not have. I will report to the hon. member later.

* * *

NATIONAL REVENUE

USE OF SOCIAL INSURANCE NUMBER TO OBTAIN INCOME TAX REFUNDS

Mr. J. R. Ellis (Hastings): Mr. Speaker, my question is to the Minister of National Revenue. Is it, in fact, a prerequisite that in order to cash cheques for income tax refunds, one must have social insurance numbers as identification?

Hon. A. C. Abbott (Minister of National Revenue and Minister of State (Small Business)): Mr. Speaker, I was advised about the problem of people cashing Canada Savings Bonds requiring the SIN. Frankly, I will have to inquire whether tax refunds also require that. I will let the hon. member know immediately.

Mr. Ellis: Ten o'clock.

PUBLIC WORKS

REORGANIZATION OF DEPARTMENT AND ELIMINATION OF POSITIONS

Mr. R. E. McKinley (Huron-Middlesex): Mr. Speaker, I have a question for the Minister of Public Works. I congratulate him on his new responsibilities and wish him luck.

Some hon. Members: Hear, hear!

Mr. McKinley: I am sure he will need a little luck, with so much empty space being paid for by the government and so many buildings being built.

As indicated by the Deputy Minister of Public Works in a memorandum to all employees, the department appointed four task forces to investigate how the Department of Public Works might reorganize and retrench so as to eliminate 250 more positions as promised in announcements this summer. Since these task forces were scheduled to report by November 15 of this year, can the minister indicate whether they have in fact done so, and will these 250 positions be eliminated?

Hon. André Ouellet (Minister of Public Works and Minister of State for Urban Affairs): Mr. Speaker, I thank the hon. member for his good wishes on my new appointment. I assure him that the matter to which he refers is one that I have already discussed with my new deputy minister. We would like, indeed, to deliver what has been promised, namely, a reduction in the number of employees within the Department of Public Works. In order to arrive at this, we have taken into account attrition within the department and the possibility of appointing some of these people in other sectors, either the public or private sector. The report I have at the present time is that there are still about 100 employees for whom we have to find positions.

Later this week I will be appearing before the standing committee with respect to my estimates. I would like at that time to respond in more detail to the case of the 100 employees who have to find new jobs, and also to deal more extensively with the so-called accommodations that are vacant in the regions in order to give a more realistic report on the situation. The opposition has exaggerated tremendously the number of vacancies.

* * *

● (1502)

PRIVILEGE

MR. MACDONALD (EGMONT)—STATUS OF WOMEN—MINISTER'S STATEMENTS

Mr. David MacDonald (Egmont): Mr. Speaker, as you are aware, I want to raise a question of privilege arising out of the question period yesterday afternoon when an exchange took place between myself and the Minister of Justice (Mr. Lalonde), the minister responsible for the status of women.

I wish to refer in particular to two statements which the minister made at that time. First of all, in answer to my second question, he said:

I find it quite proper and quite normal for bodies of that nature to check the facts, rather than to do as the hon. member has done too often on this subject of the status of women, putting on the record of this House statements which are not correct and are not accurate.

The minister then went on to say, with reference to the plans and programs having to do with equal opportunity:

I have stated that those plans of action, once they have been filed with Treasury Board, are available for examination. I do not know exactly what the situation is today, but if the hon. member wishes to have access to some of those documents, he need only ask Treasury Board and he can see them for himself. I have stated repeatedly that those documents are available.

As the minister suggested, I have raised this matter with him on a number of occasions. As far back as March 6, when we had a debate on an opposition day here, the minister made remarks referring to the programs for equal opportunity. He indicated, as reported at page 3484 of *Hansard*—

And for fiscal year 1977-78, on top of their annual program, the various departments had to develop long term programs, that is, five-year programs and measurable objectives.

A little later he said:

What is important is that the trend being established is a positive one. It is quite clearly established by the statistics that have been published and made available up until this time.

Inasmuch as I pointed out to the minister on that occasion, that the statistics up to that point were very superficial and were, indeed, only over-all summaries of a succession of departmental reports, I asked him on March 8 whether he would assist the House by arranging for the publication of the full reports of each department. As reported on page 3565, the minister replied:

I want to assure the hon. member that reports which have been requested of all departments have been filed and have been received by Treasury Board. Treasury Board has assigned officers to review these reports with the individual departments to see whether further improvements can be made in terms of plans. I will be glad to see what information can be made public in this respect, in addition to all the information which is being made public by the Public Service Commission on an annual basis and also in appearances before the parliamentary committee.

If Treasury Board can also provide additional information to the hon. member when the estimates come, I will certainly be very happy to help: and I am sure my colleague will be very happy to make that information available. At the present time, these reports are being reviewed with individual departments by officials of Treasury Board.

Further, on March 20, again with respect to these reports and plans, the minister said:

Mr. Speaker, perhaps the President of the Treasury Board will want to expand on this. The only thing I can tell the hon. member is that we have, indeed, decided to make these figures available. I understand the President of the Treasury Board is reviewing the appropriate time and method of making them available. This is a matter of compiling and getting the information translated. As far as the availability of the information and the content of the plans of the various departments is concerned, the government has agreed to make the information available on a regular basis as soon as it is available.

After all that, Mr. Speaker, and the very definite commitment by the minister yesterday afternoon following what I can only assume is the kind of hit and run response in which the minister likes to engage on this issue, I find, on conferring with my office this morning, that as long as one and a half months ago, in response to direct inquiries of Treasury Board officials we were told that these annual reports would not be made available. Indeed, Mr. Speaker, when I conferred again myself with a Treasury Board official today I discovered not only that there was no plan to make them available this year but that a definite agreement was made earlier this year, I think during the summer, between Treasury Board and all the various departments submitting these equal opportunity reports, not to make them public. There is apparently some possibility of publishing them next year and there will, as usual, be some kind of over-all summary which will tell us little or nothing.

I do not intend to use this occasion to deal with the minister's debating point—whether or not I provide accurate comments with respect to this matter. That is a matter for debate, as you would no doubt agree, or else a grievance on the part of one hon. member. But I am very much concerned that the minister should tell me on two successive occasions that he is making every effort to make this informatin available—he has said on two occasions that it is available—yet when I make representations directly to Treasury Board I find not only that they are unaware of these commitments that the minister has made in this House but that they have taken a definite decision in the opposite direction. I think the kind of answer given successively by the minister in this House affects the privileges of all members on a matter which I regard as being of very great importance.

Some hon. Members: Hear, hear!

Hon. Marc Lalonde (Minister of Justice): Mr. Speaker, I think there has been some confusion between the hon. member and myself about certain aspects of this question. As he well knows, the annual report tabled by the President of the Treasury Board is a summary of the reports tabled by various departments. It has been produced this year and was published, I believe, before the summer adjournment.

As to the individual reports by departments the hon. member is quite right. These have not been released as yet and have not been made public. I am sorry if I misled the hon. member yesterday in that respect—it is obviously just stronger evidence that we should perhaps check the facts very carefully before making statements such as he himself made when he made allegations about so-called possible censorship by the Public Service Commission of an Advisory Council on the Status of Women report.

As far as my own statement of yesterday is concerned, indeed, it stands to be corrected. These reports have not been made accessible as yet but I can assure the hon. member that the Treasury Board has not made a decision not to make them public. I checked at two o'clock with the official the hon. member spoke to and he assured me that his problem was not that he had given a commitment to the departments not to make them public but that he had not told the departments when they were drafting their reports that they would be made public. So the matter is still an open one.

I have talked to the President of the Treasury Board (Mr. Buchanan) and have recommended to him that the reports be made available to the public. I understand the Treasury Board will take up this question and, I hope, resolve it in the way the hon. member and myself would like to see it resolved so that all these reports in the future will be made available to the public.

Mr. Speaker: It would seem to me that, from a procedural point of view, the matter between the hon. member for Egmont (Mr. MacDonald) and the Minister of Justice (Mr. Lalonde), who is responsible for the status of women, has been resolved.

MR. CROSBIE—ALTERATION IN OFFICIAL HANSARD RECORD

Mr. John C. Crosbie (St. John's West): Mr. Speaker, my question of privilege has to do with the *Hansard* record of a debate in this House which took place yesterday afternoon during private members' hour. I refer to page 1535 of *Hansard* of yesterday where we see a speech made by the hon. member for Regina-Lake Centre (Mr. Benjamin).

● (1512)

The subject under discussion was the Sullivan royal commission on transportation in Newfoundland. The hon. member said—I heard him say it, and other hon. members I have checked with heard him say it—

If the government will agree to reject out of hand the Sullivan royal commission recommendations, it logically follows they will have to implement the recommendations of the Hall commission—

I have checked this with the hon. member for Regina-Lake Centre. *Hansard* reads as follows:

If the government will agree to reject out of hand the Sullivan royal commission recommendations—

Then the words "regarding the railway" are inserted.

—it logically follows—

That is completely different from the statement that was made. There are about 100 recommendations in that report. The hon. member for Regina-Lake Centre came out against them all. He may have done that by mistake.

He was picked up on that by the hon. member for St. John's East (Mr. McGrath), who spoke right after him for about five minutes, and then by the hon. member for Grand Falls-White Bay-Labrador (Mr. Rompkey), who criticized the hon. member for Regina-Lake Centre for not having read the report. However, when we looked into *Hansard* this morning, we found that the meaning of what was said was completely changed to "recommendations regarding the railway."

The hon. member for Regina-Lake Centre has told me that he did change the *Hansard* record. I am not accusing him of anything dishonourable because, if the *Hansard* office agrees, why should we not change the record whenever we like? Whenever we make a mistake in the House, we can just get the "blues" and change what we said. I remember that a month or two ago the Secretary of State (Mr. Roberts) changed entirely the sense of what had been said.

I also point out that the hon. member for Regina-Lake Centre, who will speak for himself, has said that he has no objection to removing those words. He will say that, but something needs to be done to see just what the rules for changing *Hansard* are.

In this case the meaning has been changed utterly and completely. When we look at the record, which may be useful to us in certain future activities, the meaning will have been completely changed, and I submit that that is a breach of the privileges of the members of this House.

Although the hon. member for Regina-Lake Centre is willing to have those words taken out, I think there should be some check into this so that we can determine what is permitted and what is not.

Mr. Les Benjamin (Regina-Lake Centre): Mr. Speaker, I was endeavouring to get your eye, as was the hon. member for St. John's West (Mr. Crosbie).

In the course of the private members' hour yesterday afternoon I was speaking in support of the hon. member's motion. As usual, I did not speak from a prepared text and, as many hon. members frequently do, I went to check the *Hansard* report of my remarks.

I did insert the words "regarding the railway" in the sentence referred to by the hon. member for St. John's West, and if that goes beyond what is allowed, I am prepared not only to have those three words stricken from the official record of the House but also to apologize to hon. members and to Your Honour. That was what I wanted to say and what I meant to say, and if I did not say it, I have no business making that change, even though it is on the record that my party, my leader, the hon. member for Humber-St. George's-St. Barbe (Mr. Faour), and others support most of the Sullivan commission recommendations. I am in that same position, the exception being the Sullivan commission's recommendations regarding the railway.

If it is the view of the Chair that the insertion of those three words, which were inserted so that that part of my remarks would be consistent with the whole purport of my speech and the motion presented by the hon. member for St. John's West, go beyond what a member should do, I am pleased to apologize and to have them taken from the record.

Mr. Speaker: The hon. member for St. John's West (Mr. Crosbie) has raised a matter which I think we ought to consider as being one of order as opposed to one of privilege. I think the explanation given by the hon. member for Regina-Lake Centre (Mr. Benjamin) closes the door on it in terms of procedure. However, the hon. member for St. John's West has raised a larger question which is really a matter of continuing concern for the Chair, and I think it is appropriate to pause a moment and to consider the background of the experience of the *Hansard* reporters here, which has been an excellent

experience and, over the years, an excellent service to the House of Commons.

Some hon. Members: Hear, hear!

Mr. Speaker: Hon. members will understand that their efforts are in no way qualified, reduced or diminished in their endeavour to serve the House at the present time. However, in the past, particularly recognizing that it has been a tradition of the House that speeches ought perhaps to be assisted by some notes but ought not to be given from a prepared text, it has always been a well accepted and respected practice of the House that speeches are given extemporaneously—or most of them.

Certainly during the question period when pressure is at its greatest in terms of time and tension involved in questions and answers, and when exchanges are of a nature a little more dynamic than the exchanges which take place in regular debates, there is great strain, not only on members who occupy the floor, because in the excitement of the moment the language a member uses expresses his ideas but does not necessarily translate grammatically when it is reduced to print, and it has always been an accepted practice of the House that when the editors of *Hansard* or the reporters prepare their reports, members have looked at them and reporters have said from time to time, "When this is reduced to print it just does not read intelligibly; it may have sounded all right, but it does not read well; do I have the sense of what was said?" That has always been done, and it has been supervised by the editors under the best principles and practices of the House in an effort to do a faithful service to the recording and, at the same time, to be faithful to the sense which was intended.

At the same time, however, this also puts a great strain on the reporters and the editors of *Hansard* because, after all, they are servants of the House of Commons, and when they are consulted by a member they are being consulted by someone to whom they owe a duty of service. They find it difficult to take a position and to tell the member emphatically that he has gone too far in his grammatical clean-up of the work. That is a very difficult role for reporters or editors to take. When that has happened, which, thankfully, I think has been rarely, hon. members have invariably done what the hon. member for Regina-Lake Centre has done, and that is to indicate that he made a change, and that if he did more than what is allowed by the practices, he accepts responsibility, as was done on the earlier occasion mentioned. That has always been done.

That is almost the whole story, and we could go on from there, but I think we must take into account the recent introduction of electronic recording equipment and the introduction of radio and television recording which is being used quite happily and being resorted to increasingly. It is being used more than even the most optimistic estimates given at the time we were planning and installing the equipment.

However, an examination of the record through these electronic recording devices is being resorted to by more and more Canadians all the time. Therefore an additional strain is being put on the reporting staff, who have enjoyed this editorial licence in the past. They now find themselves under the constraint of matching their record exactly with the language used on radio and television. This is a recent experience for us, and it is not an easy one for the reporters. We are adjusting to it, but when these instances take place it certainly is helpful to have them brought to our attention.

I am confident that we can go forward. Recognizing the constraints which are placed on the shorthand reporters and the additional burden of the electronic media, if we all continue to operate as we have, in the best interests of the House and in good faith, I hope the problem will not occur too often. If it does, the hon. member for St. John's West can certainly raise the point again.

[Mr. Speaker.]

● (1522)

ROUTINE PROCEEDINGS

[*Translation*]

CANADA PENSION PLAN

TABLING OF ADVISORY COMMITTEE REPORT

Hon. Monique Bégin (Minister of National Health and Welfare): Mr. Speaker, pursuant to Standing Order 41(2) I am pleased to table in the House a report of the advisory committee of the Canada Pension Plan entitled *Review of the Objectives of the CPP*, in both official languages, of course, a report which will greatly interest hon. members.

* * *

QUESTIONS ON THE ORDER PAPER

(Questions answered orally are indicated by an asterisk.)

Mr. Yvon Pinard (Parliamentary Secretary to President of Privy Council): Mr. Speaker, the following questions will be answered today: Nos. 240, 264, 415 and 631.

I ask that the remaining questions be allowed to stand.

[*Text*]

"SHOPPING FOR FOOD AND NUTRITION"

Question No. 240—**Mr. Epp:**

1. What was the cost to the government for the book *Shopping for Food and Nutrition*?

2. Who designed the book and at what cost?

3. (a) How many copies will be distributed and at what cost per book (b) who will receive the book?

Mr. Yvon Pinard (Parliamentary Secretary to President of Privy Council): In so far as Agriculture Canada in concerned: 1. $39,158.

2. The publication was designed by Design Partnership of Ottawa Ontario, at a cost of $5,183 which is included in the above cost.

3. (a) A total of 134,900 copies printed by the department will be distributed at a cost of 29 cents per copy, plus postage.

(b) The publication will be distributed to various agricultural organizations and to private related institutions or agencies. The consuming public in general may obtain copies in response to individual requests. Educational institutions may obtain quantities for distribution according to their requirements.

In so far as the Department of National Health and Welfare is concerned: 1. $25,973.01.

2. To be answered elsewhere.

3. (a) Ninety thousand copies will be distributed at a cost of 29 cents per book, plus postage.

(b) It is directed to and will be received by the consuming public and will be distributed via social and health agencies at provincial and municipal levels, e.g. provincial nutritionists, public health nurses, and visiting homemakers. There will be direct distribution to the public upon request.

LAWYERS IN THE CONSTITUENCY OF PROVENCHER

Question No. 264—**Mr. Epp:**

From June 1, 1974 to date, what lawyers in the Constituency of Provencher were given work by the Department of the Solicitor General and what amount was each paid per year?

Mr. Claude-André Lachance (Parliamentary Secretary to Minister of Justice): In so far as the legal agents of the Minister of Justice are concerned: none.

FARM CREDIT CORPORATION—NEW BRUNSWICK

Question No. 415—**Mr. Howie:**

Does the Farm Credit Corporation have a list of lawyers to whom legal work concerning mortgage loans is restricted and, if so, what are the names of such lawyers in New Brunswick?

Hon. E. F. Whelan (Minister of Agriculture): Farm Credit Corporation advises as follows: the corporation retains the services of solicitors, advocates or notaries approved by the chairman to place and disburse loans, to recover moneys lent and to perform related incidental legal services on such terms as the chairman may prescribe.

The name of the New Brunswick lawyer through whom the corporation's legal work is handled is Clarence H. Roy.

COMMISSIONER OF OFFICIAL LANGUAGES

Question No. 631—**Mr. Epp:**

1. What is the annual budget of the Western Regional Office of the Commissioner of Official Languages which was opened in St. Boniface recently?

2. Who is the director?

3. What is his/her annual salary?

4. What are his/her qualifications?

5. How many persons will be employed on a (a) full-time (b) part-time basis?

Mr. Yvon Pinard (Parliamentary Secretary to President of Privy Council): The Commissioner of Official Languages reports directly to parliament and not through a minister. Questions can be made directly to him.

[*English*]

Mr. Speaker: The questions enumerated by the parliamentary secretary have been answered. Shall the remaining questions stand?

Some hon. Members: Agreed.

MOTION TO ADJOURN UNDER S.O. 26

[*English*]

CANADIAN WHEAT BOARD

PURCHASE OF HOPPER CARS

Mr. Frank Hamilton (Swift Current-Maple Creek): Mr. Speaker, I filed the required notice for this motion. The move by the Canadian Wheat Board to purchase up to 2,000 hopper cars at $100 million is an unprecedented move in the 40 years of their lifetime, and we see it as a breach of the spirit and intent of the National Transportation Act. We question the legality of the Wheat Board's action in describing these hopper cars as personal property—it is too much to figure out.

This purchase was made without the consultation of the interested parties out west. Producers are up in arms and farm organizations are outraged and, despite what the minister said, there was no consultation. The railways are telling us there is unused capacity in the system, as evidenced by Canadian Pacific's refusal to have 1,000 cars fixed. I see no other way of bringing this matter before the House. Neither our motions under Standing Order 43 nor our questions in the question period can deal with this, nor can we deal with it in the next opposition day, which is a week away and which may be too late.

Therefore I move, seconded by the hon. member for Qu'Appelle-Moose Mountain (Mr. Hamilton):

That this House do now adjourn.

Mr. Speaker: Order, please. The hon. member for Swift Current-Maple Creek (Mr. Hamilton) has given the Chair notice, in accordance with Standing Order 26, of his intention to make this application for a motion to adjourn the House or, in other words, for a motion calling for a special debate on that matter, pursuant to the terms of Standing Order 26.

There are two aspects of the matter which I think I should bring to the attention of hon. members. The first is that I consider it to be a very dangerous precedent to accept this subject under the terms of Standing Order 26 on the basis that

it is, as the hon. member has described it, a policy decision or a policy initiative. The hon. member says that this is the first time in 40 years that such a move has been made and it is a policy which he ascribes to the Wheat Board or, alternatively, to the government. It is a policy which he says will have drastic effects on certain segments of the population.

My concern is that if I were to accept those conditions for an emergency debate pursuant to Standing Order 26, the hon. member would realize the frequency with which applications might be made, and I do not think Standing Order 26 was intended to take into account applications where a member wishes to disagree with a particular government policy. I would refer the hon. member to paragraph 16 of Standing Order 26, which reads:

The right to move the adjournment of the House for the above purposes is subject to the following conditions:

(a) The matter proposed for discussion must relate to a genuine emergency calling for immediate and urgent consideration;

It seems to me that the emergency referred to is a situation which is certainly not a matter of policy initiative or of the creation of a decision with which the hon. member wishes to express his disagreement.

I know hon. members might want to argue that there are many policies which do create emergency situations to which they might want to lay claim. Nevertheless, I would not consider the opportunity to disagree or differ with government policy should be used as a subject for this rule.

It seems to me that the whole regime of our orders, regulations and practices here, is to give hon. members, either individually or collectively, an opportunity to disagree with policy in one way or another, whether it is through questions, through motions pursuant to Standing Order 43, through questions put in the late show to get more definitive answers, through questions put to ministers in examination of their estimates before the standing committee, or through voting against items in supply. But the whole structure is to allow an opportunity to an hon. member, to his caucus or to members on all sides of the House, to express at one time or another support or disagreement with a policy.

I believe that if one policy decision is considered as a subject for an emergency debate, it would make it difficult for the Chair in future to refuse similar requests when on occasion policy initiatives are announced which obviously meet with disagreement. That goes without question. The Chair would be in a difficult spot having to refuse or grant applications for a special debate on every policy decision that was announced.

The hon. member made reference to the fact that the next allotted day is a week away, which may be too late. I have to refer him back a few days to a debate which took place on November 13 in which the following motion, put by the hon. member for Regina-Lake Centre (Mr. Benjamin), was debated. It read as follows:

That this House condemns the government for its failure:

(a) To require the railroads to add 4,000 hopper cars and 5,000 repaired box-cars to their grain fleet; and

[Mr. Speaker.]

(b) To give the Canadian Wheat Board total authority to co-ordinate all aspects of grain movement and any other authority necessary to protect and expand grain exports.

So the House has directed its attention specifically to this matter. It may be that the decision to which the hon. member refers has been made since that time, nevertheless it remains a policy decision, with which the hon. member has other means at his disposal to differ. I do not think policy decisions like this should be made subject to motions pursuant to Standing Order 26.

GOVERNMENT ORDERS

[*English*]

HEALTH RESOURCES FUND ACT

MEASURE TO AMEND

The House resumed from Monday, November 27, consideration of the motion (Miss Bégin) that Bill C-2, to amend the Health Resources Fund Act, be read the second time and referred to the Standing Committee on Health, Welfare and Social Affairs.

Mr. Bob Brisco (Kootenay West): Mr. Speaker, I should like to continue the remarks I started last evening with reference to Bill C-2. First I should like to correct for the record, and more particularly for the benefit of the hon. member for Winnipeg North (Mr. Orlikow), the statement he made in his speech yesterday. He referred to the policy of restraint of the Conservative party. The hon. member for Winnipeg North said:

They would spend more money on medical research, scientific research, or cultural affairs, as the hon. member who has just left the House has said—

Indeed, the hon. member for Winnipeg North also stated that the hon. member for Athabasca (Mr. Yewchuk) was dishonest.

I should like to deal with just one small facet of that comment, his reference to culture, although the bill does not deal precisely with it. I should like, for the benefit of the hon. member, to refer him to page 1477 of *Hansard* where he will find the comments made by the hon. member for Egmont (Mr. MacDonald) from which he will clearly see that his comment yesterday was incorrect and, although I would not say it was dishonest, it was certainly a deluded reference.

I also think—perhaps it is a view shared by members of my party and also shared by the hon. member for Winnipeg North—that, in terms of the manner in which this program will be terminated some two or three years before its time, any sensible and far thinking government would realize that the funding of medical facilities, be they research facilities, hospital training or teaching facilities, will not and simply cannot end when this bill comes into force. A natural conclusion is that there will be some form of ongoing federal support. The Minister of National Health and Welfare (Miss Bégin) has

not said that. Perhaps that position is shared by the NDP. I do not know, because I have difficulty understanding many of their positions. In terminating the fund, it is disturbing that the minister has not made any reference whatsoever to what the future holds for the research community or the welfare of Canadians, in terms of hospital care and teaching facilities.

● (1532)

I should like to ask hon. members to reflect on the government's decision in 1966. At that time there was a proposed expenditure of $500 million which was to be spent over a period of 14 years. In terms of the government's view of cash flow today, and the manner in which it treats the dollar, that $500 million is relatively insignificant. After all, the government talks now about a $12.1 billion cash deficit this year. So, what is $500 million? It is a shrug of the shoulders of the Prime Minister (Mr. Trudeau). But in 1966 $500 million was a very substantial sum of money. Clearly one did not expect the government to spend that amount in a short period of time. It was a bill which covered the expenditure of that amount of money over a period of 14 years.

The cost-sharing arrangement of the program roughly is 50-50. If one examines the purpose, dimensions, and the manner in which funding is initiated, clearly they demonstrate that parliament gave this bill a considerable amount of thought. I took the opportunity of reviewing the debates in 1966. They were substantial, and there were excellent contributions from all sides of the House. Now the bill is being brought to a hasty conclusion almost three years ahead of the intended date, and $69 million short of the sum intended and appointed by parliament in 1966. Perhaps the most reprehensible action by the government is the decision of the minister to terminate the program without prior discussion with the provinces.

Yesterday the Minister of National Health and Welfare participated in this debate, responded to some speeches, and engaged in across-the-floor shotgunning with the hon. member for Athabasca. The minister said that there were some discussions. She did not state that there was a uniform degree of discussion with all provinces involved, whether a province still qualified for assistance under the bill or not, such as the province of New Brunswick.

The program encompassed in the original bill has been of enormous benefit to the establishment of facilities for the treatment of the sick, and for the training of those who treat the sick. One wonders what consultation occurred with the health resources advisory committee, a committee estabished by the original bill in 1966. I should like to refer to chapter 42 (11) of the Revised Statutes of Canada which reads as follows:

> The advisory committee shall
>
> (a) advise the minister on any program for the development of health training facilities submitted to the minister by the government of a province;
>
> (b) advise the minister, at his request or on its own initiative, on matters relating to a health training facility in respect of which a province has requested a contribution under this act, including a reasonable cost thereof; and
>
> (c) give consideration to and advice the minister on such matters relating to the operation of this act as are referred to it by the minister.

It is section 11(c) which I find most interesting. I should like to refer to the annual report for the fiscal year ending March 31, 1977. It contains the signature of the minister, and finally it was tabled on Friday, March 10, 1978, approximately one year later. Any reference to the advisory committee in that report is absent. One wonders what role the advisory committee played in the latter years provided for in the bill.

When one reviews the history of the involvement of government in the medicare system of Canada, the health and welfare of Canada, and when one thinks of Bill C-68 introduced by the then minister of national health and welfare, the present Minister of Justice (Mr. Lalonde), one will realize that some of the points raised by the hon. member for St. Catharines (Mr. Parent) yesterday were most valid. Indeed, the health care delivery system for Canada has progressed. If it had not progressed, those responsible would be appearing before the Standing Committee on Health, Welfare and Social Affairs, and certainly parliament would be concerned if the vast expenditures were not producing a satisfactory end result. I have served on that standing committee since 1974. I recall the praiseworthy statements, support and declarations of the Minister of National Health and Welfare which indicated that all was well.

I should like to draw the attention of the House to a document entitled "Symposium on Health Research Priorities in Canada." It is a summary of a series of papers and discussions presented on May 25, 1973, on the implications for the health care system. In the summary excerpts were taken from the remarks of the then minister of national health and welfare. One such excerpt reads as follows:

> There may be those who would recommend bringing about a reapportionment of resources provided for health care research vis-à-vis bio-medical research by a transfer of funds. I am not one of them . . . An appropriate balance should be achieved by a steeper rate of increase in the funding level accorded to research on health care, including its promotional and preventive aspects, compared to the rate of increase in support of more basic research.

That is what the then minister of national health and welfare said approximately four or five years ago. He continued:

> Although the reasons for this lack of interest in the field of health care research are undoubtedly numerous and complex in nature . . . one important factor must surely be the widespread misconception, held even in academic and other well-informed research circles, that applied research must necessarily be short term, rather superficial and related to immediate problems . . . If we do not start research on a predictable problem until it confronts us in all its urgency, the research attack on it must all too often be hastily contrived and carried out in as short a time as possible, if the result of the research is to have any relevance to solving the problem before it passes into history . . .

● (1542)

A classic example is the rather rushed implementation of studies into Asian flu which took place about two years ago.

The minister went on to say:

> The time duration of an applied research project and the depth of treatment should be determined by the nature of the problem and the type of analytical study required.

The minister sounds like an academic and as though he had a sudden appreciation of the research problem in 1973. There must be a reason why this minister has failed to influence or at least pass along his concerns to the present Minister of National Health and Welfare. Has the former minister done a flip-flop between 1973 and 1978?

The then minister said:

As a general statement on research priorities "increases in effort and resources should be more rapid with respect:

He then goes on to list a number of priority areas of concern.

The vice-principal for the faculty of medicine at McGill University, Mr. Maurice M. McGregor, said at that time that:

Viewed within this schema the scientist had no right to complain when governments asserted their duty to direct in some areas of research.

I go along with that because, after all, parliament is paying the bill. He continued:

They had, however, every reason to expect governments to identify their problems and to subsidize the necessary research to find the answers. Since this, itself, requires expertise, it is hoped that we would soon see a major augmentation of intradepartmental research capacity.

The people at this symposium were well known in the research community. There were people such as John Evans, the president of the University of Toronto. Surely that name rings a familiar note. Others subscribing to this point of view were people such as John Laidlaw, director of the Institute of Medical Sciences, University of Toronto; the dean of the faculty of medicine for the University of Manitoba, the professor and head of the department of physiology at the University of British Columbia, and the associate dean of McGill University. These are people who are regarded highly within the community. Surely the then minister had to have his homework done when he spoke to them in 1973.

Like many other policies of this government, they suck the provinces down the road until they are committed beyond any shadow of a doubt, and then they snatch the rug out from under them because it is politically or fiscally convenient to do so. In this case it is both fiscally and politically convenient to do so. This government by its policies has now boxed the provinces in so well that it can cut willy-nilly.

Perhaps I should not say what I am about to say, but I will give the hon. member for Winnipeg North an opportunity to correct me if I am wrong, because it is not on the record of the meeting in camera with the Auditor General prior to the meeting of the public accounts committee last week. If I am not mistaken the hon. member said, "Was it necessary for the Auditor General to inquire into programs for people?" Surely, regardless of the program, without fear or favour it is the responsibility of the Auditor General to look into any program, any facet of the government's operation, whether it be designed for people or not. I hope the member will read my words carefully. I may have misunderstood or misinterpreted the comment by the hon. member, but that is the way in which it struck me. I was astounded, if that be the case, at that kind of rhetorical comment by a member of such long standing and experience in this House of Commons.

[Mr. Brisco.]

I would like to get a statement from the minister or her parliamentary secretary to the effect that when this bill is passed and becomes law that this government will then sit down in concert with the provinces and consider in what areas it must inevitably become involved in terms of future research within the medical community and all the other communities involved in health care delivery, whether they be primary or secondary modes of delivery. I would like the minister also to consider what will be done to upgrade hospitals across this country.

There are two things the minister cannot expect. One is the beautiful picture painted by the hon. member for St. Catharines of healthy Canadians who have cradle to the grave care and not a thing to worry about. The other thing is that with government cuts in funding that they can expect the provinces to carry on and deliver the same quality of health care they are presently able to deliver, because it is impossible. If the quality of health care deteriorates by virtue of budgetary constraints, provincial economic conditions, or national economic conditions, then it falls upon this government to explain why it has failed the country and the people on this issue.

There is much more that can be said about the failure of this government to live up to its commitments, and its arrogance in the face of a fiscal problem which ministers themselves generated by pulling the rug out from under programs that are good and ignoring the rug under programs that should be affected and the priorities of care for Canadians.

The other day I had an opportunity to fly across this country with a senior civil servant who happened to be with the minister's department. I will not name him, or the location of the conference he was attending or anything else, knowing the Grits the way I do, but he said that the genuine concern of those in attendance at the conference was that "our department and the ministry were top heavy with people studying other people to determine what the hell they were all doing, instead of us getting out and doing the job that Canadians expect of us." That gentleman was right on. Unfortunately the minister and the government have not got the message, and I doubt if they will until the next federal election.

Mr. Lorne Nystrom (Yorkton-Melville): The position of our party, Mr. Speaker, in opposition to Bill C-2 was well outlined by the hon. member for Winnipeg North (Mr. Orlikow) yesterday. I would like to spend a few minutes this afternoon talking about two different things which I think are quite important to this debate. The second is in response to what some of the Conservative members have been talking about so much, namely cutbacks and restraint. However, before touching on those subjects, I want to say that I oppose this bill.

• (1552)

If one looks at the programs that Canada has, there is one very glaring omission. Not enough money is going into the whole area of preventive medicine. We have done very well in many other fields in Canada including the delivery system for medicine, medicare and hospitalization, etc. We have had some great accomplishments. However, when it comes to the

area of preventive medicine, Canada, the United States and indeed most of the industrial world are lagging way behind.

I will refer to some studies that I have looked at that have been done during the past few years. One particular study was done by Senator George McGovern in the United States. In that study there is a conclusion that about seven out of ten causes of death in the United States were directly tied to diet. In other words, people are eating their way to the grave. Americans are eating far too much sugar and salt. Their intake of fats, processed and refined fabricated foods and so on, is far too high. The World Health Organization said that about 80 per cent of the causes of cancer in the world are tied to the environment. An important part of the environment includes the food that we consume.

Before the Canadian food prices review board folded up a few years ago, they said that about 40 per cent of our hospital stays were tied to diet problems. I think it was in 1975 they said that if we had proper nutrition in this country we would have saved about $2 billion a year in hospital bills. If that figure was $2 billion then, I am sure that figure will reach $3 billion or more in 1978 and 1979.

I am concerned when I hear that a government wants to cut back on medical research and the provision of money in the field of medicine. I am concerned with the whole area of preventive medicine. Radical changes in our diet have occurred over the last 25 or 30 years. If one checks into diets of people before the Second World War, one will find that an overwhelming amount of food that was eaten was what we call natural food. It was unrefined or unprocessed food, or natural food that one grew in a garden. Since the end of the Second World War we have moved into the whole area of highly refined and processed food. A lot of minerals and vitamins are taken out of the food. The effect that this is having on our health is something that we are only now just beginning to realize. It is not just the refining of food or the fact that we are eating more of our meals in restaurants, perhaps even in greasy-spoon restaurants, or even at places like McDonald's.

If one has a McDonald shake, most people think it is a milk shake containing milk. However, it contains no milk at all.

There are many things in our food system now which are totally artificial. As a matter of routine there are about 1,800 chemicals in our food system that each of us consumes each and every year. The hon. member for Lisgar (Mr. Murta) consumes these chemicals as a matter of routine. It is like going into a lab and ordering about five or six pounds of chemicals and downing them. However, we do not know what effect these chemicals will have on us.

We do know, medically and technically, that roughly half of the Canadian society is obese according to the medical definition of obesity. It is well known that a lot of people suffer heart attacks now, whereas at one time there were not many heart attacks reported. People say in answer to this phenomenon that "people are living longer now." But that is not really the case. The only reason the life span is significantly longer now than at the turn of the century, is due to the fact that we have been able to combat the problem of infant mortality. However, if one takes a look at the life expectancy of a five or six year old child in 1900, and compare its life expectancy with a five or six year old child today, it is roughly the same. It is roughly the same despite the tremendous steps and leaps forward that we have made in modern medicine, surgery, health facilities, and the like. With all of this technology and medical aid which has helped save so many lives, and take away the question of infant mortality, the life span of North Americans has not really increased over the last 70 or 80 years.

I would like now to talk about some of the sprays and the chemicals they contain. I had a conversation with the Minister of Agriculture (Mr. Whelan) one day and I remember asking him, "What do you think about some of the sprays and chemicals that we are using in the production of our food?" I also mentioned the way chickens produce eggs sitting in little cages, being stuffed with hormones and antibiotics, and the way cattle are fattened in feed lots with growth hormones. I asked him what he thought this was doing to human health. The minister answered that he did not know but he was terrified at the thought of what might happen. He said he thought the scientists did not know either. That thought is even more terrifying to me.

I have talked to many scientists, biochemists, and people in related fields. They all said they did not know what effects there would be on human beings. Perhaps some of the cancer cases and heart attacks, as well as some modern diseases that are around today, are tied to our food system, and in the years to come the results of what we are doing now may show up in the health of human beings.

I plead with the government that instead of cutting back on money provisions to health care that it put more money into nutritional and biochemical research so that we may understand what our modern food processing system is doing to the human body. If that is not done, the rapid altering of our food is going to continue at an even greater escalated pace. The day will come when people will be eating very few natural foods and few foods that have not been exposed to chemicals. We will be so woefully ignorant of nutrition that we will have a very sick race.

The hon. member for Dauphin (Mr. Ritchie) interjected a few minutes ago and mentioned the comparison between a 30-year old Canadian and a 60-year old Swede. He makes a point, and it is something that we should be examining. What he says is absolutely true. If one looks at the condition of the Swedish people and their life span, or indeed if one looks at the condition of people in countries such as Israel, one will find that their food systems are different. People are more educated about the types of food they eat in their various countries.

For example, in France they allow only a few artificial food colourings in their food system. By comparison, in Canada we have dozens.

A lot of countries do not have huge supermarkets and the assembly line way of selling and buying food. Instead one finds market places where the farmers come to sell their fresh produce to the people.

Mr. Douglas (Nanaimo-Cowichan-The Islands): They have more respect for their stomachs.

Mr. Nystrom: They have more respect for their stomachs than we do here, as the hon. member for Nanaimo-Cowichan-The Islands (Mr. Douglas) has said.

The hon. member for Dauphin made a point when he said that we should look at the 60-year old Swede.

Mrs. Campagnolo: Mr. Speaker, I know that the hon. member would not want to leave that remark on the record. Canada has indeed advanced over the previously sad commentary on our fitness. It is now a matter of record that a Canadian male lives one-tenth of a year longer than a Swedish male, and the Canadian female lives three-tenths of a year longer than a Swedish female. I believe that puts the lie to the old cliché about the 30-year old Canadian being in worse condition than a 60-year old Swede.

● (1602)

Mr. Nystrom: I do not dare repeat the comment from behind the curtain. I am glad to have that information. I would like to see the breakdown of infant mortality rates, health rates, and things of that sort in Sweden as well. If we have made that much progress, I am very pleased. Perhaps it is because Sweden rejected their socialist government and elected Tories a year and a half ago that they have gone backward so quickly. That is probably it. It is those Tories again.

I tried to make the very serious point that I believe this is an area of public policy in most countries in the industrialized world where things happen so quickly, that most people do not realize what has occurred. We should be spending a lot more money on medical research, nutritional research, and research on how we produce our foods, into whether we are doing the right thing, and what is happening to the soil. There are all sort of studies, such as the Rennie report, which says the quality of soil in Saskatchewan deteriorated about 60 per cent in the past 20 years or so because of modern farming.

There are many things we should be looking at, but that we are not examining. We will be taking a step backward if we do not put money into medical research, research into the human body and how it responds to the environment. I make that plea as one of two I will be making in the debate this afternoon.

The second point is that I get very disappointed when I start seeing the Liberal government implementing some of the policies of the Leader of the Opposition (Mr. Clark). We hear them talk about restraint, rollbacks, cutbacks and so on. When I see someone like Joe Trudeau taking on Pierre Clark's policies, it really upsets me, because a lot of innocent people are hurt in the process.

It particularly upsets me when I see members of the Conservative party, including the hon. member who has just resumed his seat, who took my colleague from Winnipeg North to task, talking out of both sides of their mouths. They say we need more cutbacks and restraint.

Yesterday, the hon. member for St. John's West (Mr. Crosbie) said that more money must be put into Newfoundland because it has a stagnant economy. The hon. member for St. John's East (Mr. McGrath) wants more money for creating employment. The hon. member for Elgin (Mr. Wise) wants more money put into agriculture. He says there are too many cutbacks there. The hon. member for Egmont (Mr. MacDonald) says that the arts are really suffering. The Indian Affairs critic says that the Indian people are being hurt by the cutbacks and restraint. Last night over television, the premier of New Brunswick said that that province is being cut back by $15 million in federal funds and that will really hurt them.

All these things are true. Therefore, we do not know where the Conservative party stands. Are they just trying to cash in on the Proposition 13 mentality and psychology that started in California? Is that what they are saying and trying to do? Do they really believe there should be severe cutbacks?

The Tories say to us in this party that we are socialists and that means big bureaucracies, huge debts in government, all kinds of government spending and the like, as well as inefficiency. I want to refer to a few facts today that the Canadian people should be aware of so that they can see at times the Conservative party speaks with a forked tongue, indeed out of both sides of its mouth.

Let us look at the per capita debt. A couple of weeks ago the Tories were saying the debt in this country is too high, that a Conservative government would lower it.

Mr. Paproski: Are you afraid of the Conservative party?

Mr. Nystrom: I am not afraid of the Tories at any time. The Saskatchewan results have shown that. In the Saskatchewan campaign we told the people the facts. When the people saw what the Tory party was all about, they rejected it decisively in that province.

Let us look at the provincial debts in this country. Listening to the Tories, you would think that Tory provinces have the lowest per capita debt in Canada. When you look at the statistics, you find that in 1976 the province of Saskatchewan had an average per capita debt of $980.

What about big, wealthy Ontario, with 35 years of Toryism and, I take it, balanced budgets, no debts and so on? According to Statistics Canada, the average per capita debt in the province of Ontario is $2,059. In fact, about eight cents out of every dollar in Conservative Ontario goes to pay off the debt of that province which is held up as a model of Toryism in this country. In my province of Saskatchewan, one seventh of one cent of the taxpayer's money goes to pay off the interest charges on the debt of that province. When the Conservative party talk about debt and deficit financing, we think they speak with a forked tongue.

Look at oil rich Alberta. I am sure the hon. member for Edmonton Centre (Mr. Paproski) knows very well what is happening there. He knows of the tremendous mismanagement of that economy, even though they sit on a pot of black gold in that province. The per capita debt in that province in 1970 was

$775. In 1976 the per capita debt had more than doubled to $1,880.

Mr. Paproski: Is that on your research?

Mr. Nystrom: That is Statistics Canada information. In the meantime, the per capita debt in Saskatchewan was only $980. When the Conservative party talk about deficit financing and the debts run up by the NDP and the types of things we are talking about, I say they do not know what they are talking about. They seem to say that if you have good government programs, you should have big bureaucracy. That is not true. You can run very efficient government without a huge bureaucracy. In fact if you want to know how to build bureaucracies, look at Tory governments in this country. They are the best empire builders, the best builders of bureaucracy that I have ever seen.

Look at the statistics that are readily available from Statistics Canada. In the province of Saskatchewan, which has had an NDP government most of the time since 1944, only 1.8 per cent of the population is employed by the government. In the province of Alberta, that so-called picture of free enterprise, 2.4 per cent of the population is employed by the province. We again see that it is the Conservative party that is inefficient, the party that builds these huge bureaucracies and deficits, that imposes heavy taxes upon the ordinary people of this country. In the Conservative province of New Brunswick, it is 3.4 per cent of the population. In Nova Scotia, it is 2.3 per cent. In Canada as a whole, it is 3.3 per cent. In Saskatchewan, it is 1.8 per cent. Therefore, when the Conservative party start talking about cutbacks, rollbacks and things of that sort, the Canadian people should realize the record of that party when they are in government.

Mr. Paproski: We are not in government yet.

Mr. Nystrom: There is mismanagement of the economy, huge bureaucracies that are totally insensitive to the people of this country, just as that party is totally insensitive to the provinces where they govern.

Mr. Beatty: Mr. Speaker, I wonder whether the hon. member would permit a question.

Mr. Nystrom: Yes, Mr. Speaker.

Mr. Beatty: I have listened with a great deal of interest and enjoyment to the polemics of my friend to the left. He has denounced various Conservative administrations for the size of their bureaucracies. Has the hon. member consulted with the NDP leader in Ontario, Mr. Cassidy, and was he speaking on behalf of the NDP in Ontario when discussing the size of the government in that province? Is it the policy of Mr. Cassidy to cut back on the size of the public service in Ontario?

Mr. Nystrom: I was not denouncing that, Mr. Speaker. I was denouncing the incompetency of the Conservative government.

Mr. Paproski: You are as phony as the rest of the NDP, sucking and blowing at the same time.

Mr. Nystrom: There is one province which beats Saskatchewan in terms of the number of people it employs in its public service. That is Ontario, where the figure is 1.2 per cent of the population.

• (1612)

If you look at the tax load, I am glad you mentioned this, I can see if I can give you some of the tax comparisons between the province of Ontario and the province of Saskatchewan.

An hon. Member: What about Alberta?

Mr. Nystrom: I will give you Alberta as well. Thanks for mentioning Alberta. I will take a taxpayer who is over 25, who has a spouse, who has two kids under the age of 16, who is earning $15,000, owns a home with a property tax assessment of $9,200, who is insuring a 1975 Impala with public liability coverage of $200,000 with $100 deductible—he's consuming about 600 gallons of gas a year in that 1976 Impala. Now let's have a look at the tax load on that ordinary citizen in the province of Saskatchewan, in the province of Ontario, and in Alberta. First of all, let us look at his personal income tax. In Saskatchewan it was $681 for that person. Income tax, of course, is a more progressive tax. In Ontario, the income tax is some $674. In Alberta, it is $590. That is on the income tax side.

Now let us have a look at health premiums. Health premiums in Saskatchewan are zero. Health premiums in Ontario, which are a tax, a tax which is very regressive, a tax on ordinary people, amount to $456. Health premiums in Alberta, with all that money in the Heritage Fund, are $184, which I think shocks even some of the Tory members of the House.

Mr. Murta: Not at all.

Mr. Nystrom: I turn to sales tax. Alberta has us beat. They don't have any. In Saskatchewan it is $172, and in Ontario it is $264, again very heavy for a province as wealthy as Ontario. Gasoline tax—there isn't any in Alberta. In Saskatchewan it is $114. In the province of Ontario it is $114.

Car insurance—in Alberta it is $366. In Saskatchewan it is $186, and in Ontario $348.

Last but not least are tax rebates provided by the provinces in each case for the ordinary taxpayers. In Alberta the rebate amounts to $202, in Saskatchewan $230, and in Ontario it is $139.

Mr. Paproski: What's the price of turkeys in Saskatchewan?

Mr. Nystrom: When you do a total of all that, the tax load upon someone we think is an average taxpayer in Saskatchewan is $923. In oil-rich Alberta it is $938, $15 more. But when you come to Ontario it is not $923 but $1,717, almost twice as much imposed upon the ordinary citizens of Ontario as in the other provinces I have mentioned. I am very glad I was asked

to make a tax comparison between the average people in the provinces.

An hon. Member: What is the net per capita income after tax?

Mr. Nystrom: I am talking here about families with the same income. Maybe I will go over it again because I am sure the hon. member, being a Tory, finds it hard to understand.

Here is a taxpayer who is over the age of 25, who has a spouse and two children under the age of 16. He earns some $15,000, owns a home with a property tax assessment of $9,200 a year, insures a 1975 Impala with $200,000 public liability and $100 deductible, and which consumes 600 gallons of gasoline a year. So I am comparing identical families in Alberta, Saskatchewan and Ontario. The ordinary person is getting along a lot better in Saskatchewan under NDP policies than the same person in the province of Ontario. He is even getting off slightly better in Saskatchewan than in Alberta, even when you take into account the tremendous wealth which Alberta has at its disposal.

The Acting Speaker (Mr. Turner): Order. I suggest we all talk about Bill C-2.

Some hon. Members: Hear, hear!

Mr. Nystrom: I am very happy you interrupted, Mr. Speaker, because I never intended talking about taxes. It was only after our Tory friends asked me a couple of questions about tax levels in Ontario and Saskatchewan that I did so. Another hon. member asked me about Alberta, and then they wanted me to repeat it because they could not quite understand it. I am even happier, Mr. Speaker, to talk about health. Again, you can look at a comparison between the provinces when it comes to health care. You have to know which party has a philosophy which looks after ordinary people. It is one thing in the House to talk, but you have to look at political parties and judge politicians by what they do when they are in government.

We know what the government across the way has done. We have said many times we do not like a lot of the things it is doing. It should not be cutting back in this bill. But we have difficulty, sometimes, in knowing where the Tory party stand because they will speak out of both sides of their mouth depending upon which audience they are addressing. So I believe it is very important to look at their record in the provinces, and that is what I was doing in terms of per capita debt, the size of the bureaucracy, and the tax load. Now they ask me to talk about their hospital care record.

Let us have a look at Saskatchewan. Premiums on medicare in that province are zero, but the premiums in Ontario for a family of four are some $456 a year.

An hon. Member: What about New Brunswick?

Mr. Nystrom: New Brunswick as well. I do not have the figures. I assume they are high. They must be because it is a Tory province.

[Mr. Nystrom.]

An hon. Member: No, they are zero.

Mr. Nystrom: Look at the additional charges for patients. Saskatchewan does not have any additional charges, at least not now, but if we have tremendous cutbacks by the federal government then the province will have to get some money from elsewhere, and I assume they will not charge but that they will get it from resource revenue and the like. We do not have any additional charges to the people in the province, but in the province of Ontario there is an $8.60 deterrent fee for extended care in a hospital. In other words, there is a tax on the sick. I know the hon. member for Rosedale (Mr. Crombie) as a good Progressive Conservative, is violently opposed to such a tax—I remember his speech on the haves and the have-nots.

Look at the children's dental plan. There is one in Saskatchewan; there isn't one in Ontario. There is a hearing aid plan in Saskatchewan, there isn't one in Conservative Ontario. There is a drug prescription plan in Saskatchewan; there isn't one in Conservative Ontario. There is a plan to help people who are handicapped in the province of Saskatchewan; there isn't one in Ontario. Indeed, in Ontario they collect more money from hospitalization and medicare fees than they collect from resource revenue. I think this is a commentary on the Conservative party that every Canadian should know. Mr. Speaker, it is an utter and absolute disgrace.

One can go over all the statistics and see what the record of the Conservative party is. When they talk about restraints and cutbacks they do not mean to cut back on services to the wealthy, they are not going to cut back on their fancy tax gifts and being Santa Claus to the corporations. What they cut back, Mr. Speaker, are services to the ordinary people. They do it in areas such as the one we are discussing today, namely, medical care and hospitalization. What makes me angry is why the federal Liberal party, when they are desperate because of the results in the Gallup poll, adopt some of the policies of the nineteenth century party which sits here to my right.

Some hon. Members: Hear, hear!

Mr. Benjamin: There are two Tory parties. Two too many!

Mr. Nystrom: There are many things that can be said about restraint, about how it affects ordinary people. Another thing that is very interesting is the unemployment statistics which have been published recently. We find that the biggest increase in unemployment in the last year has been in the province which has been beating the drum the loudest about restraint and cutback, namely, the province of Manitoba. The average increase in unemployment in that province year over year, according to the statistics for November at least, was about 30 per cent.

If the hon. member for Lisgar has figures to refute what I say, he should get up and document them. If you look at the report from Statistics Canada you will find there has been roughly a 30 per cent increase, year over year. Of the economists I have read, most of them say that a large part of that

increase is due to some of the severe cutbacks, the meat axe that Premier Sterling Lyon has taken to many decent programs in the province of Manitoba. If that is indeed the Tory policy, we should know about it before the next federal election, because we all know what the result was in Saskatchewan when people were told about Tory policy. The Tories were kept out of office in an overwhelming landslide for Premier Blakeney. In the next federal election I am sure that when the people of Saskatchewan realize where the Tory party stands—they already know where the Liberals stand, so that does not matter—the federal Tory party in that province will be about as successful, if even that successful, as Dick Collver of the provincial Tory party in the election of October 18.

● (1622)

I was happy to say a few words this afternoon in this debate. I think the subject matter of this debate will be at the core of a big election issue. The issue will be the whole question of restraint, cutbacks, rollbacks, and where the Tory party stands. We know where the government stands because it is government policy we are debating. We do not like it. We are voting against this bill, but I maintain that it is very important that we know where the Conservative party stands, because Conservatives are going from one part of the country to the other and saying different things to different people, and different things in different regions.

The Tories are not saying the same things about unemployment in the province of Alberta as they are saying about unemployment in, for example, the province of Newfoundland. We should know about that. We should know where the Tories stand.

It has been a long time since the Tories formed the government. In provinces were there are Conservative provincial governments the people should know where the federal Tories stand. I think actions speak louder than words, and that is why I have taken some time to respond to some Tory questions about taxes on ordinary people, about per capita debt, about bungling, and about inefficient bureaucracies which are built by the Tory party. The biggest bureaucracies and those most prone to empire building and featherbedding are those built by the Tory party, the very party which criticizes anything which is more progressive than measures taken in the nineteenth century. These facts should be pointed out to the people of this country.

Mr. F. A. Philbrook (Halton): Mr. Speaker, at the close of this debate I would like to make a few brief remarks on Bill C-2, the health resources fund bill. Although the bill is not a major one, its subject matter is important. The minister and a number of others who have joined in this debate have dealt with it in detail, and I do not wish to repeat their remarks.

This essentially is a bill involving federal support for training and research in the health field. That field traditionally comes under provincial jurisdiction, but over a limited period of about 14 years the federal government has provided support in the amount of about $500 million. At the present time the fund is about 85.52 per cent committed. About 15 per cent of available funds are left in the fund.

I suppose we could say that this is a motherhood issue. We all agree on the worth of the program. We all support the idea of training and research in the health field, but I think the important thing here as between the two sides of the House is the matter of understanding the situation and of setting priorities. As a country we simply cannot afford all the good programs there are or of which we could think, especially in these tight economic and competitive times. I do not believe there is any serious conflict of motives between the two sides of the House. I think there is an understanding of the situation and of the priorities.

The Minister of National Health and Welfare (Miss Bégin) has evoked some comment during this debate. I am thinking in terms of certain feelings the minister has about this bill which may be in conflict with the times. I think we all agree with the minister's fine human sentiments and with her support for social programs. We recognize her ability to fight for her department and for her beliefs. I think that is beyond question, but it is also beyond question that she supports this bill as a minister in a difficult and responsible position, like the other ministers in the government.

It is not easy to cut back programs. It is not easy to go into a time of restraint, particularly when we have enjoyed many good years and expansion. However, the reality is that we are in a time of restraint. Some hon. members in this House are very well qualified and have their backgrounds in health and research fields. Some of our members are physicians, chiropractors and veterinarians. Some are trained in scientific research, so there would be a natural bias in favour of research in the health field. I call on my own experience in medicine and pharmacy as well as pharmaceutical research, in making comments on a bill such as this. Naturally this bill goes against the grain. We would like to keep expanding; however, that is not our only point of discipline at the present time.

Research, particularly Canadian research in the health field, has been referred to in this debate. There is a tendency to talk about cost benefits in health research, and to some extent this is valid. However, from what I have heard it seems to me that there is a tendency to talk about successes and the cost benefits of those things which have been successful, such as the polio vaccine program. Other examples have been given. However, it seems to me that such talk is somewhat misleading, although probably not deliberate. Such talk deals with only part of the picture. It does not deal with programs which have not succeeded, and the majority of research programs in any field do not succeed in producing significant results. It does not deal with the total research picture and with how much has been invested in research. Some of our comments are very selective and very much in support of research spending.

I think back to the United States cancer program, a massive program which was announced a few years ago. The idea then was, similar to their foreign aid program after the war, that if enough money was thrown into something, good results would be the reward. There were some responsible researchers at that

time who wanted support but who criticized that concept as being naive. They felt that that concept would lead to disappointment because that was not the way research worked.

There is no question that money must be involved, but what is basically needed is the right idea or a breakthrough in very sophisticated and complex scientific knowledge. One example which is often cited is in relation to my own area. At the University of Toronto Medical School two famous Canadians, Banting and Best, discovered insulin back in the 1930s. That was perhaps one of Canada's most outstanding medical discoveries, if not the most outstanding. However, it is thrown in with all the other examples, usually to indicate a need for support for medical research. However, the example itself exemplifies just the opposite. In that case a couple of devoted researchers, without any support at all—they were just allowed the use of a laboratory—and using their own funds, one summer produced a great result. That was one example of research without government or any other support.

This bill is not a major bill but it deals with an important matter. Its subject matter relates to government spending and government restraint. There are three lessons in point. One is that we have limited programs which are designed to be limited in terms of time and effects. In this case this program has almost satisfied its objectives. This matter is not far removed from the concept of sunset laws which have been suggested by many people, including some hon. members opposite.

● (1632)

The second point is the federal-provincial jurisdiction and responsibilities. As I mentioned before, this area should, strictly speaking, be under provincial jurisdiction. It is one area where, for the usual Canadian reasons, such as differences between provinces, temporary problems and so on, the federal government has stepped in to give support to the provinces. The provinces are usually anxious to have the feds out of their business—this is a very hot current subject. This matter is strictly under their jurisdiction and they should take it over and take responsibility for it. Of course, this matter is being resolved at present at the very important federal-provincial conferences on the constitution and on the economy.

The third point is with regard to the restraint programs in general. It involves all governments, as well as all parties, which will have to co-operate on this, despite debating techniques. There is always the question of where and how to get agreement on this. The provinces in particular are always pressing the federal government to cut back. Ironically, the greatest problem for the federal government in its spending program is the amount of federal transfer to the provinces, the amount of money the federal government returns to the provinces, according to our good colleague, the former president of the Treasury Board, now President of the Board of Economic Development Ministers (Mr. Andras).

How do we resolve the problem of waste? It will have to be taken care of by good, tight, improved management. The information which is brought out in the Auditor General's report is useful, but it is not the entire answer to this problem.

I should like to say in conclusion that although I think a cutback such as proposed in this bill, or any other type of restraint, always hurts, and there is no question that we will always be inclined to oppose it because expansion is much more fun—that is what we had for 20 or 30 years—unfortunately it is necessary at present. There is a conflict for all of us after all these good years, but obviously this bill is necessary. I believe it was undertaken responsibly by the Minister of National Health and Welfare. The best we can hope for is that that type of action, although necessary, will be temporary as our economic restraint programs begin to pay off and a healthy, expanding economy begins to allow more support in this field.

Mr. Gordon Ritchie (Dauphin): Mr. Speaker, it is with considerable interest that I rise to speak on this bill. Perhaps it is somewhat sad to have to speak about a program, which was of considerable value, being phased out. In retrospect, it seems obvious that it is really a return to the 1960s when there was a vast push by the federal government to inflict on the provinces a heavy burden in the comprehensive health care system, over provincial objections in many cases. The principle of universality was thrust on the provinces, a move which will now have to be limited. We recognize now that these plans cannot be continued. I should like to say to my friend, the hon. member for Yorkton-Melville (Mr. Nystrom), speaking of the record in the province of Manitoba, that in the last 13 months 12,000 new jobs have been created, almost as many as the government of Mr. Schreyer created in the last three years.

Speaking of the health resource fund, it seemed like one of the better ones in that it trained people in the health professions or in occupations associated with the health professions, and in conducting research in the health field. Now that the fund is being wiped out by the federal government, the tab will have to be picked up by the provincial taxpayer or the programs will have to be deleted altogether.

It is unfortunate that the type of programs financed by this fund will fall short, and that any research program that was started in the previous three years will be wasted in view of the fact that programs are based on a five-year period. In fact, most of the programs which are in the mill, so to speak, will be of little value. Furthermore, education and research, have been the most promising fields for governments so far as health return is concerned, because the education of professionals in the area of health has brought a return over many years.

I should like to say that when the Fathers of Confederation designated the provinces to care for the health, welfare and education of their citizens, they chose very wisely. The strains on confederation in the last ten years can be directly attributed to the move of the federal government into the tax field through income tax in order to finance the federal government's incursion into health, welfare and education, areas which rightly belong to the provinces. Previous Liberal administrations have inflicted on our citizens grandiose health plans which we find we cannot now sustain. The federal

government is washing its hands of the dollars needed for health care and allowing the provinces to make do as best they can, all the while attempting to force on the provinces expanded language training, thus moving into areas under their jurisdiction.

I would like to use this opportunity to discuss some of the problems associated with medical practice and health care. This bill only deals with one small portion of health care, but I should like to point out the differences between the health professions and the government and the direction of medical care in this country. Also, I should like to point out some means by which we might avoid some of the bad features of the socialized government health care system which we have at present. Although I will speak mainly of physicians in the health care field, I would like to include also other professionals involved in the health care delivery system. When I use the term physician, other disciplines in the health field are included.

There are many points of conflict between doctors and politicians, but the most fundamental one is their differing attitudes toward individual patients. Doctors who devote their professional lives to the care of patients like to feel that they have a duty to their patients on an individual basis in a one to one relationship. This is where the conflict arises between the attitude of the doctor and that of the politician who claims to have a much wider responsibility for the health of the people, so that he is not primarily interested in providing the best possible care for individual patients but is more interested in providing that care for as many people as possible, within the constraints of the available resources. The tension between the groups arises because of the demands of the individual and the priorities of the doctor, and the demands of the group and the priorities of the politician.

Politicians and doctors in their respective ways attempt to act for the good of individuals, but the doctor's action is a narrow one while the politician's is much broader. The conflict between the two groups may be summarized thus: the politician wishes to ensure that scarce skills are used for the general good, while the doctor who is confronted by a sick patient sees the good of the patient as the dominant factor. Doctors struggle for what they consider to be professional freedom and independence, whereas politicians put the need of public provision and public decisions over private decisions in health care.

Mr. Enoch Powell, the minister of health in Britain in the previous Conservative administration, has pointed out that one of the basic attitudes of the medical profession is respect for the independent and individual professional judgment made for the benefit of individual patients, whereas the politicians' concern is with the general consequences of individual decisions or, as he stated:

> The politician practices the subordination of individual judgments, while the doctor glories in the development and exercise of it.

There are other aspects to the politician. Politicians can achieve nothing without power, and in order to attain power in a democratic society they need votes. To win votes, they must convince the voters that their programs are worthy of support. Therefore it is easy to see that in the decades gone by, packages of health care programs, growing greater and more elaborate, have strained our resources, along with other transfer programs, to the extent that one-quarter of every dollar spent by the federal government has to be borrowed. Certainly this cannot continue. Of course politicians must be concerned with the health of the nation in broad terms. The scope of modern medicine is so broad and costly, and the expectations of the public so high, that politicians have become more involved in health care programs, particularly where there appear to be inequities both in terms of access and in the ability of individuals to provide for their own medical needs.

● (1642)

It is interesting to note that in the United Kingdom the dialogue between doctors and the state has been a long and continuing battle. Medical physicians in the United Kingdom have been attempting to preserve some independence, while the state has attempted largely to control their actions and limit their freedom of treatment. One of the great difficulties was the approach of the state to health care programs. The conventional feeling was that poor health is the direct result of poor medical care, and that if the health of the nation could be brought up to standard, then the need for medical treatment would diminish. But time has proven that the demand for health and medical care is insatiable, and that we can expect ever-increasing demands on the nation's resources of money and workers to feed this persistent expanding demand.

Medical care brings with it infinite demand on finite resources. Furthermore, it brings to the political side the necessity to make decisions as to whether primary care should be provided. Should primary care be provided by an office staffed with highly and expensively trained doctors, or should this be done by less trained and presumably cheaper professionals? Should there be increased services for the elderly and infirm? In what manner should these increased services be carried out?

At the present time there is a drive to reduce acute care beds on the basis that they are expensive and unnecessary. But, in practice, acute care beds are occupied by the productive age group of society. Keeping them out of hospital beds only prolongs their absence from work. Outpatient treatment is now in vogue. In the days of fee for service medicine, outpatient treatment was a means of saving money. But it has its drawbacks: how can we expect many people to drive 50 miles in order to attend at a hospital each morning?

Medicare and hospitalization have been installed for a number of years. They were patterned on the private experience previous to the inauguration of the health care program. But so many years have passed now that the experience of private medicine has been blurred and no longer provides signposts for guidelines. New planning must come into effect, and it must be done by people who have little actual contact with the medical world for which they will be responsible. It must come from either Ottawa or the provincial capitals. With the thrust of the bill before us, it would seem that Ottawa is

tending toward getting out of this area. In the long run it will be good idea, but it poses a number of problems.

At the present time we have reached a situation where the health care system requires reorganization. Some questions must be asked. How can the health care program be constructed and administered? We must decide on the global sum available to finance such a program. How will the global sum be apportioned regionally and locally? How can individuals attain access to the system? How will physicians and others in the system be paid? In what manner will they be paid?

The obvious disadvantage of such a system is that political expediency may make the state decide to construct a health care system which does not recognize the genuine needs of patients. Because health care is more infinite in its demands and resources are finite, perhaps politicians will have to minimize expenditures on health care so that other social policies can be pursued. Politicians run from one social program to another expending their energies, particularly in an attempt to ingratiate themselves with the electorate. An attempt at distributing resources to provide an adequate level for all certainly will downgrade the maintenance of high standards and threaten excellence. The creation of a monopoly in health care will remove freedom of choice almost completely, except in a few cases.

What about physicians themselves? Individually patients usually trust their physicians, but society as a whole does not care much for doctors. Of course doctors are no different than any other professional. I should like to refer to what Samuel Hartlip once wrote of Puritan times. It reads as follows:

> The liberty of our Commonwealth is most infringed by three sorts of men—priests, physicians and lawyers. The one deceives man in matters belonging to their souls, the other in matters belonging to their bodies, and the third in matters belonging to their estates.

Indeed the profession seemed to be under some kind of attack. Now some suggests doctors must administer a proper professional altruism, while others think the public expects too much of doctors. In a general way, perhaps society expects doctors to display unalloyed altruism, and indicates surprise and indignation when doctors take on the habits of the larger society of which they are a part.

Students of the welfare state have expressed some views as to where we are going. One suggestion was that the welfare state, as we understand it, more properly should be called "the entitlement state". People accepting welfare from the state now feel they are entitled to a considerable portion of the nation's largesse, regardless of their contribution to it. Perhaps it can be described as the expectation of the ultimate responsibility of public authority that individuals are not permitted to suffer persistent deprivation and despair. We have reached the stage where we feel no one should be deprived, but this poses a challenge to both freedom and responsibility.

One can well ask how we can revive and preserve in an entitlement state the sense that rights must be earned. Entitlement is not a one way street. Society demands a contribution to the whole, not each individual securing for himself as much as he can. The transition from a welfare state to an entitlement state will result in great disruption of benefits, unless individuals capable of accepting responsibility for their welfare are encouraged to do so.

[Mr. Ritchie.]

I would regard this bill as a high water mark. In a sense it can be used to signal a new era. It can be used to ensure that those who can afford to provide their own health benefits will do so at their own expense, either totally or partially.

The criteria laid down by the federal government in many cost-shared programs always were too rigid. Many provinces had different plans to limit and provide control over the infinite demands of free health care service. Even though the federal government still provides a large amount of money, it should loosen demands and constraints in order to allow the provinces leeway to innovate and make health care delivery systems suitable to peculiar circumstances and regions.

The retention of the fee-for-service provided a much better method of payment to physicians than a total salaried or a per capitation service. A salaried system would be inappropriate because it is very difficult, as we are now finding within the civil service, to measure productivity. At one time it was thought that fee-for-service would be expensive and make for excessive medical income, but it seems to have turned out just the opposite. Medical fees have not risen as fast as the wage structure has in the early 1970s. Those who practice in offices have had their overheads substantially increased to the point where 50 per cent of their gross fees now go to overhead expenditures, as compared with 35 per cent a few years ago. Nearly all the offices of which I am aware have had little increase in actual dollars in the last few years, and if you consider inflation they have suffered a decrease in their income. This has resulted in the migratrion of physicians to the United States, particularly those who are ambitious, energetic and perhaps individualistic and who have generally found that the practice of medicine in that country has less bureaucratic interference, and that they can practice a better standard of medicine in their own individual way.

● (1652)

Under the present fee structure in Canada it is impossible for a physician to spend much time with an individual patient and still have a high enough income to make the profession worth while. Many doctors have stated that each year they average one or two more consultations per day. An older practitioner once said there is no way under the present fee structure that he could give the time he would like to give to individual patients and still make an adequate income or even keep his office overhead at bay. Nevertheless, the fee-for-service system has allowed physicians to give extra service and consultation to patients who wish it over and above what the medical plans allow. The plan has allowed these physicians to charge extra, enabling them to limit this demand and at the same time satisfy their patients' requests for greater care. Perhaps the provincial agency could encourage physicians who wish to practice in this manner to take on patients who may wish the extra care.

However, there is a tendency for bureaucrats to be suspicious of both physicians and patients who depart from the accepted pattern. Doctors are limited in practising outside the plan even though there is a demand for their services over and above what the plan allows. In fact if this demand grows, it indicates, presumably, that either fees are too low, the government's pay is too low, or that there are not enough physicians to go around.

As I said, Canada has lost some of its doctors to the United States. I do not consider the loss serious, however, because we are probably in an oversupply situation, and with the immigration of doctors into Canada from other parts of the world, I am sure that we have adequate numbers, even though they may not be distributed quite the way people would like.

At the hospital level, it is obvious that great changes are taking place and that bureaucratic administration, of necessity, seems to be an all-encompassing grey blanket over the time of physicians and other health care professions. I would estimate that fully one third of a physician's time in a small general hospital is taken up with paper work, which takes away from the medical treatment for patients, but seems to be necessary to get through the bureaucratic jungle of a hospital. The accreditation service of hospitals may have originally been a help, but it has created a vast waste in terms of the time of physicians, management and other staff within the hospitals, who must get ready for the visit of the often uninformed inspector who comes from an entirely different environment.

It seems to me that hospitals should be encouraged to set aside a small number of beds for patients who desire privacy or admission at their convenience and are willing to pay for it. I have already stated that there is an infinite demand for medical service today, but only finite resources. The rate charged for those wishing these special services would have to be high enough to return to the hospital enough extra income to provide for some of the amenities, but more than that, would provide extra funds at the administrative level for their own use. One of the great difficulties of hospital management is that they have no money to spend on their own, but are controlled by the provincial paying agency.

Of necessity, health care and health decisions must be made by managers who are not themselves health professionals, and it is difficult for them to understand the rationale of health decisions. The management of hospitals and general medical care must become more divorced from the day to day operations of medical care. Unless conditions change, many professionals now in the health care field will leave and take up other endeavours where the pay and conditions of work are better and where they would not have to work under a non-understanding bureaucracy.

I am glad that I have had this opportunity, Mr. Speaker, to put on the record some of my thoughts with regard to health care, of which this bill forms a small part.

PROCEEDINGS ON ADJOURNMENT MOTION

[*English*]

SUBJECT MATTER OF QUESTIONS TO BE DEBATED

The Acting Speaker (Mr. Ethier): Order, please. It is my duty, pursuant to Standing Order 40, to inform the House that the questions to be raised tonight at the time of adjournment are as follows: the hon. member for Halton (Mr. Philbrook)—Health and Welfare—Request government reconsider cut in family planning grants program; the hon. member for Selkirk (Mr. Whiteway)—Urban Affairs—Interdepartmental committee to study urban affairs; the hon. member for Yorkton-Melville (Mr. Nystrom)—Grain—Movement of grain—Purchase of hopper cars.

It being five o'clock the House will now proceed to the consideration of private members' business as listed on today's order paper, namely, public bills, private bills, notices of motions.

PRIVATE MEMBERS' PUBLIC BILLS

[*English*]

EXPORT DEVELOPMENT ACT

AMENDING MEASURE TO EXCLUDE MINING CORPORATIONS FROM APPLICATION OF ACT

Mr. John Rodriguez (Nickel Belt) moved that Bill C-205, to amend the Export Development Act (mining business), be read the second time and referred to the Standing Committee on Finance, Trade and Economic Affairs.

He said: Mr. Speaker, the purpose of my bill, C-205, is to exclude mining companies from the application of the Export Development Corporation, a very straightforward proposal and a rational approach to a serious problem.

I am sure that there is no question in the minds of many thousands of Canadians that we face a crisis in this economy when workers in Stewart, British Columbia, in the riding of Skeena, are laid off because the mine is closing down. The situation is further illustrated when Inco announces a lay-off of 3,000 people, when Falconbridge cuts back its work force, when Alcan closes its flourspar mine in St. Lawrence, Newfoundland and moves to Mexico, and when Inco moves to Guatemala and Indonesia, when Buchans in Newfoundland is threatened by Arco that they will be closing down their operation, when Thompson workers are affected by lay-offs. There are many workers who recognize that there is a crisis in the economy.

● (1702)

I believe all Canadians recognize that we have a serious problem with respect to unemployment in this country. It seems to me that the government has a serious responsibility having given so much of the Canadian tax dollar and so much Canadian property to so few in terms of the mining companies. The quid pro quo would be more employment generated as a

result of those particular handouts. Indeed, we do have a serious problem in the mining and manufacturing industry in Canada.

I found some very interesting reading in a book put out by the federal Department of Energy, Mines and Resources. The book is entitled "Mining to Manufacturing—Links in a Chain". I thought the title was excellent because it shows that mining and manufacturing really are links in the same chain. The writers of the publication set out to have a look at the situation as it exists in Canada and to find out how many jobs were lost because we did not do enough manufacturing, and what could be gained if we started to do the work here. To quote from the book:

> Canada exports large quantities of relatively unprocessed materials and in return imports more highly fabricated products, and consequently, exports goods producing relatively low economic impact while importing goods are potentially high economic impact.

There was an example given of the mining sector. It said:

> There are apparent opportunities for proportionately much greater economic benefits to Canada from all the major mineral commodities if mine output were metallurgically processed and fabricated either for export or to replace imports.

The specific example of nickel was given as follows:

> Thirty-eight per cent of the total fabricated nickel supply is imported.

Does the seriousness of that statement impact on us at all?

The book continues:

> Approximately 10 per cent of nickel primary supply is imported.

It was also stated that 83 per cent of nickel was exported by the second or smelting and refining stage. What all of this boils down to is about the same thing that we have been saying all along on this side of the House. We are exporting raw materials. Along with those raw materials we are exporting jobs. We are exporting jobs in the manufacturing sector to those countries that refine and use our minerals in industry and in turn sell those finished products back to us. We are talking about a rather vast amount of money and hundreds of thousands of jobs.

In Canada the value of non-fuel mineral production reached $8.2 billion in 1977. That came to 4 per cent of our gross national product. Now consider that the Department of Energy, Mines and Resources in its book has already admitted that we export our raw materials and import manufactured goods. Consider also it was stated in the book that ten times as much labour was required at the fourth level of production, say the making of copper pipe, as is required at the first level, or mining. Consider that four times as much work and labour are required at the third level which might be, for example, fabricated nickel, as is required at the mining stage. When all of that is taken into consideration, Mr. Speaker, it is clear that we do have a great potential for jobs in Canada. Indeed, it amounts to hundreds of thousands of jobs.

It is equally clear that this country lacks any sort of long-term planning and development of an industrial strategy that will put Canadians to work and create hundreds of thousands of jobs. The book graphically describes that this feat could be within our grasp. The export sector of our economy is an integral part of that kind of long-term planning. Incidentally, the Minister of Finance (Mr. Chrétien) dismissed this out of hand the other night when he brought down the budget. When we permit the export of capital from Canada we are ensuring that we are locked in forever into a cycle of ripping out resources and shipping them abroad, and along with those resources we ship out the jobs.

The Minister of Industry, Trade and Commerce (Mr. Horner) has said repeatedly that we have a kind of co-ordinated strategy. On June 20, 1978, when I said in this House there was no co-ordinated strategy, the minister said, "It is being co-ordinated". That, Mr. Speaker, is not true. We do not have any kind of long-term strategy, let alone a co-ordinated one. That is the problem which my private member's bill meets. We are trying to prevent this kind of fiscal adventurism by foreign mining companies, multinational in nature, beyond the borders of Canada at this particular time, in our development of the mining industry. We are not talking about nickels and dimes. We are talking about billions of Canadian dollars which are being diverted out of the country to develop foreign mines which at some point will compete with Canadian mining industries. There can be no question that this will have a detrimental effect on the Canadian economy.

There can be no doubt that as we set up loans to sell mining equipment to Panama, what we have is a trade-off between the gain of short-term manufacturing jobs in Toronto at the expense of long-term mining jobs in such places as Stewart, B.C., the Sudbury basin, Thompson, Manitoba, and in Newfoundland. The list goes on and on.

The Minister of Industry, Trade and Commerce made the point obvious to me in a letter he wrote on August 31, 1978. I had previously written to the minister criticizing the EDC loan to Panama which was made to develop copper resources of Panama. The Minister said this in his letter:

> A project such as the one in Panama cannot be completed over night. By the time the Canadian companies involved and EDC have made the most careful assessment of risks, analysed feasibility studies, applied the strict rules we have concerning Canadian content of any of the equipment, machinery or services in connection with such a venture; planned the project, shipped the machinery, installed it, ensured that the right infrastructure is in position and handed it over, many years will have gone by. We must not look at the situation in 1978, but rather in 1983 or even later.

That is exactly the point, Mr. Speaker. It is indeed unfortunate that this government and the Export Development Corporation are not looking into the future of what the development of one of the world's largest copper projects will do to our own copper mining industry. The billions of dollars we are investing now have both long and short term effects. There is no denying that the support for exports does provide jobs. EDC does an ample job of showing this money which they send out of the country does produce short-term manufacturing jobs in Canada, and we cannot object to the jobs they create. We have no objection to finished rails being shipped to Mexico for its railway system. We cannot object to the EDC selling components to Brazil for a hydro system there. We have no quarrel with that.

Let us look at some examples and keep in mind the short-term and long-term benefits. The one most prominent example is Inco. Inco is involved with the development of lateritic nickel in Indonesia and Guatemala. In fact Inco's Guatemalan operation went on stream on July 12 of this year and will produce 25 million pounds of nickel annually. The Export Development Corporation supported those two developments in Guatemala and Indonesia to the tune of $77 million.

● (1712)

Here we have a situation in which Inco has laid off thousands of workers this year in Canada while at the same time bringing a new nickel source on stream. We must keep in mind that the Guatemalan operation will lose money this year because of the process being used. Inco, however, has guaranteed that the product will be sold at a price that will bring a return to the Guatemalan economy. That statement is supported by the Latin American Economic Report, and I quote:

> Since 1973 the price of oil and worldwide inflation have raised production costs above the world nickel price, forcing Inco to give guarantees that all output would be sold at a price which would allow the Guatemalan company to cover its financial obligations until they were paid off.

Isn't that wonderful? This large multinational mining company is presently laying off workers who are on strike because they are crying poverty. They only made $100 million last year in their profit. In the third quarter, they only made $67 million net profit, yet they cried poverty. They cannot afford to pay their workers a decent wage even though they originally allowed to build up a stockpile of over a year's supply of nickel.

That company has fled Canada and is developing the resource in Guatemala and Indonesia. Lo and behold, who is there helping them—the Export Development Corporation! I know the parliamentary secretary will argue that that loan of $77 million created some jobs. Sure it did, but where are those jobs?

Mr. Philbrook: In Canada.

Mr. Rodriguez: Those jobs are in southern Ontario, in the golden horseshoe.

Mr. Philbrook: That is in Canada.

Mr. Rodriguez: It is not in northern Ontario where the stuff is mined. That is where the people suffer. That is where they are laid off. I wish the hon. member from southern Ontario who has the temerity to interject from time to time would make a speech.

Mr. Philbrook: I will.

Mr. Rodriguez: None of these workers can leave the Sudbury basin and pick up a job in southern Ontario. That is a dangerous situation. We have not developed the mining industry in this country to maturity. We do not have the infrastructure to develop the resource to a finished product. That is where the jobs are. They are in finishing the raw resource, not shipping it out.

Every time the Export Development Corporation makes a loan to a multinational mining company for it to develop its resource abroad, it does us considerable harm down the road. That is compounded by the announcement in the budget speech that the mining companies will now get a 100 per cent write-off on the development of new mines. Those policies are superimposed on a situation where we have developed over the years and will continue to develop as hewers of wood and drawers of water. I cannot see any attempt to turn that around. It would be better, as recommended in the booklet of the Department of Energy, Mines and Resources, to go from mining to manufacturing. It is a chain. It is interconnected.

Recognizing that, would it not have been logical for the Minister of Finance to have given the 100 per cent write-off on developing the infrastructure at the source where the resource is mined to take it to a finished product? Would that not have made more sense? It would have at least indicated that we are trying to break out of this vicious cycle of ripping out stuff and shipping it abroad. We cannot go on in that way.

The Minister of Employment and Immigration (Mr. Cullen) comes up with doling out more Canada Works money. Does that make sense, shoving it one end and allowing a rip-off program at the other?

How do you justify the Department of Economic Expansion, which has designated areas, pumping out money to industry to go into those areas, while at the same time the Export Development Corporation is inciting corporations to stay and in fact expand in the golden triangle? If you look at those new programs, you see that one negates the other. It does not make any sense.

I now want to touch on the Panamanian deal. That is quite an interesting situation. It is a real rat's nest. There we have one of the world's largest copper deposits.

Let us look at the firms that have been involved there. Canadian Javelin first opened the project. John Doyle was the promoter of the Canadian Javelin Company. Later on Noranda became involved. Note all these good corporate patriotic citizens. Guess who finally ended up managing the whole shebang? Guess who is doing that while enjoying a nice 20 per cent equity in the project? It is none other than Texas Gulf Incorporated. What is a nice Canadian Development Corporation Company like that doing in such a den of snakes? Canadian taxpayers own that company through the Canadian Development Corporation. One would expect that corporation to be dedicated to creating jobs in Canada. I do not understand it.

The minister says that operation will go into effect in 1983. It will compete in the area of jobs with the Canadian copper industry which does not have the infrastructure strength that it ought to have at this time.

I see, Mr. Speaker, you are giving me the signal like horses coming through the gate for the start. I will, therefore, conclude. The argument we make is that the mining sector should be excluded from the provinces of the Export Development Corporation. Jobs are at issue. An infrastructure around the

mining sector in this country is important. If the EDC has money to lend, it ought to be loaned for the development of that sort of infrastructure and to develop those kinds of jobs in Canada.

● (1722)

[*Translation*]

Mr. Bernard Loiselle (Parliamentary Secretary to Minister of Industry, Trade and Commerce): Mr. Speaker, the Export Development Act voted in 1969 gave extensive powers to the corporation, which was in a position to borrow, deal with or provide security for loans, conclude insurance contracts, grant export credits and provide guarantees for export and investment operations abroad. I think that the best way to proceed is to analyze its activities and their effects in each sector.

Let us begin by the export loans area. Those loans are granted to importing countries to enable them to purchase goods and services from a Canadian supplier. It makes it possible to preserve if not to create some jobs. In 1977, the value of export financing exceeded $1 billion for the first time. This was an increase of 30 per cent over the 1976 figure which amounted to $736 million. Canadian export sales made possible by those loans were beneficial to more than 50 exporters and over 250 main subcontractors under 42 agreements signed with 22 countries. That money is not going out of the country, it is used to pay for the purchase of machinery manufactured in Canada which will serve in the development of these projects. As far as the export credit insurance program is concerned, this service offers to Canadian export companies general or individual insurance policies which cover any risk which commercial insurance companies do not cover. Among these risks, let us mention wars that might start in the importer's country, default in payment by the foreign purchaser of Canadian services and products, and so on.

These insurance policies favour the export of Canadian goods and eliminates certain risks which unfortunately do exist in some countries. Mr. Speaker, in 1977 the balance of insured exports reached the record level of $1.45 billion. The increase in the value of exports insured in 1976 is about $100 million. Moreover, the corporation offers services to companies wishing to invest in foreign countries, which allows Canadian businessmen to invest without worrying about policies which could jeopardize their investments.

If I may, Mr. Speaker, I should like to call the attention of the House to the fact that the corporation is relying more and more on international money markets as a source of funds. Which means that it is borrowing abroad to lend abroad. The result of this, as far as our balance of payment is concerned, is to transform a credit operation into a cash operation. Thanks to this new procedure, the corporation need no longer borrow from the consolidated revenue fund, as it used to.

I should like to remind hon. members that this Crown corporation is a profitable venture, as its net benefits for 1977

amounted to $18.7 million, an increase of 6 per cent over 1976. Our per capita exports amount to $2,000 and represent approximately 22 per cent. Canada ranks among the top countries of the world which rely most on their exports. In 1976 it could become the seventh largest exporting country of the world for the value of its exports and the second for its per capita value.

This clearly demonstrates the importance of our exports and of the part the Export Development Corporation must continue to play to help our country create new jobs and realize its trading potential.

We must rely more and more on the export of goods and related services to ensure our economic growth and reinforce our industrial sector. I have often heard hon. members say in the House that our manufacturing industries could not sustain competition or that our deficit was way too big in view of the products manufactured here. Surely, the Export Development Corporation has helped enormously to increase the exportation of our manufactured products.

The EDC is probably the most misunderstood corporation in Canada. Many members opposite and many Canadians do not really understand the government and the EDC role. A few months ago there were lay-offs at Inco. Deep concern was expressed because Inco had built nickel mines in Guatemala and Indonesia and it was said that in some way this resulted in fewer jobs for Canadians. In this particular case, EDC granted approximately $20.75 million for the Guatemala mine and $57.25 million for the Indonesia mine.

I will explain what really happened. The project was well underway and Inco came to EDC to obtain financing guarantees. It stated it would buy about $1 million's worth of goods in Canada. EDC accepted that amount as being sufficient and, after many discussions, finally obtained that the other party agree to purchase more goods manufactured in Canada, in fact up to $60 million worth of them. About $900 million were spent on the project and nickel mines were opened up in both countries thanks to financing advanced by Japan, Germany and Great Britain. On the other hand, EDC gave assistance by selling mining equipment in both countries. We sold for 4,800 man-years of work in Canada, which is why I can say that EDC thus creates jobs.

Here is another example of the work performed by the Export Development Corporation, with a view of creating jobs in Canada: On April 5 last, the biggest insurance contract ever for a company, covering sales for $1 billion, was signed by Bell Canada with Saudi Arabia; that figure includes $250 million in guarantees and $180 million in export credit guarantees. That sale will represent no less than 2,500 man-years of employment for Canadians. I am giving you those few specific examples to give parliament and our fellow citizens an idea of what EDC really accomplishes.

On March 9, 1978 it agreed to make loans for a total amount of $57 million towards the sale to Argentina of

technical and mining equipment estimated at $67 million made by the Canadian companies Sandwell and Company Limited of Vancouver, and SNC-Rust Limited of Montreal. There again, those decisions led to the creation of an incredible number of jobs in Canada. On October 3, 1978, EDC announced that it had agreed to lend $218 million to H.A. Simons (Overseas) Ltd. of Vancouver, to help it build a pulp mill in Czechoslovakia. The following day, Mr. Speaker, it announced that it had set up an important line of credit, for $1.2 billion, with Algeria, which will allow the creation or continuation of Canadian jobs, for Canadians, in the country. Small business profit as much by these operations as large ones. For example, one need only refer to the list of subcontractors for the steel mill project on the Raritan River, in Perth Amboy, New Jersey.

Suppliers include Provincial Crane Limited of Niagara Falls, which will supply $2.6 million worth of cranes; the Lake Ontario Steel Company of Whitby which will supply $461,000 worth of steel reinforcements; Canadian General Electric of Scarborough which will supply $1,780,000 worth of main control continuous current motors and thus create 77 man-years of work; Whiting Equipment Ltd. of Welland will supply a $1,521,000 electric arc kiln; Concast Canada Limited of Montreal will supply a $2,230,000 molding machine and Brown Boveri Canada Limited of Pointe-Claire will supply $1,730,000 of electric systems and controls and thus create 54 man-years of work.

Here are other companies who took part in similar operations.

The EDC helped Versatile Manufacturing Limited of Winnipeg, shipyards both on the east and west coasts, and mining and nickel industries in Ontario. In fact, it helped substantially the nickel industry. If we are to encourage our secondary industries, we need agencies like the EDC. All the large exporting countries have exactly the same type of agency. Anyone who has the slightest idea of what economics are all about knows that it is ridiculous to question that corporation, perhaps to ask for its abolition, to refuse to export machinery and equipment to countries like Poland.

We would not leave our industries to their own fate on world markets where they will have to face the American EX-IM or Japanese, German and French financial companies; they need the help of a similar agency. The EDC works hard to help Canadian manufacturers, just like EX-IM helps U.S. manufacturers and financial companies help Japanese, German and French manufacturers.

The main criticism levelled at the Export Development Corporation concerns the fact that it is used to finance industries which compete with those already established in Canada. Since certain people and certain parties have left Canadians with the false impression that by financing Canadian industries in other countries, the EDC somehow contributes to the loss of jobs in Canada, I believe it is important to refute this immediately in the House. Major capital projects will be implemented in Indonesia, Poland and Iran whatever happens, with or without Canada's participation.

These projects will be launched. Third world countries and other developing countries will build their own paper plants. If they have nickel or copper deposits, they will not be content to do nothing about them.

If my friends in the opposition do not agree with me on this point, if they refuse to admit that these projects will be seen through with or without our participation, if they wish Japanese, West German or British companies to become established throughout the world while ours remain in Canada, let them say so! Let the Japanese, the West Germans and the British open up mines in Indonesia and Guatemala. Let them submerge us with their capital while we do nothing and refuse to invest in industries which could compete with our own. When they suggest that capital projects in Poland, Iran and Indonesia would not be carried out without the participation of Canada, they are misleading Canadians. These projects will become reality whatever happens. The only issue is whether Canadian manufacturers will benefit from a part of these projects. It is only a matter of allowing them to participate.

There is no alternative. We must simply decide whether Canada will participate in certain projects and whether employment will be created because of this participation. It is ridiculous to pretend that these financing programs reduce the number of jobs in Canada. This may create a certain competition for Canadian products, but if Canada did not participate in these projects, this competition would come from Japan, Germany or the United Kingdom. Their plants manufacture the material. You either take advantage of it or think we are poor economists. In this era of instantaneous world communications, locally minded people do not go very far. Indeed, the figures speak for themselves. The Export Development Corporation is a Crown corporation of which Canadians can be proud. The good reputation it has all around the world is shared by Canada and all its people. In addition, through its operations it contributes a lot to the industrial and economic expansion of Canada.

Mr. Speaker, when the hon. member for Nickel Belt (Mr. Rodriguez) speaks of industrial strategy and coordination, I say to him that this government in the past two years got on the best track with respect to coordination, and the appointment of Mr. Andras to the new department is a concrete sign of that. But it is easy, Mr. Speaker, as the hon. member for Nickel Belt does, to sit around a table with good wine and theoretically write the best industrial strategy. But in that respect, I think my experience is somewhat broader than his, and I ask him to table a serious document really showing us what to do. Did we not do enough through the interventions of the Department of Regional Economic Expansion in his own area, in the case of the investment by Ford, among other things? Coming from Quebec, I can easily imagine the frustra-

tion of the people of Sudbury at not getting that project. But, Mr. Speaker, we offered a clearly more substantial amount to that company to go and locate in a designated area, whether it be Quebec or Sudbury, and they refused. Economic planning the way the hon. member for Nickel Belt would want to have it is the best way precisely to see our investment go away.

The haphazard socialism of the hon. member for Nickel Belt should be a disgrace to many other members of the New Democratic Party who do not share at all the same point of view as the hon. member for Nickel Belt. Fortunately, that party has members with another and clearly more practical approach than that hon. member who is only trying to get elected by blaming it all on a company, a Crown corporation, and thinking that by getting everyone upset in his riding he is going to get re-elected. I will be looking for him in the next election campaign.

● (1732)

[*English*]

Mr. F. A. Philbrook (Halton): Mr. Speaker, I welcome this opportunity to add a few comments in the debate on Bill C-205 proposed by my friend, the hon. member for Nickel Belt (Mr. Rodriguez). The hon. member seems to have a one-track mind: right train, wrong track. Or to put it a little more diplomatically, he has a single-minded approach to the subject of the Export Development Corporation. The questions he has raised here today are not new. He raised them during the debates on Bill C-47 in May and June of 1977 and on Bill C-36 in April, May and June, 1978. He has asked the same question dozens of times and has received the answer dozens of times. Just for my friend's sake we will try it just once more.

The hon. member seems to believe that Canada can arbitrarily influence other countries to cease developments if we refuse to supply them. We do not have a unique technology. If we do not sell, others will.

Mr. Rodriguez: Let's develop our own first.

Mr. Philbrook: I will elaborate on that point in a few minutes. On the other hand, one thing I would like to know is how the hon. member and his colleagues in the New Democratic Party, with its humanitarian posture, feel about development and jobs in less privileged countries than Canada including—and I say this respectfully—his own place of origin, Guyana.

Let us look at what the Export Development Corporation does. It is probably the most written about and talked about Crown corporation—favourably—and probably one of the least understood. First, let me describe what it does not do. It never gives away money, never subsidizes anyone for any reason, never lends money to Canadian companies, is self-financing and is not in the aid business.

According to EDC brochures, its goal is to facilitate Canadian export trade through the provision of loans, insurance and foreign investment guarantees. Its insurance covers many risks. It can be protection against non-payment for goods and services by foreign buyers, covering either commercial risks, bankruptcy, insolvency, repudiation of debt and so forth or political risks, war, riot, insurrection, convertibility problems and other problems. This insurance can be on all export volume in a year or on a contract by contract basis. The EDC also provides surety insurance to Canadian exporters, covering the risk of wrongful call on bank guarantees or surety bonds by foreign buyers. A new service offered is contractors' surety, which covers contractors involved in construction projects abroad. The EDC's insurance covers all sizes and varieties of exporters, large and small.

Another service is foreign investment guarantees. This insurance covers investments abroad by Canadian companies. Insurance is offered only when the EDC is convinced that the proposed investment is beneficial and acceptable to the host country and, more importantly, that there is a major return to the Canadian economy.

The service which attracts most of the attention and misguided criticism is the EDC's loan facility. The EDC lends money to foreign buyers of Canadian goods and services. These loans are fully secured and negotiated at rates of interest above the cost of money to the EDC.

Funds for these loans come from world capital markets, not out of taxpayers' pockets. The money never leaves Canada, as the EDC, acting on behalf of the foreign buyer, disburses directly to the Canadian exporter as he exports. To assure that Canadian jobs are being created or maintained, the EDC ensures that in each transaction Canadian content is maximized. In recognition of the importance of the role of developing and maximizing Canadian industry participation in each transaction, the EDC closely monitors the application of corporate Canadian content objectives. Thus, when loans are made to finance sales of Canadian equipment and services to projects being built in other countries, jobs in Canada's manufacturing industry are being created or maintained. One thing must remain clear: If there are no Canadian sales, then there is no EDC financing or any EDC insurance.

All the major trading nations of the world provide government support to facilitate trade. EDC facilities help Canadian exporters to meet competition on a non-subsidized basis. If a product or service is competitive in price, quality, delivery and service, the EDC enables the exporter to offer competitive credit terms. The EDC attempts to neutralize financing as a consideration in the awarding of contracts.

This bill is based on one of the most frequent misconceptions about the EDC. The hon. member feels that the EDC and Canada should not finance sales to industries or projects which may prove competitive to the Canadian mining industry. This rests on the belief that such action would benefit Canada by eliminating this competition. The problem with that thesis is that, by corollary, it must presume that Canada can prevent another country from developing projects and, that Canada is the sole proprietor of viable technology. However, the fact remains that, whether we like it or not, we live in a fiercely competitive world economic environment. If Canada does not sell mining technology, Great Britain, France, Germany,

Japan, the United States, Sweden and a host of other countries will.

● (1742)

Canada has no monopoly on either the technology or the capability for sale and construction of capital intensive projects. This has been explained and re-explained to the hon. member. He said during his speech that he hoped the hon. member from southern Ontario over here would have the temerity to stand up and say something. Well, now he is hearing it, but he is hearing the same thing he has heard many times. On May 3, 1978, during the meeting of the Standing Committee on Finance, Trade and Economic Affairs studying Bill C-36, the extent of EDC's participation in the Inco-Indonesia and Inco-Guatemala decisions was explained step by step.

The decision to go ahead in these cases had already been made by the buyer—that is, the foreign country; and EDC turned $1 million of procurement into $80 million on a $900 million project. This rationale was repeated over and over at subsequent meetings, but some hon. members, including the hon. member for Nickel Belt, would not accept the explanation.

Mr. Rodriguez: Never.

Mr. Philbrook: They seem either unwilling or unable to accept some very basic truths.

Mr. Rodriguez: Both.

Mr. Philbrook: Indonesia and Guatemala decided that they wanted to develop their nickel deposits. Had Inco been unable to go along with government plans, another company would have been given the options. The basic decision having been made—whether or not Canada liked it being of very little importance—the next step was equipping the mines. Canada, largely through EDC, received, as I said earlier, $80 million worth, creating or maintaining 4,000 man-years of employment. Had EDC not participated, the net result would have been $80 million going to another country, 4,000 jobs going to another country, and the unfortunate lay-offs in Sudbury taking place anyway.

Mr. Rodriguez: What about R and D in mining?

Mr. Philbrook: The question for the foreign buyer was "Where will the equipment be bought?", not, "Should we develop our resources or not?".

The Export Development Corporation has had an excellent track record in assisting Canadian manufacturers to land sizeable contracts which would otherwise have gone to foreign competitors. In Poland, for example, the recent contract for the construction of a pulp and paper mill had virtually been awarded to the Findlanders, a fait accompli, including the sale and financing. Through the efforts of a Canadian trade official in Warsaw, negotiations were reopened with the Poles. He persuaded them to hire H. A. Simons Ltd. of Vancouver as consulting engineers, thus helping to open the door for Canadian equipment subsuppliers as well. EDC supported H. A. Simons and got the Poles to use their services on a $50 million plus contract. Also forthcoming were equipment orders of at least $250 million as part of the whole package.

We have no direct control over what other countries do with their economies. We must try to capitalize on these opportunities to sell as many goods and services as possible. They are going to proceed, whether or not we fight, yell, scream and protest. Given a choice between half a loaf or none, which would you choose?

Mr. Rodriguez: Developing our own industry.

Mr. Philbrook: I think most Canadians would agree. The effect of this bill would be to prevent the use of EDC's services by viable sectors of the Canadian economy. All mining equipment, mining exploration and support companies would find exporting much more difficult. Not only would we lose the jobs related to these sales, but also the capacity to keep up with foreign competition, which is probably the most important challenge we face today. The effects on the Canadian industry would be horrendous.

This is an ill-advised bill. It is worse than ill-advised, it is harmful and should be withdrawn. From the prattling I have heard from the hon. member who introduced the bill, I doubt whether he has been able either to understand or accept this explanation.

Mr. Hugh A. Anderson (Parliamentary Secretary to Minister of Indian Affairs and Northern Development): Mr. Speaker, Bill C-205 which was introduced by the hon. member for Nickel Belt (Mr. Rodriguez) represents a long standing issue, one which relates to the old chestnut that the Export Development Corporation is financing mining projects abroad which some day might compete with mining projects in Canada.

I should like to quote from the *News* of Truro, Nova Scotia, an article by John D. Harbron, a foreign affairs analyst from the Thomson News Service. He writes:

> It's hard to understand why the trade union movement and the New Democratic Party, so concerned with our high unemployment, continue to attack the Export Development Corporation for financing overseas business for Canadian industry—
>
> The Export Corporation's latest annual report indicates it had created 200,000 jobs during 1977 with a total of $1.2 billion in new export sales.

Bill C-205 aims to restrict EDC from supporting companies and individuals engaged in the business of mining in Canada or controlled by persons engaged in the business of mining. As has been pointed out by my colleagues, whether or not the Government of Canada supports mining companies in Canada through EDC in exploration or development abroad, as sure as God made little green apples those projects will go ahead. The hon. member for Nickel Belt laughs, and well he should laugh because he has no idea of economics.

Perhaps it would be a good idea for me to quote a Timmins newspaper because maybe it relates to the hon. member. This is from an article which appeared in the Timmins *Daily Press* of September 16.

Mr. Rodriguez: Another Thomson paper?

Mr. Anderson: It reads:

One of the beauties of being the mouthpiece of labour, which means that favour must be curried at all times, is that logic can be tossed out the window and your intelligence given a permanent holiday.

The decision to establish a nickel mining operation in Indonesia or copper mines in Panama is not dependent upon decisions made in Canada. They are decisions made in the host company, and the only question that comes up is whether Canada will participate in those developments, whether goods and services will be bought in Canada or, as the hon. member for Nickel Belt would have it, whether those jobs should go to Germany, Japan, Italy, France or Great Britain. For a person who is interested in jobs for Canadians, I must say the hon. member is a sad example of someone who wishes to create jobs in Canada.

Mr. Rodriguez: What about our mining industry?

Mr. Anderson: If a project is proven feasible on the basis of world commodity markets and on the basis of the economics of the mining operations, then the host country, with or without Canada's acceptance, rejection or participation, will exploit the opportunity. Does anyone blame them? Would there be any company in Canada in the mining industry which, on discovering a fantastic gold body, would wait to find out whether the United States or the United Kingdom would wish to participate in it? It would be exploited and explored to the benefit of Canadians, regardless of what other countries became involved.

So why do we have to go through the exercise every three or four months of explaining to the hon. member for Nickel Belt that all we do through EDC is to make sure that a part of the development which takes place in other countries is of some benefit to workers in Canada? I wish the hon. member would stand up on some other occasion, perhaps in areas where jobs are created by EDC, and tell the people that his party is opposed to having industrial development in Canada based on the development that is taking place in another country. I do not think he would do this for two reasons: first, he knows it is patently false; and second, I do not think he has the nerve to do it.

The technology and the sale of equipment to Canadian companies, especially in the mining industry since we are talking about the mining industry, is tremendously important in the sense that many of our companies which supply mining material and which supply technology for the mining industry can only exist in Canada if they have a foreign market, because Canada is not the largest market in the world for this type of development. These companies rely on having access to foreign markets. If we allowed the hon. member's bill to go through, it would bankrupt numerous companies which supply the mining industry not only in Canada, but throughout the world.

• (1752)

Unfortunately the hon. member for Nickel Belt has no idea of economics. That is evident from the remarks he made when introducing Bill C-205 and other occasions when the Export Development Corporation subject was brought up in the House.

Mining projects abroad are costing in the order of $1 billion each. These projects span a period of at least five years. They require extensive planning and result in long-term manufacturing jobs. Although these particular projects are worth $1 billion each, they add only a few percentage points to the world stock of nickel, copper or whatever.

Mr. Rodriguez: Baloney!

Mr. Anderson: Apparently the hon. member for Nickel Belt disagrees with that comment. Of course, he does not agree with very much, so one would not expect him to agree with that comment.

The hon. member for Nickel Belt brought up the question of Panama. I should like to refer to that matter. Recently there has been some press coverage regarding EDC financing in the order of $1 billion to Empresa de Cobre Cerro Colorado S.A., a copper mining project in Panama.

Mr. Rodriguez: Your Spanish is awful.

Mr. Anderson: Perhaps my Spanish is awful, but I was referring to a copper mining project in Panama. The required financing would be to support the sale of equipment and servicesby Canadian exporters for copper mining, concentrating, smelting and to cover local costs. The project would be for one of the world's largest copper ore bodies. It involves a four to five year construction period and the development of a port facility. Feasibility studies have been undertaken by some of the leading consulting firms in the world. Approximately six companies have studied engineering, capital and operating costs, price and market demand forecasts, and financial analyses.

Texas Gulf Canada, Ltd. and a consortium of Canadian companies will supply equipment and services to the buyer. The project calls for an open pit mine, fed by 25 million to 30 million tonnes of ore per year.

I should like to refer to the cruncher, and I hope the hon. member will pay close attention to what I am about to say. The project could involve approximately 30 Canadian companies. It will provide some 30,000 to 40,000 man-years of Canadian employment for manufacturers and suppliers across Canada. This is at a time when we recognize that our economy is soft, that we are not utilizing fully the resources in Canada, and when there is underemployment. When we have an opportunity to create this number of man-years in jobs, the hon. member for Nickel Belt says, "To hell with it, we do not need those jobs. Let the Japanese have them; let the Germans have them".

Mr. Rodriguez: That is not what I said.

Mr. Anderson: Bill C-205 would not allow that participation of Canadian companies.

Mr. Rodriguez: Mr. Speaker, I rise on a point of order. The hon. member is misinterpreting what I have said. At no point did I say—

An hon. Member: That is not a point of order.

The Acting Speaker (Mr. Ethier): Order, please. That is not a point of order.

Mr. Rodriguez: Then I rise on another point of order.

The Acting Speaker (Mr. Ethier): If the hon. member has a point of order, the Chair will hear it.

Mr. Rodriguez: The hon. member is taking what I have said and extending it beyond its original meaning. He is misleading the House and the public when he does that.

The Acting Speaker (Mr. Ethier): Order, please. Perhaps the hon. member is giving his interpretation of what the hon. member for Nickel Belt (Mr. Rodriguez) has said, which is his right in the House.

Mr. Anderson: Bill C-205 aims to restrict the Export Development Corporation from supporting companies and individuals which are engaged in the business of mining in Canada or are controlled by persons engaged in the business of mining in Canada. In the case brought forward by the hon. member for Nickel Belt, the Panama project could involve some 30,000 to 40,000 man-years of Canadian employment in mining for suppliers located across Canada. Bill C-205 would not allow the 30,000 to 40,000 man-years which would accrue to Canada if our bid on this project is successful.

Mr. Rodriguez: Bull roar!

Mr. Anderson: The hon. member cannot have it both ways. He has brought forth a bill which would restrict EDC from supporting Canadian enterprise in the mining field.

Mr. Rodriguez: That is not correct.

Mr. Anderson: Perhaps the hon. member would want to withdraw the bill. I would have a difficult time going back to my constituency and saying, "We have just cut 30,000 to 40,000 prospective jobs in Canada because we agreed with the bill put forward by the hon. member for Nickel Belt". If the hon. member is not against the creation of these jobs in Canada, then he should withdraw his bill. That would be the honourable thing to do. It is absolute stupidity to bring forward a bill which would curtail industrial development in Canada at this time when we are underutilizing our present industrial capacity.

This is not the first time this has happened in the House. One cannot have it both ways.

Mr. Knowles (Winnipeg North Centre): You ought to know.

Mr. Anderson: According to the annual report of the Export Development Corporation, it created 700,000 jobs in Canada and $1.2 billion in new export sales. That means jobs are being created in the country. Yet the hon. member for Nickel Belt said that we should get rid of it.

Mr. Rodriguez: How many jobs have we lost?

Mr. Anderson: The hon. member for Nickel Belt opposes the Export Development Corporation. He is willing to lose the 700,000 jobs and any further jobs which EDC can create.

The Acting Speaker (Mr. Ethier): Order, please. The hour provided for the consideration of private members' business has expired. It being six o'clock, I do now leave the chair until eight o'clock tonight.

At six o'clock the House took recess.

● (2002)

AFTER RECESS

The House resumed at 8 p.m.

GOVERNMENT ORDERS

[*English*]

HEALTH RESOURCES FUND ACT

MEASURE TO AMEND

The House resumed consideration of the motion (Miss Bégin) that Bill C-2, to amend the Health Resources Fund Act, be read the second time and referred to the Standing Committee on Health, Welfare and Social Affairs.

Mr. P. B. Rynard (Simcoe North): Mr. Speaker, as I rise to take part in this debate on Bill C-2 regarding the Health Resources Fund Act it is interesting to note that I was here in the House when the original bill was first introduced by the present government House leader, who was then health minister. I have followed the act's progress with a good deal of feeling over the years because of my interest in how it might increase research activity, an increase that was certainly necessary at the time. This is apparent when we stop to consider that more scientists lived and worked in this century than lived and worked since dawn. When we realize this we must concede that there have been terrific advances in science, not only because of the numbers involved, but because each discovery has led to something else and there has been a compounding effect. Scientists have carried on with new ideas and new discoveries.

I have listened to the speeches during this debate with a great deal of satisfaction. They have been excellent speeches. I

was in the House when national medicare and the Health Resources Fund Act were introduced. Let me give a little of the scientific history of the nineteenth century. During that time Jenner discovered vaccination which has proved to be such a boon. This was a scientific discovery by a general practitioner in the U.K. In France there was the discovery by Pasteur of the germ theory, and Lister put this theory into practice in surgery using an antiseptic spray in the operating room to kill bacteria. I have had the privilege of seeing the equipment used in the operating rooms of hospitals in England, here in Canada and elsewhere. In addition, Madame Curie in France made a great discovery—radium.

At the beginning of the twentieth century our average life expectancy was a little over 40 years. Today the average life expectancy is about 75 years. In the early days infectious diseases were our main killers. We had our pneumonias, scarlet fever, typhoid fever and diphtheria. These were the major killers of individuals up to age 35.

This picture has almost changed completely. The big killer today of individuals from birth to age 35 is accident. This is an altogether different world from that point of view, and an altogether different world we are living in from a scientific point of view.

At the beginning of this century the wards of the existing hospitals were filled to overflowing with patients suffering from typhoid fever in the fall months. Every bed in the hospitals was filled, and you could see the ice buckets out in the wards for the fever baths. I have talked to doctors who have experienced this. We then learned that this was a disease caused by the environment and hygiene. We then took measures to stamp out typhoid fever by isolating the organism and developing a vaccine, thus treating the environment. Had this not been done the first world war could not have been fought on the scale it was.

● (2012)

From there we go on to the antitoxins and the development of toxoids to prevent diphtheria. I can still remember vividly an experience, when I was seven years of age living on the farm, concerning the family next door. The mother had gone to Toronto where she had died in hospital. One of her children who had been to Toronto contracted diphtheria, and in that family of 13 five of the children were wiped out in the space of about three weeks. Diphtheria antitoxins did not come into general use until around 1905, and they were used on this particular family.

After the antitoxins we go on to the great discovery by Banting and Best that wrote history for Canada around the world. They had discovered a treatment for diabetes. I was raised not far from the town where Dr. Banting was born, and I can remember his telling me about the impression that he had when he was a young school boy of seeing a young girl in his class who had diabetes. Day after day he watched her get thinner and thinner, and every time she went by the water pump she had to take a drink. She eventually died. There was always the strange smell on her, which we now recognize as acetone. That gave Banting an impression which carried him through medical school until he and Dr. Best did research on the pancreas of dogs at the University of Toronto and finally found a treatment for diabetes.

Insulin allows the diabetic to live a normal life, contributing greatly not only to the economics of this land but to the health and well being of people. One of the outstanding doctors of diabetes in the city of Toronto was a diabetic himself who lived and was able to practice as a doctor because of the discovery of insulin.

Another great story is the one of two scientists, Minot and Murphy, at the University of Chicago who discovered that an extract of liver would cure pernicious anemia. There probably is not a confrere of mine in this House that has ever seen a case of pernicious anemia where a person would have a relapse of fever and the red blood cell count would go down. It is similar to a cancer of the blood. These two researchers found that a shot of extract from the liver every week would cure and control this disease. We no longer see the disease any more than we see a case of diabetes which is not properly treated.

Sulfa was the first drug to be discovered that was able to kill bacteria. In 1936 I brought some prontosil home from the Mayo Clinic where they had been using it to cure strep infections, the scarlet fevers, tonsillitis and diseases such as that. Patients responded very well to this treatment and it took strep out of the category of a dangerous disease.

The next drug used was dagenan. I spoke to a lady on Sunday whom I had once treated for pneumonia by the use of dagenan. After dagenan came the discovery of the penicillins. A researcher found that bacteria would not grow on a mould, and from that mould came penicillin. This drug has saved so many young people's lives, particularly those who had pneumonia. The death rate from pneumonia, before the discovery of penicillin was one in five, but today it is about one in 25, and that rate will be cut down further with the development of the newer, stronger penicillins. The next drugs to be developed were the aureomycins and the tetracyclines and so forth, again setting a new pattern for killing off infections.

At the end of this era we found that the whole ball game had changed and that we now had to face the fact that we were running into chronic diseases. We found that one in every ten people had a cardiovascular disease of some type by the age of 50. After this came the arthritic disorders, diseases of the respiratory system, emphysema, etc. These are chronic diseases and by the time people had reached the age of 60 they had four times the illness they had at 30 years of age. This brought to the fore the need for chronic care and the problem of research, because at this point we were treating chronic diseases, not the acute infections of previous days.

What has happened in the meantime? We have gone through the fifties and the sixties and we find that four million people have immigrated into this country in a few years. We are short of doctors because very few of the medical schools have enlarged sufficiently to meet this increase in population. What we were doing then was cheating, because it now costs more than $100,000 to put a person through medical school, as

compared with $60,000 then. A third or half of the people entering the field of medicine were either graduates or immigrants who came to this country from some other country in which they had been educated.

We talk about foreign aid. If that is not taking foreign aid from countries that could ill afford it, I do not know what it is. Most of these countries had a doctor-patient ratio which was much higher than Canada's. In India there is probably one doctor for every 5,000 people, whereas in Canada it would be about one doctor for every 2,000 people.

Something had to be done, and as a result the Hall commission report came about. This House approved the establishment of the Hall commission to determine what could be done about the enlargement of medical schools, among other things. They realized that they were getting into a chronic care situation and that more research would be needed. The report of the Hall commission was largely adopted.

In 1966 the Health Resources Fund Act was passed on the basis that it would add facilities to medical schools to give them an opportunity to bring in teachers, professors and scientists to develop the best medical schools in the world. The principle behind it was to give us the best there was, and they pledged $500 million for a period of 15 years, which would bring us to 1981. In 1978 we find that we have been cut off.

● (2022)

I believe I forgot to mention the disease poliomyelitis when I mentioned the great work that has been done by scientists on the North American continent and around the world. But when they found a preventive measure for this crippling disease which could kill a young person in the space of 48 hours, and if it did not kill it could cripple and handicap a person for life, the return on polio research amounted to more than $2,000 for every $1 spent, although it is almost impossible to arrive at any kind of an accurate figure. Nothing pays off so well as research.

Here we have a government that brought in a health resources act now wanting to cut off the money supply. It seems incredible, when one looks at the Auditor General's report and finds such carelessness in the spending of money, that this government dares to cut off something that saves people's lives. There are so many crippling diseases. The statistics show that cancer kills one person in every four. Emphysema is on the increase. There are many other diseases from which people suffer. There is hardly a family in Canada that will not be touched somewhere along the line by a disease that we have yet to conquer. We can only conquer these diseases by continued research.

At this point I would like to pay tribute to those researchers who spend their lives doing this type of work, many of whom at the end of their careers have discovered nothing but have steadfastly worked hard in the hope that some miraculous breakthrough will occur. These researchers suffer trials, tribulations and frustrations in an endeavour to restore health to the people of this country and throughout the world. Many of them have given their lives by experimenting with injections or treatments performed on themselves. I say with a source of pride that there are still people who are willing to enter this field of endeavour without adequate funds or any kind of tribute.

A cramping of resources in the health care field has occurred over the last ten years. It has been a fight all the way to get a little more money for the research necessary. At the beginning of this century there were few scientists. Today we have many. We have conquered many diseases but there are still chronic diseases to deal with.

If we look at the statistics we find that there are more than two million people over the age of 65. There are diseases of all kinds that can take a man who is at the height of his career and in the prime of his life out of the work force and make him a liability. It is our responsibility to see that we retain the health and work abilities of those people as long as it is possible to do so, and in many cases beyond the age of 60 and 65. As hon. members know, a bill was introduced in the United States stating that it will not be mandatory to retire at the age of 65 if a person is physically and mentally fit. Instead a person will be allowed to carry on working until the age of 70. If there is enough money put into research to keep people healthy, perhaps people will be able to work until they are 75. If that cannot be accomplished the social service scheme will be in trouble.

There is another bill in the United States covering people academically trained. If they are physically and mentally well they can carry on without time limitation. This not only applies to the field of health resources but also industry. The government admits they should be spending five times as much, and yet here we are cutting funds. Can you tell me, Mr. Speaker, what is wrong with a government that does that?

The other night I went outside the House of Commons at about eleven o'clock. I looked across the river and saw that every one of those buildings on the other side was lit up. I thought of people raising families. With the rate of inflation today many families are finding it difficult to pay their electric light and heating bills. I could take you to homes owned by old people and pensioners who are paying their taxes, heating and lighting, but the government does not subsidize them as far as housing is concerned. These senior citizens have been neglected. There is, however, subsidized housing in some cities. When I looked across at all these buildings lit up it occurred to me that for the cost of one night's electricity for those buildings something more beneficial could be done. Not only that, I thought of the cost of construction of those buildings. There is no return on that and no research from a project such as that. Space that is empty is being paid for in Ottawa. The provinces are already saying that they are not getting enough money for things they want to do.

There is something wrong. I do not believe the government realize what they are doing. I do not believe this government understand what research is. I do not believe they understand that they have cut off research or that there will be a breakdown in the social system. The minister is a nice lady but I do not know if she is tough enough in cabinet to tell her col-

leagues what the situation is. Once the government starts on a path of cutting funds for research, researchers will be lost. They will leave one by one. Good teachers will be lost. Many universities have lost professors over the last two years that now have leading positions in the United States. Once these people have left and are set up in another university it is very difficult to entice them back. Every day we lose some people in this field. We are losing younger people as well, because these people say that research has been cut back 20 per cent, and that means that 20 per cent of the jobs will disappear.

● (2032)

This is not only a disastrous course in the economic field, but a disastrous course pure and simple when it comes down to the saving of lives and doing the necessary research. I hope the government will take another look at this, but not in three or five years because by then we will have lost our researchers. We are losing them and our economic value.

I hope the Prime Minister (Mr. Trudeau) will realize you cannot hurt the people of this country from the standpoint of not providing the funds to find a cure for cancer and disabling disease. We must find a way to treat people beyond the age of 60 or 65 so that our whole social system does not break down.

In conclusion, I hope the Prime Minister will take another look at this before allowing it to go completely by the board.

Miss Flora MacDonald (Kingston and the Islands): Mr. Speaker, in taking part in this debate, it is a very welcome privilege to follow the eloquent plea made by my colleague from Simcoe North (Mr. Rynard) to the government benches. He asked the government to realize its responsibility, and to take it seriously, with regard to the development of innovative research in this country and the stimulation of that very important field, a recognition that too long has been lacking. He stated that we as a country will not progress in this century or the next until we give research the kind of attention it justly deserves.

I want to take a few minutes to dwell on this bill. I do so for several reasons. First, it has been a field of continuing interest to me. It is of continuing interest to the area I represent, both with regard to health research and medical research as well as the broader sense of industrial research. It is an area that is of great concern to me as an individual Canadian who believes that the future of this country is based on a recognition of research and what it can do for us.

It is somewhat ironic that this bill dealing with the elimination of the health resources fund should come up for debate in this House at the very time that a federal-provincial conference is being held just across the street from the Parliament Buildings. While the Prime Minister (Mr. Trudeau) and the premiers meet to discuss federal-provincial co-operation on economic and fiscal matters, we are here discussing a bill that represents just one more example of the heavy-handed and unilateral approach of the federal government in its dealings with the provinces.

[Mr. Rynard.]

The irony is really just on the surface, since in all of the recent meetings between the federal and provincial first ministers the themes of federal interference in provincial affairs and provincial repercussions from federal action such as cutbacks in social programs emerge again and again. This is so because the government's commitment to consultation and co-operation is really very superficial, one to be dusted off and shown for display over national television when it pleases the government to do so, but quickly forgotten in the weeks and months that intervene. Certainly it is forgotten when it comes to policy formation and the impact of policy formation on the regions of this country. How else can we view the actions of the government when we are faced with such a blatant example of non-consultation as the demise, in this particular example, of the health resources fund?

Some provinces were indeed informed of the impending cutback, but none were consulted. For example, the minister of health in Manitoba was informed by telex five days after the announcement in the press. Some provinces were placed in the position where projects were already under way, projects they had been led to believe would be supported by ongoing funding from the health resources fund. True, the specific funds had not been committed, but the over-all budget was there. Now, according to the minister and the government, these funds will never be committed. The provinces will be asked, as they have been in many other cases, to pick up the tab.

This has been all too prevalent in some of the fiascos the government has introduced in recent months. For example, equalization cutbacks, a fund that is supposed to be a contract between 11 governments in this country. The equalization cutbacks were imposed unilaterally. Let the provinces shoulder the burden either by cutting back on essential programs or increasing taxes; that is the view of the federal government. Cutbacks to the unemployment insurance budget? Let the provinces make it up through welfare payments.

Here again with this bill we have the same attitude on the part of this government. The federal government says it will save $84 million, not by cutting back on its own operations, but by cutting back on provincial programs, and that without a word of prior consultation.

Not only does the cutback of the health resources fund represent another in a long series of blows to provincial budgets and provincial planning, but it is an indication of the irrationality of many of the cutbacks announced by the government since August. What is more, the government does not seem to recognize the irrationality and incohesion of many of the actions it has taken, it says in the name of restraint. It amazes me that government spokesmen seem to feel that their restraint program is a model of economic sense. Nothing they have done in the past ten years can be held up as a model of economic good sense.

Recently Treasury Board circulated a copy of a speech by the Comptroller General of Canada. It was a speech he had given to the Canadian Institute of Chartered Accountants on the problems and opportunities facing government as it accepts the challenge of fiscal restraint. I recommend it to members on

the government side. The speech was entitled "Controlling Federal Government Expenditures . . . Doing More with Less". What caught my eye was the title "Doing More with Less".

That is an admirable goal, one that could be easily attained by cutting waste and over-expenditure. The kind of over-expenditure referred to in the recent Senate report on accommodation would come under the category of doing more with less. That report showed that the government will be spending at least $179 million more in rent for office space over the next 35 years than if it had built the building itself.

Auditor Generals' reports are filled with examples of waste and over-expenditure that could be cut with no adverse effects on the taxpayers. The most recent report, the one we saw just last week, stated:

● (2042)

During the period of rapid expansion in the federal government it appears that the public purse was gradually deemed virtually bottomless.

The most recent report, the one we saw just last week, stated that during the period of rapid expansion in the federal government it appeared that the public purse was "gradually deemed virtually bottomless" and that there was very little attempt made to study whether or not a program was effective or efficient. It is both necessary and desirable to cut out waste and mismanagement in the spending of taxpayers' money. That is what I would call rational restraint—to cut out the fat and keep the meat; to do more with less. But some of the cuts which have been imposed during the government's burst of restraint are not that kind of restraint. They represent what I would call totally irrational restraint, restraint that does not make sense, restraint that keeps the fat and does away with the meat.

I received a letter earlier this year, in October, from the Canadian Federation of Biological Societies, a group of scientists very much concerned with the way the government is going in its irrational restraints upon scientific research. The letter reads:

While the recently announced federal cutbacks to health and education budgets do not as yet have operational meaning, they provide a clear indication of the government's current thinking and intentions. It is truly a hollow government policy that last June 1 proposes to stimulate research and development in this country and then, just a few months later, reneges on the same promises by cutting back on investment and innovation.

That letter, written before the introduction of this bill, reflects the concern which has been expressed by the biological scientists and by many others who are devoted to scientific and medical research. As they point out, restraint affecting research programs, restraint which is harmful in its effects, cannot be called rational. It is not "doing more with less." The long-term effect would be quite the opposite—doing less with more. This is because every dollar which is not spent on research today will mean about 20 additional dollars which will have to be spent tomorrow. That is not real restraint.

Some of the proposed cutbacks are likely to have very detrimental effects and their adverse impact on the economy is obvious. I could list a few. The termination of the health resources fund is a prime example, as are the cutbacks affecting the various branches of the Department of National Health and Welfare.

I think of the $3 million cut in the professional training program; the $4.8 million cut in the program concerning the non-medical use of drugs; the $2 million cutback in the national health research and development program, and the general reduction of $500,000 in the budget of the Medical Research Council.

Cuts of that kind are fairly obvious and we recognize immediately that they are capable of a serious adverse impact. But there are other cutbacks which are less obvious and whose potential for adverse impact is not so quickly discernible. I will list a few. There is the $1.3 million cutback in post-secondary education programs administered through the education, science and culture division of Industry, Trade and Commerce; there is the $1 million general reduction in the funds available to the National Research Council; there is the reduction of $300,000 in the budget of the Canada Council and of $2.1 million in the funding available to the Social Sciences and Humanities Research Council. Nor does this list include the millions cut from research and development funding affecting agriculture, the environment and cultural programs.

All this makes one wonder what the government has against the whole field of scientific research. It does not have a good record anyway, as we all know. But at a time when we should be building the future of our country on scientific research and development, they are particularly hard to defend.

The minister makes light of these cutbacks. In an interview reported in the Ottawa *Citizen* on October 18 she said the cut of half a million dollars from the budget of the Medical Research Council was small in comparison with others, for example in comparison with the cut in the operations budget of her own department. She said it made only the smallest dent in the council's total budget for the support of research in 1978-79.

This ignores two things. First, it ignores the fact that there are many other cutbacks affecting medical research—I have already mentioned some of them—in addition to the cuts in the Medical Research Council's budget. It also ignores the fact that in terms of 1971-72 dollars the council's budget has decreased annually by an average of 7 per cent. So that represents a further reduction in an already inadequate medical research budget.

Furthermore, the cuts in the funding of the Medical Research Council, the national health research and development program and the professional training program will affect more than the researchers themselves. Their impact will go far beyond the immediate research community. The loss will affect the training of physicians and other health professionals and will directly reduce patient care as trained personnel leave Canada. That is one of the very real tragedies of the approach taken by the government to health care and research in general. It illustrates the lack of sensitivity and awareness in this field.

● (2052)

What we have as a result of severe spending cutbacks in a very important field is the Canadian research community's losing a number of its most brilliant people. Already the reality of the Canadian research situation has caused many scientists and technicians to abandon that particular livelihood here in Canada or, indeed, to go elsewhere to pursue it. This year, for example, of 23 new applications to the Medical Research Council for grants for programs which were analyzed and deemed worthy of support by the Medical Research Council, only three were funded. What happened to the other 20 researchers and their programs? What happened to the benefits they might have brought to this country?

The health resources fund which the minister is in the process of eliminating—and she has eliminated other programs in the social services field—has provided a means for continuing scientific development in all regions of this country. It has contributed to the expansion of university hospitals, research centres and medical library facilities as well as to general health and hospital services across this country. According to the minister's own figures which she quoted when she spoke in the debate the other day, the fund has increased the number of graduates in health manpower categories by up to 9,000 a year in the ten-year period between 1966 and 1976. In 1966 there were only nine graduate respiratory technologists in Canada. In 1976 there were 138. The number of graduate laboratory technologists in 1966 was 265. By 1977, thanks in part to this program, that number had risen to 1,200.

One might say that that is enough and that we should be content with that. That seems to be what the government is saying when it suggests cutting off this program and abandoning it before it has run its full course. "There are 1,200 graduate laboratory technologists; surely that should satisfy the Canadian market". That seems to be the way the government is approaching this, but that is part of the irrational thinking of this government when it comes to something like research and development in this country. We are a growing country. We are a developing country. We depend on research and technology to take us forward, but their funding and importance are being reduced by this government. The cutback about which I am talking will retard development and reduce the number of skilled and professional people in a field where they are much needed. The cutback will reduce their numbers as well as practical and theoretical medical facilities.

The health resources plan is a good plan. It has been working well. But in order to save $84 million over the next two and a half years the minister has served notice that she will be putting an end to any further commitments under the plan. The provinces are left holding the bag. There are planned and uncompleted projects. Not only that, Mr. Speaker, but, more importantly, Canadians in general are also being deprived of a program which would have benefitted each and every Canadian had it been allowed to continue.

In the light of so much waste in other areas, the government's allowing such a situation to develop is shameful. This cut is both unnecessary and irrational. Furthermore, in light of the current tragic state of affairs in medical research generally and in light of cutbacks, hidden and otherwise, in other medical research funding, the termination of the health resources fund is just one more nail which the government seems willing to drive into the coffin of Canadian medical research. It is one more blow to the health scientists of this country and, regretfully, one more indication that the government does not recognize a dollar spent wisely. What is worse, it does not care.

[Miss MacDonald.]

Some hon. Members: Hear, hear!

Mr. Lincoln M. Alexander (Hamilton West): Mr. Speaker, I want to register a few concerns I have about Bill C-2, which would amend the Health Resources Fund Act. Over the years I have been quite amazed at the attitude of this government. As just pointed out by the hon. member for Kingston and the Islands (Miss MacDonald), the government seems to be misguided in its priorities. The hon. member said that the government is attempting to save $84 million. As I understand it, the Health Resources Fund Act was to expire in 1981. In order to give some indication of restraint—and I smile at that—the government wants to cancel the health resources fund. The government wants to cut the three-quarters of the fund which is earmarked for buildings and the one-quarter which is set aside for research.

The position being taken by the Minister of National Health and Welfare (Miss Bégin) is a unilateral one. It was taken without consultation. If there was consultation, it was meaningless. Consultation is not a telex giving three weeks' or six weeks' notice. When I think of consultation, I think of getting together as ladies or gentlemen, as the case may be, and accepting responsibilities in terms of what confederation is all about.

This government is mistaken in believing in the process of confrontation. Confrontation politics seem to be what this government dwells on. We on this side believe in and attempt to practice co-operation and consultation, because in the long run this is how strides are made. This is how dialogue is brought about. This is how good communication is brought about, and this is how results are produced for the Canadian people. The consultation to which I refer should not be for the benefit of any particular party but for the benefit of the Canadian people. Unlike this government, we would rather talk about goals than fight about jurisdiction. If there is to be a fight, obviously we would have to sit down as rational people and get our priorities straight.

In the past five or six years I have received many letters from McMaster University. McMaster University is a centre of learning, and it is profoundly concerned about the attitude of this government regarding medical research. As a result of the prodding of this party and the concern which is registered, the government "bends over backwards" every now and again to throw out a pittance in the hope that that will satisfy a very viable segment of Canadian society, that is, medical research.

The government talks about saving $84 million, but it spills and wastes more than that in one year. Where are its priori-

ties? What are we doing? What the government intends to do and what it has done is incite and inflame the Canadian people. The government has been misleading the Canadian people with regard to restraint. The government picks out something like the forestry industry and proceeds with restraint in certain programs, knowing that the Canadian people will become excited. The government makes cuts and then says, "Look at what we are doing".

● (2102)

This is the wrong approach, sir, because when you start playing around with the health of the nation—and that is what this government is doing, never thinking of the long-term effect—ultimately the nation is doomed. Because this type of response to restraint affects the health of the nation, the care of the individual, our ability to be the technological leaders and, in the long run, it affects employment. I am getting sick and tired of the attitude of this government, which believes that for its technology and expertise it can rely on the United States and other countries. In fact we are sacrificing our young people, our doctors and our research people, people who have the knowledge, people who have the motivation, people who have the aggressiveness to make a fantastic contribution to this country. But what does this government say? They say, "We don't need it because we can rely on someone else."

Where are we going? When I think of the Auditor General's report and his continuing admonition to the government in terms of waste and mismanagement, I know that this is where the government should look in order to bring about some savings when we talk about restraint. Why pick on health care? Why pick on medical research? Are the priorities of this government not mixed up?

Let me refer the government to "The Legacy of Spending". Everyone knows about this book written by a radio announcer on the west coast named Mr. Murphy. The book is a best seller because it documents the waste, the mismanagement and the callous disregard of the public purse. It is all true. That is where the government should direct its attention, to the legacy of spending and to the Auditor General's report. If they want to save money and practice restraint, that is where they should direct their attention. Let them not jeopardize my son's and my grandson's future by this tunnel vision approach adopted by the Minister of National Health and Welfare. Let me ask her, with all due respect, where are her priorities?

Miss Bégin: In the right place and with heart.

Mr. Alexander: Does she know that she is destroying medical research?

Miss Bégin: That is not true.

Mr. Alexander: Does she know she is affecting employment? Does she know that as a result of her heavy-handed, unilateral, arrogant action, medical research is going down the drain? Does she know that the Canadian people are suffering as a result of her approach?

Mr. Nystrom: The Sterling Lyon approach.

Mr. Alexander: I was not going to speak, Mr. Speaker.

Mr. Parent: Thank God.

Mr. Alexander: The hon. member for St. Catharines (Mr. Parent) says, "Thank God." He is another one who joins hands with the minister to make sure that our health care is destroyed.

An hon. Member: He would like to.

Mr. Alexander: He is not capable. I want to end by saying this.

Some hon. Members: Hear, hear!

Mr. Alexander: I do not know whether our socialist friends to the left have made a contribution as yet, but they do not care. They are the ones who voted against the pipeline which was going to bring about employment.

Some hon. Members: Order.

Mr. Alexander: Don't say "Order" to me. The hon. member opposite wishes to rise and make a contribution. Give him that opportunity, Mr. Speaker, so that we can see whether he will follow the same irrational course as the minister has followed. Because he will have to report to his constituents. He is the one who will have to justify his position. I think I will recommend to McMaster University that they write to all the Liberal members, and the socialists as well, seeing that I was interrupted by them, asking them where they stand on this vital and important issue, and where they stand with respect to priorities in medical health and therefore the future of our children.

This government must get its priorities straightened out, and it must start approaching federal-provincial relations with some meaningful ideas in terms of consultation and co-operation, rather than confrontation. If you make a deal, then in my view—I am not one of the most excellent lawyers here but I know this—you cannot break a contract unilaterally because you end up in court. That is what the minister does. She did it with block funding and she had the provinces all upset. She even stands up and pulls the rug from under the provinces and says to them, "Carry on, do what you want, but I will not get involved even though we had a form of an agreement or an intent to proceed in a particular direction."

Miss MacDonald: She was dictated to by the Minister of Finance (Mr. Chrétien).

Mr. Alexander: Then she is just as bad as he is and she is part and parcel of the same gang.

Mr. Nystrom: They are all too conservative.

Mr. Baker (Grenville-Carleton): The "Gang of Four".

Mr. Alexander: Mark my words, Mr. Speaker. I do not want to become partisan because this is not my role, but I just want to let that party know something. It is this kind of

attitude, this carelessness, this lack of concern and unresponsiveness that sends them down the drain. If you walked into Hamilton West you would hear people say, "Linc, when will you get rid of those people?" I say to them, "Listen, I am doing my bit." Mr. Speaker, I am doing my bit tonight. I say to my constituents, "I expect you to do your part as well."

The government are callous, they are arrogant, they do not care. They say: "We govern, we are right." Did you hear that, Mr. Speaker? That is what the Prime Minister (Mr. Trudeau) said. He considers the rest of the population to be enemies. He considers the media to be enemies and the people of Canada to be enemies. What is so right about a million unemployed? This government's policies have helped magnificently to bring that about. What is so right about saving $84.5 million at the expense of the Canadian people?

Mr. Boulanger: Oh, oh!

Mr. Alexander: Has my friend contributed to this debate as yet?

Mr. Boulanger: Why should I? You are doing it now.

Mr. Alexander: He is part and parcel of the same gang. He also will have to justify his position with regard to medical health and research in this country. He comes from a province which is concerned about cutbacks which will affect their children and their grandchildren. He sits there trying to make fun of me because I am trying to knock some sense in his sick head.

Mrs. Campagnolo: Shame!

Some hon. Members: Hear, hear!

Mr. Alexander: I think I have said enough.

Some hon. Members: Hear, hear!

Mr. Alexander: I see the Minister of National Health and Welfare is becoming nervous.

Miss Bégin: Not at all.

Mr. Alexander: She does not have the confidence of the Canadian people.

Miss Bégin: Yes, I do.

Mr. Alexander: She does not have the confidence of the provinces, and it is doggone sure she does not have the confidence of medical researchers.

• (2112)

Miss Bégin: That is not true.

Mr. Alexander: Medical research is a very significant segment of the country.

I thank Your Honour very much for providing me with an opportunity to say a few words in order to try, as I have done for ten years, to knock some sense into the government's head. The polls indicate that we are winning.

Some hon. Members: Hear, hear!

Mr. Boulanger: Will the hon. member for Hamilton West (Mr. Alexander) permit a question?

Mr. Alexander: Yes.

Mr. Boulanger: Can the hon. member anwer my question honestly and seriously: From where did he get the figure of one million unemployed in this country? Is it a true figure, or did he pull it out of the air?

Mr. Alexander: Mr. Speaker, that is a very easy question to answer. When I talk about one million people, I am including the hidden jobless.

[*Translation*]

Hon. André Ouellet (Minister of Public Works and Minister of State for Urban Affairs): Mr. Speaker, I did not intend to take part in this debate; however, faced with this despicable performance, quite unworthy of a serious member of this House, I cannot help but respond to the quite improper and quite unfair statements that have just been made by the hon. member for Hamilton West (Mr. Alexander). Undoubtedly, the kind of remarks he just made before the House and the Canadian public listening through television will be judged according to their own merit by the Canadian public who has witnessed this shameful performance by the hon. member for Hamilton West, glass in hand, uttering quite improper and incongruous remarks.

What must be said about this proposal is that unfortunately, in these times of restraints, at a time when all Canadians urge the federal government and the provincial governments to reduce their expenditures as much as possible, so as to curb public spending, the Canadian government had to take some decisions and to make some budgetary cuts, obviously difficult to carry out but absolutely essential to maintain the Canadian economy.

[*English*]

I should like to say a few words in English, because the words expressed in the House were in English and they should be answered in the same language.

A policy of expenditure restraint had been advocated widely for some time. I am surprised to hear hon. members of the loyal opposition referring to a unilateral move by the federal government, when in fact there has been no such move. Such a policy of restraint is necessary to increase confidence in the Canadian economy, and to provide room for the private sector to expand and create jobs. Hon. members of the Conservative party have lost track of these important matters.

Expenditure restraint was a major feature of the federal anti-inflation program announced in the fall of 1975. In fact, this desire has been present since then. At the first ministers' conference last February, it was agreed that governments

should strive to reduce their rate of increase in expenditures to something less than the trend rate of growth of the gross national product. At their last conference, the ministers of finance agreed that restraint was necessary. It is with this high degree of consensus that the Canadian government implemented a substantial reduction of expenditures totalling $2.5 billion last summer.

I have heard members of the opposition expressing surprise and attempting to convey the message to the Canadian public that all of these matters were done unilaterally, without consulting the provinces. This is totally untrue and unfair.

Some hon. Members: Hear, hear!

Mr. Ouellet: They should know better than to attempt to convey such a message again tonight.

Miss Bégin: It is a big joke.

Mr. Ouellet: It is more than a big joke. It is a very sad approach by an opposition which expects to form the government one day. They act so irresponsibly that I am sure the Canadian public will never give them the mandate.

Mr. Yewchuk: Mr. Speaker, I rise on a point of order because I am sure the minister does not want to mislead the House intentionally. I know he is doing it unintentionally, because he is uninformed on this matter. I personally was in touch with each of the provinces, and all of them told me that they were not consulted in advance.

Some hon. Members: Hear, hear!

Mr. Ouellet: The hon. member should confirm his facts. This was decided at the first ministers' conference.

Miss MacDonald: It was never mentioned.

Mr. Ouellet: I have notes in my possession which were used by the Minister of Finance (Mr. Chrétien) in the last meeting with the provincial finance ministers. He said the following:

> The federal government cannot reduce the level and rate of growth of its expenditures and at the same time carry the main burden for the achievement of a satisfactory growth rate for the whole economy, without affecting transfer payments to the provinces. Reducing expenditures is a difficult task. While there is widespread support for a reduction in government expenditures in general, each particular sector of our society seems to feel it is being asked to carry more than its fair share of the burden. But only if we are all prepared to accept some discipline will we be able to achieve our common economic objectives.

Also the minister indicated that transfer payments to the provinces in 1978-79 amounted to more than $10 billion, plus the transfer of tax room amounting to over $3.6 billion. Thus, a total of close to $14 billion was given to the provinces by the federal government.

Miss MacDonald: Given?

Mr. Ouellet: When the Minister of Finance indicated that some cuts must take place, he outlined various options to the provinces. He indicated that it could be done through the financing of established programs, the financing of social services, the community services grants program, the existing equalization program, or the Public Utilities Income Tax Transfer Act. Through the Minister of Finance, the federal government told the provinces that they had a choice.

Miss MacDonald: Take it or leave it.

Mr. Ouellet: He was ready and willing to receive their recommendations and suggestions concerning the appropriate cuts. The federal government felt that it had no alternative but to take the obviously difficult step of proposing to the provinces that some features of fiscal arrangements must be modified.

● (2122)

I must say that the bill we are studying today is a direct consequence of a joint effort by the federal and provincial governments to arrive at some restraints in public expenditures, be they federal or provincial, which ought to take place in order to help the Canadian economy. I think the opposition cannot have it both ways.

[*Translation*]

There is no doubt that the attitude of the Progressive Conservative party, the official opposition in this House, is to try to be on both sides of the fence at the same time, to go and tell the businessmen that government expenses are outrageous and, that if they were the government they would cut those expenses drastically. Just as we have a bill which is the obvious result of a discussion, of a consensus which was reached at the last finance ministers' conference, the official opposition have a good laugh at us, pretend to be disgusted because the Canadian government takes its responsibilities and cut certain expenses. They try to make believe that if they were the government, they would make those cuts.

In my opinion, Mr. Speaker, hon. members of the opposition have showed us irresponsibility tonight and that clearly reflects their lack of seriousness. When they are talking to a certain group of people they use a certain language; when they speak to businessmen they say that they are going to cut government expenses. But when they speak to the citizens who can indeed be directly affected by the proposals which they advocated before the first group, they say that they are going to do something different.

Mr. Speaker, I think the bill we are considering now comes as a logical consequence of serious decisions which were difficult to make, but were essential and that it is in the best interest of the Canadian economy and I believe the House should pass it.

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

Mr. Deputy Speaker: The hon. parliamentary secretary on a point of order.

Mr. Pinard: Mr. Speaker, I think it is important at this stage to inform you of an agreement reached by representa-

tives of all parties in the House, to the effect that before ten o'clock tonight, the second reading debate on this bill will come to an end and that, should a vote be required, it will be deferred until tomorrow after the oral question period. I talked about this with the hon. member for Winnipeg North Centre (Mr. Knowles) and I have his agreement. I had the same conversation with the hon. member for Grenville-Carleton (Mr. Baker) who told me I had a firm deal. So, before Your Honour recognizes the hon. member, I wanted to make you aware of this agreement and I understand that at 9.59 at the latest he will end his remarks in order that we can comply with the agreement all parties came to.

[*English*]

Mr. Deputy Speaker: Hon. members have heard the suggestion that an agreement has been reached between the parties to the effect that the second reading stage of this bill is to be completed before ten o'clock tonight, and that if a registered vote is necessary it will be postponed until tomorrow afternoon after the question period. Is this agreed?

Some hon. Members: Agreed.

Mr. Deputy Speaker: Agreed and so ordered.

Mr. Benno Friesen (Surrey-White Rock): Mr. Speaker, I appreciate this opportunity to speak on this bill. I should tell the Parliamentary Secretary to President of Privy Council (Mr. Pinard) that he may be sorry for making the deal that we stop at ten o'clock, because by the time I get wound up he may be so enraptured he will not want me to quit.

An hon. Member: Enraptured! We need some raptores.

Mr. Friesen: I suppose we could use some raptores here, and there would be no need for health care.

The hon. member for Mercier (Mr. Boulanger) wanted to know where we got the one million unemployed figure. Let me say to him that after the next election there will be quite a number from that side added to the unemployment list.

Some hon. Members: Oh, oh!

Mr. Friesen: I want to thank the hon. member for Hamilton West (Mr. Alexander) for warming up this crowd for me. He did an admirable job.

An hon. Member: Don't cool them off.

Mr. Friesen: I promise not to cool them off. The people from Saskatchewan are used to having things dry, so I am sure the hon. member won't mind if I speak.

An hon. Member: You go ahead and I will see you tomorrow.

Mr. Friesen: Mr. Speaker, we are debating Bill C-2 which is one paragraph long. For the record I should like to read that paragraph. I think it is the shortest bill in the history of parliament. It states as follows:

[Mr. Pinard.]

> No payment shall be made under this act in respect of any cost incurred in respect of a health training facility unless payment of a contribution toward the cost thereof was authorized by the minister pursuant to subsection 4(1) or 5(1) before September 9, 1978.

As I said, that is probably one of the shortest bills in the history of Canada, but it could have been even shorter. It could have been just two words, namely, "we quit". It has been the history of this government to introduce programs, twist provincial governments' arms to participate in the programs, make a commitment and when the economic pinch is a little tight or sharp it quits, leaving the provincial governments to carry the ball. That is the record of this government.

I have been reading, as I am sure other members have, a book by William Simon of the United States entitled "A Time of Truth". I see the hon. member from Quebec city reading it.

Mr. Dawson: Louis-Hébert.

Mr. Friesen: I am sorry, the hon. member for Louis-Hébert (Mr. Dawson). I would hate to have him transplanted so quickly. I know he will be after the next election but I do not want to hasten the process. I am glad to see that hon. member reading the book. I hope he takes it to heart and applies some of the principles it contains in his caucus. I would refer hon. members to page 113 where Mr. Simon says some very enlightening things. He is speaking of those who have adopted the small "l" liberal ideology which he says:

> —is actually committed to a steady erosion of our wealth and freedom, although its advocates are usually unaware of it.
>
> They are unaware of it because they no longer know the relationship between wealth and freedom. Indeed, it is not too much to say that they no longer understand the concept of freedom. FDR actually redefined that concept, corrupting it so hopelessly that, save for a few philosophical diehards, succeeding generations were never again clear as to what it meant. Political freedom means only one thing: freedom from the state. FDR, however, invented a new kind of 'freedom': a government guarantee of economic security and prosperity. He thus equated "freedom" with cash. However desirable economic security may be—and it is profoundly desirable—it is not the same thing as political freedom.

He goes on a few sentences later to say:

> The state ceased to be viewed as man's most dangerous enemy, to be shackled forever by constitutional chains. It was henceforth proclaimed to be the precise opposite; it became man's tenderhearted protector and provider. Statism and collectivism were brought into this country—by the back door—and, ironically, were heralded thereafter as the saving of free enterprise.

That is the significant change that has taken place in our countries, and I say that advisedly because it is a change that has taken place not only in this country and in the United States, but in England and many western democracies. There has been a change in philosophy. At one time we devoted all our energies to protecting ourselves from the state, or from intrusions by the state into our privacy and decision-making process. Now things have shifted to the point where we see the state as the power benefactor. One thing which the state does very well is govern, because it is designed to do that. It is infatuated with that process, and given the latitude and opportunity the state will govern. As readily as we are willing to turn over to the state the decision-making processes of our lives, even more ready to accept it is the state, to come into our lives and to take them over.

● (2132)

As I reflected on what Mr. Simon said, I could not help but flip over the pages of history in my mind and to think of the process of democratization of our countries. In the United States the watershed occurred in 1787 and 1789, when they passed their bill of rights which said in substance that Congress shall be prohibited from invading the lives of the individual citizens of that country. A few years later the republic of France did the same thing. One hundred years previous to that England passed its bill of rights as a statute, not as part of the constitution—because we all know that England does not have a constitution. When William and Mary took over the throne of England the good citizens had the foresight to ask for a bill of rights to ensure that the constitutional monarchy could not invade their private lives. That is the history of the democratization of the constitutions as we know them. Essentially they free us from arbitrary control by the state or the government.

Here we have a government that again moves into the area of arbitrary decision-making. A few years ago it instituted a program of training for health facilities in the provinces. It induces the provinces and twists their arms to participate in that process and to use their funds in it. Once their tax structure training facilities and their capital expenditures are committed, then all of a sudden the federal government says, "Too bad, we can't afford it any longer; you're on your own". These are the ways in which the federal government intrudes in our lives. They come to us as though they are the great benefactor of the citizens, but in actual fact they become our governors and our masters.

Mr. Nystrom: That sounds like Bill Davis.

Mr. Friesen: It can sound like whomever you wish. If my socialist friend wishes to align me with Bill Davis, I certainly do not mind it. However, I do not want to be aligned with the socialists to my left and in Saskatchewan who want to take away this whole decision-making process and give it to the state. They want to enlarge the bureaucracy and they say, as my friend's leader has done across Canada, that there ought to be more government spending in a period of deficit financing.

If this government would really like to help the poor, they had better cut back on their deficit financing and their waste. Because every time a dollar is wasted it is a dollar that is taken away from the poor of this country. The Auditor General's report last week pointed out that the government wastes many dollars as, for example, where they allowed the cost of ice-breakers to multiply six times through uncontrolled accounting and uncontrolled spending. As soon as they allow those costs to escalate six times, they are taking those dollars away from the poor in our country who really need the money. This government cannot justify and honestly explain how their Liberal philosophy is helping the poor when at the same time they carry on this kind of waste.

Mr. Simon goes on to talk about what it costs in New York to carry on the operations of that debt-ridden city. He pointed out that much of it was a kind of collusion between civil servants, the unionized workers and government officials—the dishonest politicians who did not want to call a spade a spade. What this country needs more than anything else is a political will to make hard decisions.

Miss Bégin: Bill C-2 is one of them. Why don't you approve of it?

Mr. Friesen: The minister interrupts. I wish that she would participate and tell us all the implications of this bill. If the government is really serious about helping the poor in this country, why don't they do something?

An example of the way they are not helping the poor is illustrated by the social conditions the native Indians of our country must face. The 1971 census showed that there were approximately 295,000 native Indians in Canada.

Mr. Dawson: Talk about the Grey Cup.

Mr. Friesen: If the members would let me finish my speech, maybe they would learn something.

Miss Bégin: We will try.

Mr. Friesen: I know that the minister will try because I have sat with her on committee and I think she shows a good deal of logic. I think that some of her senior officials have sold her a bill of goods, but I respect her and her ability to deal with her concepts.

There were approximately 295,000 native Indians in Canada in 1971. In 1975 there were approximately 12,000 civil servants in the Department of Indian Affairs and northern Development providing services to these native Indians, approximately one civil servant for every 24 Indians. I wonder, does it really take that many people to administer the budget of the department of Indian affairs? This department with its staff of 12,000 in 1975 included 59 Indians. Now there are almost 6,000 native Indians on the staff of the department of Indian affairs.

The fact is that the money in this department is not being spent on the native Indians who need it. It is not helping the poor and people who really need help, but the middle class. The native Indians are not getting the money; the people working in the department are using it in the administration of those funds. It is for reasons like this that 43 per cent of every dollar in our country is spent on government.

With this kind of overhead we cannot possibly be helping the poor in this country. When we say we are giving the poor a dollar, we are really giving them only 60 cents. Because of our high inflation, government waste and this government's propensity to spend money where it is not needed, or to overlook or run short of money in areas where it is really needed, the poor are not getting the money the government says it is giving them. There is no way a 50 or 60-cent dollar for the poor can be justified. As a matter of fact, statistics indicate that in 1968 the dollar was valued at 49.9 cents but those statistics did not look very good around 1970 or 1971, and we changed the plumb line for evaluating the dollar. When that did not look very good around 1974, we changed it again. Rather than deal

with the economy in such a way that we preserve the dollar and give it some buying power, we are actually taking money away from the poor by this continuation of wasteful practices by the government.

● (2142)

Another matter that comes to my attention is that authorities are predicting that in the year ending in April, 1979 there will be about 27,000 bankruptcies in this country. Only 6,000 of those will be businesses; the rest of them will be personal bankruptcies. I think all of us will agree that small business is the most labour intensive part of our economy. When we have that kind of bankruptcy rate in our country, surely it is not hard to understand that the fiscal policies this government is engaging in are destroying the purchasing power of the dollar. They are increasing the debt load on the Canadian public. By doing that the government is taking dollars away from the poor. They are the people who need this buying power.

Because of those 27,000 bankruptcies this year the unemployment rolls will increase. This will add to the debt of the unemployment insurance fund and create yet a bigger problem. The Fraser Institute said that spending by all levels of government now amounts to $3,635 per capita. That amount is outrageous. With that kind of expenditure there is no way we can consider ourselves free people. When 40 per cent of our wages is taken away by three levels of government, it means that for two-fifths of our time we are working for somebody else. What do you call that, sir? It certainly is not freedom. It is a kind of serfdom. As I thought about that, my mind went back to the days of serfdom—

Mr. Parent: Do you have notes?

Mr. Friesen: If the hon. member for St. Catharines (Mr. Parent) will pay attention—

Mr. Parent: I do not know of anybody listening to you.

Mr. Friesen: If the hon. member for St. Catharines does not like listening to quotes from William Simon, I will give him a book that he will appreciate, a volume of Encyclopedia Britannica; maybe he will accept that.

Mr. Parent: Are there any pictures in it?

Miss Bégin: Does this relate to Bill C-2?

Mr. Friesen: The Minister of National Health and Welfare (Miss Bégin) wants to know if I am dealing with Bill C-2. I am, the same way that the former minister of urban affairs who is now Minister of Public Works (Mr. Ouellet) was dealing strictly with Bill C-2 the whole time he was speaking.

Miss Bégin: That is the very reason for dealing with Bill C-2.

An hon. Member: You are hurting. Get some vaseline; it is soothing.

[Mr. Friesen.]

Mr. Parent: That will go down in *Hansard*.

Mr. Friesen: Do I have the floor, Mr. Speaker? As I was saying before I was so rudely interrupted, when taxpayers are spending approximately two-fifths of their time working for someone else, they can hardly consider themselves free. I recall visiting some industries located in my riding during the 1974 election. One manager in particular told me how distraught he was. The man was practically in tears. He said that he could barely keep his machines operating on a Friday night because everyone was leaving. What was the reason for this? The men felt that they should not work on a Friday night because all they would earn would be income tax dollars.

An hon. Member: They voted NDP.

Mr. Friesen: The Casanova who is quoted in the paper as always having a bevy of beautiful women around him said the people in my riding voted NDP. I want him to know that it was an NDP riding before I ran. We turned the vote around by 16,000, which I think is fairly good.

An hon. Member: Dispense.

Mr. Friesen: We will dispense with a few after the next election, sir.

An hon. Member: Silence is golden.

Mr. Friesen: When we are spending almost half of our time working for someone else we can hardly consider our time our own. That is one of the reasons we have productivity problems in Canada. People see there is nothing in it for them. Hon. members opposite are wondering why investment dollars are leaving Canada. My riding borders on the United States and it has one of the largest major ports of entry in it. People tell me that they moved to White Rock because it is closer to the United States. That is very discouraging to hear. But there is a reason for this. People ask why we should invest in our economy if the government takes it all. There is no way that the government can put walls high enough to keep that money here.

Miss Bégin: That is not the reason. There was a strike in the grocery stores in Vancouver. That was the reason.

Mr. Friesen: You are two years behind the times, as usual.

Miss Bégin: That is what started it. You are being absolutely dishonest right now.

An hon. Member: You are distorting the facts.

Mr. Friesen: The minister of health is still reverting back to the days when she was minister of national revenue, which brings up another point.

Some hon. Members: Oh, oh!

Mr. Friesen: That point is the high turnover in this ministry.

An hon. Member: Where is the order in this place?

Mr. Friesen: We have had four ministers of health in ten years. When there are so many revolving doors in the ministry there is no way that the best minister of national health and welfare can keep control of that ministry, regardless of how brilliant and dedicated that minister is. If a minister keeps a portfolio for only two years he cannot get a grip on it. I do not blame ministers for that. It is humanly impossible. But there is another reason why costs are escalating. When the upper level decision-makers have control over finances, the minister no longer has control over spending and it is no wonder that costs escalate.

I was trying to get to a point but hon. members opposite are continuously interrupting me. We are forever being criticized as being medieval.

Mr. Parent: You start out to be.

Mr. Friesen: I would like to mention to the member for St. Catharines that actually it is this government that has taken us back to medieval times. The longer I thought about the taxation policies of this government and the degree to which we are burdened with taxation, I could not help but think of the feudal system. There was a time when the people of western Europe were being governed by overlords under the feudal system. One of the conditions of serfdom was spending a certain amount of time working for an overlord.

An hon. Member: Let us get to the late show.

Mr. Friesen: That was a kind of taxation process.

An hon. Member: Let us have some order.

• (2152)

Mr. Friesen: That was a kind of taxation process where these serfs had to work a few days for the overlord. This is what is happening again today. I noticed, as I said ten minutes ago before the hon. member for St. Catharines interrupted me, that in the Encyclopedia Britannica there are a couple of paragraphs regarding serfdom. One of the principles of serfdom was that the obligation was the payment to a lord of a head payment, an income tax, a capital tax, or personal tax. The other one, which is very reminiscent of this government and of what this government has imposed upon us, is the obligation of surrendering part of the peasant inheritance to the lord on the death of the servant or subject tenant. What you have there is a capital gains tax or succession duties. We have come full circle. This government has taken us back to the medieval period where we spend our time working for someone else. It has taken the incentive away from the people.

I started out by saying that this government has developed a mentality that wants to initiate programs and get people dependent on them. We have a kind of dependency mentality. Once that dependency has been created, they get into the act and say, "I am sorry, we cannot afford to continue it now."

There is nothing like a pending federal election to clear the vision of the leaders of this government. It is like Murine for the eyes. The election scare of this last year was a lot of Murine for them; it really cleared their vision. All of a sudden they realized there was a taxation revolt, just like Wat Tyler's rebellion. When the serfs had finally had enough, they realized there was a taxation revolt, just like Wat Tyler's rebellion. When the serfs had finally had enough, they said they were tired of working for the overlords. They thought they could pull it off.

There can be a kind of Wat Tyler's rebellion today. Proposition 13 in California signalled the act there. That spilled over into British Columbia. The rest of the provinces have caught on to that idea. All of a sudden this government realized it had a problem on its hands. It could no longer carry the oppressive tax burden, and it shoved it on to the rest of the people because it was not willing to carry it. We had on October 16—

Miss Bégin: What has happened since Proposition 13?

Mr. Friesen: We had October 16. That was a kind of Wat Tyler's rebellion, telling this government it could no longer pull these kinds of deals, that the taxpayer is no longer willing to carry those burdens. They have said that they have had enough.

I want to go on record as saying that this government deserves a steady stream of denunciations for the kind of policies it has foisted on to the provinces, now wanting them to carry the full load of the burden. Yesterday the premier of my province said to the first ministers that rather than have a redistribution of the wealth, which incidentally this minister wants to carry on with all the time, we ought to have a redistribution of the opportunities. I agree with that. I know that the people of Canada want to express themselves in an entrepreneurial spirit. I know they have the vision. I know that given release from the oppression and burdens which this government has placed on them, there will be an infusion of spirit across the country. Once we take away the disincentives that this government has loaded on them, we will see a new spirit born in this land.

Some hon. Members: Hear, hear!

Mr. Yewchuk: Mr. Speaker, I rise on a point of order. I wanted to ask the Minister of Public Works (Mr. Ouellet) to table the document from which he quoted during his remarks. I gather that the document that he held in his hand while he was quoting, was a speech which the Minister of Finance (Mr. Chrétien) made to a meeting with the provincial ministers of finance. The minister has now left the House. However, I think it is possible that he be ordered to table it even though he is not here in person.

Mr. Deputy Speaker: The hon. member might have been right if he had raised the point in due time. I do not think his point of order is valid at this time. It would be impossible for the Chair to bring back the minister and ask him to table it. The minister might have referred to some document; however, the practice provides for members' interventions to take place immediately.

Mr. Yewchuk: The minister was indeed reading from a document which he identified in his comments as coming from the Minister of Finance.

Mr. Deputy Speaker: Order, please. I do not quarrel with that. However, the hon. member should have got up at that time and requested the minister to table the document. It could have been identified while the minister had it in his hand. The minister is not here and the document is not here. It is impossible to have the document now.

Before I recognize the Minister of National Health and Welfare (Miss Bégin), I wish to inform the House that if she speaks at this time, she will close the debate.

[*Translation*]

Hon. Monique Bégin (Minister of National Health and Welfare): I think, Mr. Speaker, that I have two minutes left before ten o'clock, and I will use them to correct some of the wrong impressions created by the opposition and which are laden with consequences. For example, they related the health of Indians, which is one of our priorities, to the fact that this act is being repealed two years before its legal termination, after 12 years of a well-functioning health resources fund. That makes no sense. That is a blatant lie to the Canadian public. I would like to clarify that. The health resources fund is a $500 million shared cost fund which was used to 85 per cent of its capacity in the last 12 years and which was due, in any case, to terminate in two years. The provinces, whose economy is in the same state as on the national scene, do not have the money to pay their share of what is left of the Fund.

We therefore, took a wise decision, which we made with regret, but which is a totally responsible one. We have honoured, and I emphasize this, all the contracts which were signed, and all bills will be paid within three years; I have signed all offers which were submitted and considered acceptable by the government. Therefore, no province will suffer from this premature suspension of the Health Resources Fund. I have stated that there were projects for Prince Edward Island, two projects for Manitoba, including the Seven Oaks General Hospital in Winnipeg, and the Calgary children's hospital, for which I have just signed a supplementary submission.

[*English*]

Mr. Paproski: Mr. Speaker, I rise on a point of order. We deeply regret that we did not know the Minister of National Health and Welfare (Miss Bégin) wanted to speak. We would have given her at least half an hour of her precious time to tell us exactly what she wanted to say this evening.

Mr. Deputy Speaker: Order, please. It being ten o'clock, it is my duty, pursuant to special order made this evening, to put the question necessary to dispose of the second reading stage of Bill C-2. Is it the pleasure of the House to adopt the said motion?

Some hon. Members: Agreed.

[Mr. Deputy Speaker.]

Some hon. Members: No.

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

Some hon. Members: Yea.

Mr. Deputy Speaker: All those opposed will please say nay.

Some hon. Members: Nay.

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

And more than five members having risen:

Mr. Deputy Speaker: Pursuant to the special order adopted by the House earlier, the division stands deferred until tomorrow on calling of the orders of the day.

PROCEEDINGS ON ADJOURNMENT MOTION

[*English*]

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

HEALTH AND WELFARE—REQUEST GOVERNMENT RECONSIDER CUT IN FAMILY PLANNING GRANTS PROGRAM

Mr. F. A Philbrook (Halton): Mr. Speaker, on November 17, I posed a question to the Minister of National Health and Welfare (Miss Bégin) on family planning programs. It involved specifically my concern about these programs being cut back, based on a cut in the budget of almost half, from $2.1 million to $1.1 million, and therefore a substantial cutback in these important activities. I also mentioned these savings were illusory because equivalent expenses would be created of at least that amount or maybe greater. Certainly prevention was better than teenage pregnancies, certainly unwanted ones, and an increase in therapeutic abortions, which are increasing anyway.

● (2202)

I did not realize it at that time but the hon. member for New Westminster (Mr. Leggatt) asked a similar question on November 10, seven days before, in which he mentioned that legal abortions had increased by 5.5 per cent in the previous year. I had asked the minister whether she could possibly reconsider the situation. The hon. member for New Westminster had already asked her whether she would restore the funds available to the amount originally to be provided, that is, to $2.1 million.

We understand the difficulty the minister faces, along with all members of the government, in trying to balance, on one hand, the effect of spending restraint against the benefits of very worth-while programs, on the other hand. I think the minister has been very fair and reasonably effective in this

area. She is certainly one who supports social programs very strongly. Strong representations have come to her from the community, from voluntary associations such as the Family Planning Association and, of course, from other parliamentarians along the lines I have indicated.

The minister's attention was also drawn to an article which appeared in the Toronto *Star* of October 20 entitled "The Teenage Pregnancy Explosion". That article emphasized the appalling consequences of unwanted pregnancies, the danger to the mother, whether or not she went through with the pregnancy, and to any children which might be born. It dealt with the related problem of child abuse and so on. We realize that this situation of immature mothers with, in some cases, unwanted children imposes a heavy burden on municipal and provincial welfare systems. The federal government has played a very important role in recent years in attempting to relieve this burden.

Certain aspects of what I am discussing are, evidently, similar to those which arise from the bill we have been debating here during the last two days and on which I spoke today, Bill C-2, the health resources fund bill, which imposes a serious restriction in an area where nobody wants to cut back, namely health training and research.

There is a similar dilemma here. Of course, whatever expenditure the provinces incur in the running of these programs, the federal government pays half. We realize this. It is a dilemma and we appreciate the difficult position in which the minister finds herself. But the human need is one which remains the responsibility of all three levels of government working together with private volunteer organizations.

● (2207)

As in any important matter, the federal government is looked to for leadership. Voluntary organizations always rely partly on government support, particularly federal government support. They need to know where they stand, particularly with regard to forward budgeting. I refer to organizations such as Planned Parenthood of Canada and other so-called non-government organizations.

I would like to refer briefly to another dimension which is especially important to me as well as to other hon. members: our international activities and the business of Canada's setting an international example. Just recently the united fund for population activities for the first time organized a world-wide group of parliamentarians to work on the problem of population development in third world countries. The problem involves more than just population; it involves family planning and all the social programs related to that. It even involves economic development programs. I feel very honoured to have been elected secretary-general of this group, and therefore I feel a special responsibility.

Countries around the world, especially third world countries, look to Canada as an example. They look to Canada to help them with their problems. The help we give them reflects our own domestic situation and how we handle different but delicate matters such as population and family planning. I know this is a difficult problem. I would simply like to ask the minister to consider, within whatever limitations we have at this level, working with the provinces and volunteer agencies to make sure, even if we cannot spend as much money as we have spent, that we still try to get the job done and not cut back on important family planning programs.

Mr. W. Kenneth Robinson (Parliamentary Secretary to Minister of National Health and Welfare): Mr. Speaker, at the outset I would like to congratulate the hon. member for Halton (Mr. Philbrook) on bringing the important matter of family planning before the House of Commons once again. The matter needs to be considered. I think all hon. members would agree that family planning is something about which we must be more concerned because of the tremendous population growth today.

Further to the question raised by the hon. member for Halton on November 17, I would like to add the following comments. The reduction in family planning grants for 1979-1980 is firm. The minister has no intention to review the cutbacks already announced since these reductions were based on very careful consideration of all the options available.

The minister does, of course, recognize the importance of prevention and the concern of the hon. member for the continuation of family planning services. I would like to remind the hon. member that these services are a provincial responsibility and that the Department of National Health and Welfare, through its special grants, has ensured that services are available for the residents of each province and territory.

In addition, welfare services are to be shared under the Canada Assistance Plan when provided by provincially-approved agencies—which are listed in an agreement under the Canada Assistance Plan—either to persons in need or to persons who are likely to become in need if they do not receive the services they require. Likelihood of need is determined on the basis of economic as well as social need criteria.

With regard to family planning services, certain services such as information, referrals and counselling have been accepted as welfare services for cost-sharing purposes under the Canada Assistance Plan. The essential point relative to cost sharing in welfare services is that federal contributions are made toward agency costs associated with the provision of such services.

The cost associated with providing family planning means—for example, the pill or IUDS—are cost-shared through the assistance provision of the Canada Assistance Plan when provided as items of assistance to persons in need.

In summary, I would like to assure the hon. member that the social services and health systems of the provinces will continue to receive the necessary funding to provide family planning services on a preventive basis to those in need.

Adjournment Debate

URBAN AFFAIRS—INTERDEPARTMENTAL COMMITTEE TO STUDY URBAN AFFAIRS

Mr. Dean Whiteway (Selkirk): Mr. Speaker, I want to respond tonight to an answer given to me by the Minister of State for Urban Affairs (Mr. Ouellet) on November 15 when I questioned him in the House concerning the senior interdepartmental committee on urban affairs. I have with me tonight a copy of a report dated September, 1975. I asked the minister why this committee of deputy ministers has not met since 1975. It is important that this committee meet because when the Minister of State for Urban Affairs was first conceived, it was to be a co-ordinating ministry. The minister's function was to be only that which would co-ordinate activities related to housing and would include the co-ordination of programs affecting some ten other ministries. That was the promise given to the House of Commons when, some eight years ago, the government created the Ministry of State for Urban Affairs.

● (2012)

I have here a confidential cabinet document dated July 3, 1973 when the cabinet discussed the need for this co-ordinating committee of deputy heads to discharge the mandate given to them by parliament which requires a high and continuing degree of interdepartmental consultation at the senior level—I am reading from this document. I also have another confidential cabinet document dated July 17, 1973, just a couple of weeks later. According to this document, the cabinet decided that it was critically important, in order to make the Ministry of State for Urban Affairs work effectively as a co-ordinating ministry, that there be established a senior interdepartmental committee on urban affairs to be composed of deputy heads. These were not just joe-boys or boys from the mail room; these were deputy ministers.

That is how important this committee was. Some of the responsibilities of that committee were to meet no less than twice a year at the call of the chairman; that is the deputy minister of state for urban affairs. Now that deputy head is Bill Teron. It was to assist in the preparation of, and to present to the Minister of State for Urban Affairs, the transmittal to cabinet of an annual review and evaluation of the range of federal programs which have significantly affected the urbanization of Canada. To this date we have had only one such report.

I maintain, sir, that one of the reasons this government is following the suggestion of the official opposition that the Ministry of State for Urban Affairs should be wound down is, that they failed to have the departmental heads meet as they were supposed to. You cannot have a ministry whose job it is to co-ordinate and report to the House of Commons through the minister not knowing whether or not they are doing the job of co-ordination. The only way to evaluate the efficiency of the ministry and of the programs that ministry was co-ordinating was to have an evaluation; but the people who were to do that job, the deputy heads, did not meet. So there was confusion and mismanagement. As a result the government decided, because the ministry has not been working, to disband it.

[Mr. Robinson.]

I commend the government for that decision because it is exactly what we on this side suggested a year and a half ago, namely, that the Ministry of State for Urban Affairs be dismantled because it has not been effective in co-ordinating the various programs. But the difference between what they are doing and what we would have done is simple. The government announced out of the blue this great revelation, this great turnabout last Friday, and not a province in the country knew it. No one knew it except the Prime Minister (Mr. Trudeau) and the minister involved. It is that kind of mentality that has characterized this government—on-again-off-again, without consultation with the provinces.

On page 31 of the report of the western premiers task force on constitutional trends of last May, it is stated that in the broad area of housing consultation has been virtually non-existent. They disband a whole ministry dealing with the whole range of programs in which the federal government involved the provinces, without even asking the provinces what they thought of the dismantling of the entire Ministry of State for Urban Affairs. It is that kind of irresponsible reflex action by the government that has put it into the position it enjoys today with the Canadian public. Now the Canadian public is determined to get rid of the government.

● (2217)

I applaud the government for innovative programs such as CHIP, NIP, RRAP and AHOP. If the government survived another couple of years, we would have had jump, skip and a lot of others. No program is meaningful unless it is evaluated. The government should take a second look at its programs to see whether they work, and if it was a targeted program, whether it had the effectiveness on the target area for which it was conceived. The government did not do that. It brought in a program of graduated payment mortgages, not knowing whether AHOP worked. There were massive defaults in AHOP. A senior departmental group was supposed to meet and evaluate these programs, and now the government is graduating payment mortgages. Right in the middle of all the new changes, the government said, "Sorry, boys, we are going to dismantle the ministry." That is an irresponsible government. Given the opportunity, at the drop of a writ we will replace them.

Mr. Hal Herbert (Parliamentary Secretary to Minister of State for Urban Affairs): Mr. Speaker, of course the allegations of the hon. member for Selkirk (Mr. Whiteway) are completely false, and as wild and discriminatory as the Tory suggestion that mortgage interest should be deductible.

He tied in with his question on November 15 some allegations concerning AHOP defaults, which he mentioned again tonight. AHOP defaults obviously are greater than the defaults on conventional mortgages. He tied in defaults with walkaways. There is a difference which perhaps one day he will learn. He tied in defaults with conventional mortgage problems. As the hon. member for Ottawa-Carleton (Mrs. Pigott) alleged, there is an increase in defaults on AHOP mortgages because we are attempting to help people who have

less money in their pockets and therefore are more likely to default.

The senior interdepartmental committee on urban affairs was formed in 1973 to assist in the preparation of an annual review and evaluation of the range of federal programs which significantly affect the urbanization of Canada. Also it was to assist the Department of Urban Affairs in advising the Treasury Board secretariat and the Privy Council office on policy and program proposals of federal departments and agencies which could have a significant impact on urbanization and urban development patterns.

The department, jointly with relevant federal departments and agencies, chaired both the senior steering and working groups in undertaking the work on the social policy on shelter. By working with the Department of Public Works, the Department of Regional Economic Expansion and other relevant departments, the Department of Urban Affairs played an important role in making federal investments in specific areas more effective to provincial and municipal concerns.

At the standing committee this morning, the minister answered the hon. member for Selkirk by indicating that when "officials of the various departments were doing things which had an effect on urban development in the cities, they were naturally automatically consulting the ministry". Also he indicated that there have been a number of meetings involving officials of various departments to study the over-all performance of the government in terms of housing and in terms of shelter.

The Department of Urban Affairs effectively fulfilled its role for which it was created, that of co-ordinating delivery of federal urban-oriented policies and programs and of identifying priority concerns.

I hope this is the last we hear of defaults in the AHOP program. Since defaults in conventional mortgages have been extremely small, to the point where we do not require the 1 per cent coverage on these mortgages, naturally the defaults in the AHOP program will be greater.

GRAIN—MOVEMENT OF GRAIN—PURCHASE OF HOPPER CARS

Mr. Lorne Nystrom (Yorkton-Melville): Mr. Speaker, my comments tonight refer to the fact that the Canadian Wheat Board has put out tenders to purchase 500 to 2,000 hopper cars. I maintain that the Wheat Board was blackmailed into doing that by the fact that the railways of this country are on strike when it comes to purchasing more hopper cars. In other words, they are not doing it. The minister in charge of the Wheat Board has his hands tied by restraint and, therefore, he is not doing it either.

● (2222)

For the first time ever the producers, namely, the farmers of western Canada, are in the position where they, through their wheat boards, have to purchase between 500 and 2,000 hopper cars. I maintain that is a very, very dangerous precedent, a precedent that is being set which may end up being carried on. I think it is wrong. What other commodity group has to purchase the cars to move their goods? Do General Motors have to do it? Do big companies have to do it? Do the fishermen have to do this, or do other people have to do it? I maintain that in most cases the answer is no. Therefore, it is very dangerous to ask farmers to do it.

I want to give a few background facts showing why we are in this type of situation today, why the railroads have been blackmailing the Wheat Board, and why the government has been implicit in this action. First of all, the capacity to move grain in this country has been slipping drastically. In 1972 we had 22,000 boxcars. By July 31, 1978 we were down to 12,800 boxcars. In the meantime, the federal government had purchased some 8,000 hopper cars. One hopper car equals about 1.5 boxcars in terms of grain moving capacity. Therefore, if you add in the 8,000 hopper cars in terms of capacity to the 12,800 boxcars, our capacity would equal about 24,800 boxcars. Therefore, even though the government has purchased 8,000 hopper cars, we still had less grain moving capacity than we had in 1972 before that purchase. As a matter of fact, the system has a two-million bushel less carrying capacity today than it did in 1972.

To make matters worse, we need more hopper cars and grain cars for the future. The Wheat Board says we need 9,000 more cars. The Wheat Board breaks it down this way: We need 4,000 more hopper cars and we need to repair some 5,000 boxcars.

Forest Hetland, who is a commissioner of the Canadian Wheat Board, said that by 1985 Canada could be exporting about 20 million tonnes of wheat and ten million tonnes of feed grains. He said that 4,000 new hopper cars could generate over $700 million each year in increased export sales and foreign exchange earnings. Mr. Hetland went on to say that even at a cost of $50,000 each, or $200 million total, for these hopper cars this would still be a good long-term investment for Canada.

Charlie Gibbings, another commissioner of the Wheat Board, was quoted by the *Leader Post* as saying that car supply is the most immediate problem. He said that 20,000 hopper cars and 5,000 boxcars will be needed to meet the 1985 target of moving 30 million tonnes of grain.

Then we have Commissioner Kristjanson, assistant chief commissioner of the Canadian Wheat Board, a 19-year veteran with the Wheat Board, 13 years as a commissioner and therefore a man who knows a great deal about the business, who is confident that the board could achieve export sales of 30 million tonnes by 1985, which is a 50 per cent increase, if transportation systems improved. We need three essential ingredients, he suggested. We need a fleet of 20,000 grain hopper cars, a 20,000-tonne terminal facility at Prince Rupert and an improved system of rail delivery through the Rockies to the west coast. It is obvious we need more than a faster turnaround time, although we need that too. We need some 20,000 hopper cars and 5,000 boxcars to meet our target for 1985.

What I am saying to the government now is that we need these hopper cars and we need them very fast. The fact that we do not have them now means we have lost sales. Our current inability to deliver has cost the Canadian farmers about $350 million in lost sales this year. Farmers have also lost about $25 million in demurrage charges this year because of the backlog, due to hopper cars and boxcars not being available. Last year, according to the advisory committee to the Canadian Wheat Board, transportation delays cost the Canadian farmer about $150 million.

Then we have the China sale. We sold around three million tonnes of grain to China this year. The Wheat Board tells me we could have sold around four million tonnes if we had had the proper facilities to move the grain. If we were really doing things well we could have sold about six million tonnes, as that is the amount of grain the Chinese wanted to buy. As it is, Canada sold about 21 million tonnes of grain in the last crop year. We could do a lot better. The main problem is that the railways are not providing the service they should to western farmers.

● (2227)

I am sure that the parliamentary secretary is very embarrassed about the government handouts to railways. The branch line subsidy to the railways by this government last year was $90 million, and the savings to the railway on the cost of capital and depreciation for government hopper cars, which are supplied by the government, was $35.7 million. The saving to the railway on the cost of capital and depreciation for branch line rehabilitation was $98 million, and on the cost of capital and depreciation on Canadian Wheat Board hopper cars $14 million. This amounts to a subsidy from this Santa Claus government of $237.7 million per year. At the same time the railway profits for the first nine months of 1978 were $163 million. In the new budget they will be getting another tax subsidy of 7 per cent for an investment tax credit on transportation equipment.

If we look at the subsidies the railways have received from this government and the profits they have made, there is no reason why they should not be supplying the hopper cars and repairing the boxcars, or that the farmers of western Canada or the Wheat Board area farmers should be purchasing between 500 and 2,000 hopper cars out of their own money. It is a dangerous precedent that should not be allowed to happen. The government has an obligation to force the railways to purchase those cars, and if it cannot force the railways, then it has the obligation to provide the cars itself.

[*Translation*]

Mr. Charles Lapointe (Parliamentary Secretary to Minister of Transport): Mr. Speaker, it is worth remembering that over the last five years the government has added 8,000 hopper cars to the grain transportation network at an approximate cost of $260 million. It is also worth mentioning that during the past two years an amount of $170 million has been invested to improve railways in the prairie provinces and that the government is committed to earmark another $500 million in the next five or seven years to complete the upgrading of railways throughout western Canada.

When the railway companies tell us that they have enough hopper cars and boxcars for the transportation of grain, it is then a matter of interpretation and also a very complex issue. The minister stated today that he does not quite agree with the Canadian Pacific for instance which is of the opinion that the required number of cars is presently in use throughout the Canadian Pacific network. The minister has even offered a new arrangement to this company and to the Canadian National for the joint financing of a car repair program.

As I stated earlier, Mr. Speaker, this issue concerning the number of cars which might be needed is further complicated by the fact that it boils down to the question of knowing how many round trips are made by the cars between the prairies and Thunder Bay on the one side and the west coast on the other side. One also has to know if we have the minimum number of cars required to satisfy regular needs or if we have at our disposal the required number which would meet the requirements of a peak season when necessary, even if it is only a matter of five or six weeks during the grain shipment period.

The railway companies have suggested that the required number of cars is available, yet it remains rather difficult to determine in advance how many cars will be needed.

The Canadian Wheat Board and the minister, as he stated himself this afternoon, are convinced that more cars will be needed in a rather near future. The Canadian Wheat Board may differ with the railway companies in its interpretation of what constitutes a sufficient number of cars. The board must be concerned about the fact that it could have to pay demurrage charges. Consequently, the cars that the board would purchase would enable it to avoid paying demurrage charges during future peak periods on the market. For their part, the producers share the concerns of the board and, through their representatives on the Canadian Wheat Board, they accepted in principle this purchase proposal when the board consulted them. I also want to mention or emphasize the other initiatives taken by the minister in this regard. Since the branch line rehabilitation program is now being implemented, cars presently available and those that the board could acquire later on will be put to a better and more effective use.

As for ensuring a better use of the whole system, the minister reminded the House this afternoon during oral question period that he has appointed an analyst to study grain handling and transport operations and to make suggestions to improve these operations. The very recent up-date of the Snavely report, which was published a while ago, shows that major improvements have already been made as concerns the use of railway cars. Nevertheless, we must determine whether it is possible to do more and to make other improvements in the near future.

Mr. Deputy Speaker: The motion to adjourn the House is now deemed to have been adopted. Accordingly, this House stands adjourned until two o'clock p.m. tomorrow.

Motion agreed to and the House adjourned at 10.33 p.m., without question put, pursuant to Standing Order.

HOUSE OF COMMONS

Wednesday, November 29, 1978

The House met at 2 p.m.

• (1407)

ROUTINE PROCEEDINGS

[*English*]

GRAIN

CROWSNEST PASS FREIGHT RATES—MOTION UNDER S.O. 43

Right Hon. J. G. Diefenbaker (Prince Albert): Mr. Speaker, I rise, under the provisions of Standing Order 43, on a matter of urgent and pressing necessity namely, that the railway companies are engaged in a national propaganda campaign to abolish the statutory Crowsnest freight rates which have been in existence since 1898 and which have been a cornerstone of benefit to the western wheat farmer and to tens of thousands of farmers who otherwise would have been unable to carry on.

Should the railways be successful in their objective, a body blow will have been struck to western farmers. I therefore move, seconded by the hon. member for Saskatoon-Biggar (Mr. Hnatyshyn):

That this House declares there shall be no interference with these rates and that they should be continued in full force and effect.

Mr. Speaker: Standing Order 43 permits the introduction of such a motion for debate only with the unanimous consent of the House. Is there unanimous consent?

Some hon. Members: Agreed.

Some hon. Members: No.

* * *

CONSUMER AFFAIRS

INCREASE IN PRICE OF BREAD—MOTION UNDER S.O. 43

Mr. James A. McGrath (St. John's East): Mr. Speaker, I rise under the provisions of Standing Order 43. The announcement by the government of the removal of the per bushel subsidy on the price of domestically consumed wheat will mean an increase of seven cents in the cost of a loaf of bread. First the turkey; now the stuffing. I, therefore, move:

That this House directs the government to implement the recommendation of the Auditor General to effect economies in government spending, rather than increasing the price of a loaf of bread, a move which will place a heavy burden on low income families.

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

Some hon. Members: Agreed.

Some hon. Members: No.

SUBSIDY ON DOMESTICALLY CONSUMED GRAIN—MOTION UNDER S.O. 43

Mr. Andrew Brewin (Greenwood): Mr. Speaker, I rise on a question of pressing necessity under Standing Order 43. In view of the fact that the Minister of Transport (Mr. Lang) has announced a reduction of the subsidy on wheat used by millers for bread, which will result in an increase in the price of bread by five cents a loaf, and in view of the great hardship this will impose on people on low incomes, particularly old age pensioners, I move, seconded by the hon. member for Yorkton-Melville (Mr. Nystrom):

That this House directs the government to cancel this decision and restore the full subsidy.

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

Some hon. Members: Agreed.

Some hon. Members: No.

REQUESTED FIRING OF MINISTER OF TRANSPORT—MOTION UNDER S.O. 43

Mr. Lorne Nystrom (Yorkton-Melville): Mr. Speaker, I wish to propose a motion under the same Standing Order. In September, 1973, the minister in charge of the Canadian Wheat Board told the special food prices committee that the cost of wheat used in a 24-ounce loaf of bread, "is now fixed and firm at 7½ cents a loaf for the next seven years".

I move, seconded by the hon. member for Regina-Lake Centre (Mr. Benjamin):

That this House remind the Prime Minister that the minister in charge of the Canadian Wheat Board is about to break a promise he made to the Canadian people and that we therefore request that he be fired.

Mr. Speaker: Order, please. The hon. member for Vegreville.

S.O. 43

GRAIN

CALL FOR INDUSTRY MEETING TO IMPROVE GRAIN MOVEMENT—MOTION UNDER S.O. 43

Mr. Don Mazankowski (Vegreville): Mr. Speaker, under the provisions of Standing Order 43, I rise on a matter of urgent and pressing necessity. In light of Canada's continuing loss of grain export sales and the forced decision by the Canadian Wheat Board to withdraw from the monthly Japanese market because of the failure of Canada's transportation system, and noting that the current atmosphere within the grain industry is rapidly deteriorating, to the point where the parties involved are engaging in verbal warfare and exchanging accusations rather than addressing the issue positively, I move, seconded by the hon. member for Swift Current-Maple Creek (Mr. Hamilton):

That the Minister of Transport provide leadership by immediately convening a grain summit which would bring together representatives of all components of the grain handling, transportation and marketing system to deal with and arrive at solutions not only to resolve the immediate grain and transportation crisis but also to develop a comprehensive plan of action for the expansion of the system to meet the challenges of the eighties.

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

Some hon. Members: Agreed.

Some hon. Members: No.

* * *

HAZARDOUS SUBSTANCES

REGINA, SASK.—DISPOSAL OF SOIL CONTAMINATED BY TOXIC CHEMICAL—MOTION UNDER S.O. 43

Mr. Ray Hnatyshyn (Saskatoon-Biggar): Mr. Speaker, I rise, under the provisions of Standing Order 43 on a matter of urgent and pressing necessity. In view of public and scientific concern about an expeditious solution to the problem of the 1,500 gallon spill of PCBs in Regina, and taking into consideration the apparent inability of the governments involved to find adequate storage space for the highly toxic pollutant, I move, seconded by the hon. member for Qu'Appelle-Moose Mountain (Mr. Hamilton):

That the House instruct the federal environment minister, in co-operation with the Saskatchewan department of the environment, to pursue the option of transporting the contaminated soil to a special incineration facility, perhaps the germ warfare incinerator at Suffield, Alberta, or an appropriate site in the United States where the chemical could be destroyed by high-intensity heat.

Mr. Speaker: Such a motion can be introduced at this time only with unanimous consent. Is there unanimous consent?

Some hon. Members: Agreed.

Some hon. Members: No.

[Mr. Speaker.]

GRAIN

REQUEST HOUSE COMMITTEE STUDY GRAIN HANDLING SYSTEM—MOTION UNDER S.O. 43

Mr. Les Benjamin (Regina-Lake Centre): Mr. Speaker, I rise, under the provisions of Standing Order 43, on a matter which is obviously urgent because so many members have become involved. My motion arises out of the worsening situation in grain movement which prevents the Canadian Wheat Board from increasing benefits for Canada and its grain producers. Railway service is so bad that ports do not receive sufficient carloads of grain per day to allow terminals to operate at maximum capacity, and since it is obvious that railway management is conducting a campaign to bog down grain movement and to sabotage the Crowsnest pass grain rates, which is costing farmers millions of dollars, I move, seconded by the hon. member for Yorkton-Melville (Mr. Nystrom):

That this House requests that the government introduce an order of reference which instructs the Standing Committee on Transport and Communications to hold hearings on an emergency basis concerning all aspects of grain movement to Thunder Bay, Vancouver, Prince Rupert and Churchill; that the committee be authorized to travel, hear witnesses and, where necessary, to subpoena witnesses; and that the committee report back to parliament with recommendations for government action no later than December 15.

Mr. Speaker: Such a motion can be introduced at this time only with unanimous consent. Is there unanimous consent?

Some hon. Members: Agreed.

Some hon. Members: No.

* * *

● (1412)

INDIAN AFFAIRS

RECOGNITION OF NATIVE PEOPLES IN ECONOMIC DEVELOPMENT POLICIES—MOTION UNDER S.O. 43

Mr. Cecil Smith (Churchill): Mr. Speaker, I rise, under the provisions of Standing Order 43, to seek the unanimous consent of the House to present a motion. I have handed to the Minister of Indian Affairs and Northern Development a copy of this motion, and he says he will not say no to it.

Some hon. Members: Oh, oh!

Mr. Smith (Churchill): In view of the harsh economic conditions suffered by the many Indian people of this country, I would move, seconded by the hon. member for Moose Jaw (Mr. Neil):

That the Minister of Indian Affairs and Northern Development be included in the new super ministry responsible for economic development in Canada to ensure native peoples' concerns are represented in the over-all economic development of our country.

It is unfortunate, Mr. Speaker, that the minister has now left the chamber.

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

Some hon. Members: Agreed.

Some hon. Members: No.

* * *

FINANCE

REBATE OF MANUFACTURING TAX TO APPLY TO ALL INDUSTRY—MOTION UNDER S.O. 43

Mr. Jack Hare (St. Boniface): Mr. Speaker, I rise, under the provisions of Standing Order 43, on a mattter of urgent and pressing necessity.

In view of the fact that there exists among the auto dealers of Canada a current inventory of automobiles amounting to close to $2 billion, and that this inventory will not be subject to the 3 per cent discount in manufacturing tax, which means that the auto-buying consumer will have to pay $60 million to cover this inventory, I move, seconded by the hon. member for Lisgar (Mr. Murta):

That the government immediately initiate steps to rebate the 3 per cent tax differential on the present automobile inventory, and it should be not only for the auto industry but for any industry where purchased inventory contains a significant dollar value.

Mr. Speaker: Such a motion can be presented for debate only with the unanimous consent of the House. Is there unanimous consent?

Some hon. Members: Agreed.

Some hon. Members: No.

* * *

EMPLOYMENT

REDUCTION IN TRAINING ALLOWANCE—MOTION UNDER S.O. 43

Mr. Andy Hogan (Cape Breton-East Richmond): Mr. Speaker, I rise, under the provisions of Standing Order 43, on a matter of urgent and pressing necessity.

In view of the fact that the training allowance for married women and young, single people has been decreased from $45 to $10 per week, in view of the fact that the deputy minister of employment said in committee recently that this was in response to a direct order from Treasury Board, and in view of the fact that this is most discriminatory toward married women and young, single persons living at home who should be receiving an increase, rather than a decrease, because of the rise in the cost of living, I move, seconded by the hon. member for Northwest Territories (Mr. Firth):

That Treasury Board immediately restore the allowance to these groups to at least the original $45.

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

Some hon. Members: Agreed.

Some hon. Members: No.

ORAL QUESTION PERIOD

[*English*]

GRAIN

REDUCED SUBSIDY ON DOMESTICALLY CONSUMED GRAIN—RESULTANT INCREASE IN PRICE OF BREAD

Mr. James A. McGrath (St. John's East): Mr. Speaker, I would like to direct my question to the Minister of Transport, in his capacity as the minister responsible for the Wheat Board. In 1973, the government responded to an anticipated five-cent increase in the price of a loaf of bread by putting in place a subsidy on domestically consumed wheat. That program was to last for a period of seven years. The Prime Minister said at that time:

In present world conditions the most urgent task of the government is to ensure that those who are least able to defend themselves against the effects of inflation are protected.

Since this will make little or no difference to wheat producers, why is the government now moving to cancel the subsidy and pass a large percentage of the burden to low income families in Canada who have to rely to a very large extent on bread and pasta in this period of rising food prices?

Hon. Otto E. Lang (Minister of Transport): Mr. Speaker, the arrangement made in 1973 was an arrangement with wheat producers that for seven years there would be a certain range within which the returns to them might move in connection with wheat sold for consumption in Canada. That range was originally set between a floor of $3.25 and a ceiling of $5. What we are now proposing is to raise the floor to $4 having regard to changes in the costs of production, and to allow the price to float in that range.

In 1973, because there had already been a very rapid escalation in the price of wheat to the $3 level and through that figure, the government decided to cushion the immediate impact of the rise by paying a consumer subsidy effective on everything over $3.25. That has gone on for some five years, to the benefit, I believe, of consumers to the extent of some $385 million. Now the government has decided that its spending restraint program requires this to be reviewed. Therefore, the cost—which perhaps would have been a cost to the treasury of $100 million this year—will now be changed in terms of a non-spending item and the Wheat Board will be free to make such a charge as the world price would indicate between the $4 and $5 range, which is a continuation of the old agreement.

● (1417)

While there will be an unfortunate, but necessary, increase in the price of bread, it should be recognized that it follows five years of complete stability in the part of the bread price which represents wheat. Other factors have gone up, of course, and the price of bread has continued to rise over that period—but not because of wheat. Now an adjustment is being allowed in relation to wheat which in total will have, I am told, approximately a 0.1 per cent impact upon the cost of living index compared to, say, 0.5 per cent to 0.7 per cent that the oil price increase would have meant.

Mr. McGrath: Surely the minister knows that that 0.1 per cent increase will lean most heavily on the group in society which needs protection most, that is, low income earners. When that policy was introduced, bread was 36 cents a loaf; it is now 60 cents a loaf. As a result of the government's move, it will go up to 70 cents a loaf by June of next year.

I ask the minister, why did the government, if they felt it was absolutely necessary as a restraint measure—I think the House and the country would seriously question that—not ease it in over a period of years, as it has done with oil prices, to offset the impact on consumers? Why is the government not doing this in the case of bread, given the impact it will have on poor families in the country who are finding it hard enough as it is to get by?

Mr. Lang: Lack of action in 1973 would have meant a very high proportionate increase in the price of bread, because bread was priced lower and wheat prices went up to $5.50 at that point. This shows the reason for the change today. As a proportion of bread prices, the increase will be far, far lower than it would have been if that had been allowed to happen in 1973.

However, the answer to the over-all question is that we have to exercise restraint in government spending from the point of view of the over-all impact on the economy of dollars spent by the government, whether through a deficit or through additional taxes. That was an essential program. As part of that program, we are transferring large amounts of money through improved social programs to those who need them most, and hence we put before the House recently the proposal to increase the guaranteed income supplement to older persons. Also, of course, we have the tax credit for families with children under the $18,000 bracket. These people will be helped substantially by these measures.

Mr. McGrath: I would remind the minister that we also have before the House the Auditor General's report. Perhaps he could look there for a way of implementing restraint, instead of on the backs of the poor.

I ask the minister whether he consulted his colleague, the Minister of National Health and Welfare, before implementing this move, given the fact that we have already removed this year the consumer subsidy on powdered skim milk in Canada—again, a move which will lean heaviest on low income earners. Did the minister consult the Minister of National Health and Welfare, and did he satisfy himself about the social impact on low income families in this country of this heartless, Marie Antoinette move which he is now taking?

Mr. Lang: Mr. Speaker—

An hon. Member: Resign.

An hon. Member: Callous.

Mr. Lang: I am not sure Marie Antoinette would have been satisfied either, because the price of cake might go up as well.

Some hon. Members: Oh, oh!

Mr. Lang: The fact is that the government as a whole had to take this decision, although not gladly because we are never glad to see a price increase. The government took the decision after having arranged, through our policies, to transfer a significant amount of money to families most in need, families with incomes under $18,000. I need not remind the hon. member that those families will be receiving in the new year a tax credit, even if they do not pay tax, of $200 per child; so that a family of five will be receiving $1,000 in the next few months.

Mr. Speaker: The hon. member for Yorkton-Melville.

Mr. Nystrom: Mr. Speaker—

Mr. Stevens: On a supplementary, Mr. Speaker—

Mr. Speaker: The hon. member for York-Simcoe on a supplementary.

● (1422)

INCREASE IN PRICE OF BREAD—TWO-PRICE SYSTEM FOR WHEAT

Mr. Sinclair Stevens (York-Simcoe): Mr. Speaker, my question is for the Minister of Transport and it follows on the questioning of my colleague.

In responding to questions, the minister indicated that this was a kind of floating price plan. Does the minister not recall, when the plan was brought in, that the minister of agriculture at that time said it would enshrine, to use his words, the two-price system for wheat for seven years? He went on to say that it was "a measure to help keep down the cost of bread to Canadians by freezing the price of bread wheat to millers at a maximum of $3.25 per bushel." Would the Minister of Transport now indicate why that word has been broken by defreezing the bread wheat price from $3.25 to $4?

Hon. Otto E. Lang (Minister of Transport): Mr. Speaker, it is not a matter of defreezing it from $3.25 to $4. In fact, if the hon. member would check the legislation, he would find that the legislation itself requires a review of the minimum price in the seven-year arrangement having regard to costs of production. Accordingly, last year we increased the minimum from $3.25 to $3.55. This year we are increasing it to $4, much in

line with the suggestions made to us by farm organizations about the costs of production.

In 1973, at the same time as we introduced the program of two-price wheat, we introduced a consumer subsidy. We had to change that decision to have a consumer subsidy in relation to bread and wheat, in light of the exact fiscal situation. Surely hon. members will recognize that two-price wheat traditionally has been a program designed specifically in relation to the needs of producers. It is a program for which we from Saskatchewan and other parts of the prairies fought for years until we finally achieved it. It should be seen as a producers' program and not anything else.

Some hon. Members: Hear, hear!

Mr. Stevens: Mr. Speaker, when we take the rhetoric away from what the minister has said, once again the government has broken its word to the Canadian public.

Some hon. Members: Hear, hear!

Mr. Stevens: Dealing with the question of the supposed saving of $100 million—which is a nice way of loading an extra five cents to seven cents on every loaf of bread for Canadian consumers—would the minister indicate if he considered cutting back on some of the losses which are being incurred at Mirabel: $51 million, as pointed out by the Auditor General, and an accumulated loss of $119 million since the airport was opened in 1975? If he considered somehow eliminating those losses, did he not feel that would be a more suitable restraint than to take it out on those in the country who have to eat such a basic commodity as bread?

Mr. Lang: Mr. Speaker, I do not know what kind of extraordinary suggestion that is, coming from the hon. member who purports to know something about financing. We have an existing airport. He might wish that it had not been built, but it will prove that it is very badly needed over the next number of years. He might wish that it had not been built, but since the only loss on the airport, effectively, is the carrying of the actual interest charges against the original investment, nothing we do now will change that fact.

The fact of the matter is, money does not appear easily, in terms of savings, for the whole financial account. This government knew, when it was going about the cost-cutting exercise, that it would be cutting a lot of good programs. Even though hon. members opposite always made it sound as though programs could be cut easily and painlessly, we knew that would not be so. We do not like cutting this particular program in relation to the price of bread. But we had to make choices to keep our over-all financial position in order and to avoid the spurring of inflation, which is a very important priority for the government. Therefore, we had to act.

Oral Questions

CONSUMER AFFAIRS

INCREASE IN PRICE OF BREAD—SUGGESTED PROFITEERING

Mr. Lorne Nystrom (Yorkton-Melville): Mr. Speaker, my questions were for the Minister of Consumer and Corporate Affairs, but in view of his absence I will direct them to the Deputy Prime Minister and President of Privy Council. They also concern the Christmas gift of the minister in charge of the Wheat Board to the Canadian people.

The cost of wheat in a loaf of bread will rise by 3.3 cents as a result of the subsidy being withdrawn by the minister in charge of the Canadian Wheat Board, but the Bakery Council of Canada indicates that the price of a loaf of bread may rise by as much as seven cents. Why does this 3.3-cents increase in the raw material result in a seven-cent increase in the price of a loaf of bread for Canadian consumers? Is that profiteering? If it is, will the minister look into it?

Hon. Allan J. MacEachen (Deputy Prime Minister and President of Privy Council): Mr. Speaker, in the absence of the Minister of Consumer and Corporate Affairs, I want to assure the hon. member that the events following this policy announcement will be monitored to ensure that no profiteering will take place.

• (1427)

Mr. Nystrom: In other words, what he is saying, Mr. Speaker, is, "Let them eat crackers".

Some hon. Members: Oh, oh!

An hon. Member: Salted?

Mr. Nystrom: I should like to bring to the attention of the Deputy Prime Minister, again in the absence of the Minister of Consumer and Corporate Affairs, the fact that profits of the food companies went up by some 63 per cent in the last 18 months. Maple Leaf Mills, for example—one of the largest bakeries—had a profit increase of 28 per cent in 1977, over 1976.

Could the Deputy Prime Minister assure us that the milling and baking industry will not take advantage of the withdrawal of the subsidy to artificially mark up the price of bread higher than it need be? If he can give that assurance, what will he do to make sure the promise is carried out?

Mr. MacEachen: Mr. Speaker, going back to the first question which the hon. member asked me, namely, whether it was the intention of the government to monitor any unjustified price increases that might result in profiteering, the answer is yes, the government will undertake that type of supervision.

In answer to the question put now, the government has received assurance and I am informed that the millers and others will not take advantage of this situation in order to realize windfall profits.

Mr. Nystrom: Mr. Speaker, my final supplementary question is directed to the minister in charge of the Canadian

Wheat Board. The Deputy Prime Minister has said the millers will not take advantage of the situation. Since 1973, of course, the price of wheat to millers has been frozen but the price of bread went up by 56 per cent and the price of flour went up by 66 per cent. Can the minister explain to the House this large increase in the price of bread and the price of flour, when the price of the basic raw material has been frozen?

Hon. Otto E. Lang (Minister of Transport): Mr. Speaker, that has been explained to the House and to the people of Canada by various investigations into the question surrounding the price of bread. I believe the Food Prices Review Board, for one, made an exhaustive examination of the question; also, other bodies have done so. Obviously, other costs, such as the cost of labour involved in the milling process and the cost of packaging and distribution, have been rising even while the price of wheat has remained the same. I think that is really the proper perspective to put on this last increase in relation to the price of wheat. Other price elements in the price of bread have been going up along with inflation; only wheat has been held absolutely stable.

* * *

[*Translation*]

MANPOWER

CANADA WORKS PROGRAM—INQUIRY WHETHER MINISTER MEETING QUEBEC COUNTERPART TO RESOLVE DIFFICULTIES WITH CERTAIN PROJECTS

Mr. Adrien Lambert (Bellechasse): Mr. Speaker, I should like to direct a question to the Minister of Employment and Immigration.

On November 10 I moved a motion pursuant to Standing Order 43 concerning a serious problem which exists, at least in my province, because of rules which apply to and paralyse certain Canada Works projects. Later on I asked the minister whether he intended to have a talk with the Quebec labour minister to try and find a solution so that work may resume on certain projects and not be stopped on others. In his reply the minister stated that he would contact his Quebec counterpart about this as soon as possible.

Could the minister advise us today whether he has had discussions with the Quebec labour minister? If so, have there been any tangible results and can we expect that the work will continue to be carried out normally on the project I mentioned and not be paralysed on other projects?

Hon. Bud Cullen (Minister of Employment and Immigration): Mr. Speaker, because of the technical terms I must use, I shall reply in English.

[*English*]

I did look into the particular project the hon. member raised with me, because I wanted to discuss it with Mr. Johnson, the minister of labour, if that should be necessary. The program was *travaux modifiés*. Upon examining it, we found that project had gone outside the terms of reference of the Canada Works project; in other words, beyond the criteria. They had engaged workers in laying a concrete or cement floor. That was not an activity allowed for in the Canada Works contract. Because they had gone beyond the contract, they required a *carte de compétence*. That matter has since been resolved and the program is proceeding on course.

• (1432)

With respect to requirements under regulations established by the provinces, of course we expect the people participating in the Canada Works operations to abide by those regulations. We have indicated to them some of the problems they may run into as a result of the *carte de compétence* and it has not become a massive problem. Projects are proceeding apace. If the hon. member has further projects that might be applicable, I would be happy to hear from him.

[*Translation*]

CANADA WORKS PROGRAM—INQUIRY AS TO POSSIBILITY OF CHANGING ELIGIBILITY CRITERIA

Mr. Adrien Lambert (Bellechasse): A supplementary question, Mr. Speaker.

I see that no solution has been found and that the situation will continue to create problems. At any rate, I have a question for the minister which arises from a communication from the first ministers' conference. It says: "The Canada Works program will be used primarily in areas with a high rate of unemployment". Given the present circumstances and in order to obtain results and so that the local authorities of these regions choose projects which will really serve the community, could the minister tell the House whether it is possible to change the criteria in order that projects will not only be announced, but also implemented without excessive difficulty? Moreover, given the fact that the workers who are on unemployment are not all skilled workers, would the minister be willing to change the criteria in order to allow these people to earn a living by working on the development of Canada Works projects?

[*English*]

Hon. Bud Cullen (Minister of Employment and Immigration): Mr. Speaker, we are making some changes to tilt the benefits of Canada Works into the areas of high unemployment; we are looking at modifying some of the criteria. For example, where a concern may start up an operation that will employ people and result in a small profit, not a windfall profit, we are prepared to look at that kind of enterprise because it does create jobs and meets the needs in particular areas. We hope, through either ministerial advisory boards or through hon. members themselves—who I think know the ridings better than anyone—that the selection process will be followed. As the hon. member knows, we listen very carefully to representations from members of parliament.

In the final analysis, I must accept responsibility for the projects that we approve, but I lean very heavily on ministerial advisory boards from local areas and, most assuredly, on members of parliament to see that the projects in place are the ones that should be in place and do the most good for the area.

* * *

EXTERNAL AFFAIRS

REPORTED RETURN TO CANADA OF FORMER FLQ MEMBERS

Mr. Joe Clark (Leader of the Opposition): Mr. Speaker, my question is to the Secretary of State for External Affairs. It has to do with reports made today that officials of his department are involved in some way in arrangements which might facilitate the return to Canada of two members of the FLQ who were exiled from this country in 1970.

Is the Secretary of State for External Affairs in a position to confirm or deny those reports; and if they are correct, could he give the House of Commons details as to why these two members of the FLQ are returning to Canada? What is the role of the Government of Canada in facilitating their return?

Hon. Donald C. Jamieson (Secretary of State for External Affairs): Mr. Speaker, I could give the one-word response that the hon. member has asked for in the phrasing of his question, by simply denying it. There has been no direct contact or, in any sense, interviews or anything of that nature between representatives of the Department of External Affairs or, so far as I know, of the federal government abroad.

The rumour which had some credence with one story this morning, as the hon. Leader of the Opposition may know, has this afternoon been diminished substantially in the substance of it, and we can only go by what we read in the papers or hear on the radio. There has been no contact with any officials abroad.

Mr. Clark: Mr. Speaker, I would like to direct a supplementary question to the Minister of Justice. It relates to an understanding given in this House in 1970 by the then minister of justice—the Hon. John Turner—who, in relation to the War Measures Act said, as reported at page 215 of the October 16, 1970, *Hansard*:

> It is my hope that some day the full details of the intelligence upon which the government acted can be made public, because until that day comes the people of Canada will not be able fully to appraise the course of action which has been taken by the government.

To this point, eight years later, there has not been any publication of the full or, indeed, even partial details of the intelligence upon which the government acted, so there is a state of ignorance in the Canadian public. Does this Minister of Justice have any intention of following the word given parliament by his predecessor in 1970?

Hon. Marc Lalonde (Minister of Justice): Mr. Speaker, my predecessor expressed a hope at that time. As far as I am concerned, I see no reason at this time to get involved in rehashing these events. If there are particular allegations or particular problems relating to the situation, I will be very happy to try to answer hon. members when they have questions.

If there are elements that should be examined by the McDonald commission, it has a completely free hand and access to all documents, including those relating to the 1970 crisis.

Mr. Clark: Mr. Speaker, can the Minister of Justice tell us for what reason or policy this information is being kept from parliament and the public of Canada?

Mr. Lalonde: Mr. Speaker, as far as I know, the Parliament of Canada and the public were as fully informed as was possible and advisable at the time. I see no reason why intelligence collected at the time or since should be released to the public.

* * *

INDUSTRY

POLICY ON INDUSTRIAL DEVELOPMENT

Mr. John C. Crosbie (St. John's West): Mr. Speaker, my question is to the Minister of Industry, Trade and Commerce. On November 8, after a meeting between the minister and his counterparts in the provinces, the minister spoke to reporters, including those of Canadian Press. As it is outlined in the *Citizen* of November 8, 1978, he told them that—

> —his grand design for industrial development during the next few years is to prepare Canadian companies to be ready for the major developments ahead. He offered the Alaska natural gas pipeline and the hydroelectric power project on the lower Churchill as examples.
>
> When asked how he knows his new approach will work, he replied: "Because I am in charge."

Now that the minister is no longer in charge—as we have seen from the announcement of November 24 on the formulation of a new board of economic management what guarantees do we have that this new approach of the minister's will work?

Hon. Jack H. Horner (Minister of Industry, Trade and Commerce): Mr. Speaker, I intend to set up very soon a task force from the private sector, composed mainly of businessmen involved in engineering and in these types of projects, to examine all the projects so that we can maximize Canadian benefits those projects will provide for our industrial sector.

Mr. Crosbie: Mr. Speaker, I wonder how the minister can say that when, surely, his proposal will have to go to the board of economic management. The Prime Minister has said, "The board will have the responsibility of reviewing and approving all programs and policies directly affecting economic development, secondary industry, resource industry, such as tourism, not only co-ordinating but also approving the delivery of federal programs." In view of these pronouncements by the Prime Minister, what does the Minister of Industry, Trade and Commerce have left to supervise, except perhaps the metric

commission? Does he now like the metric commission? Could he tell us what is left for him?

Mr. Horner: Mr. Speaker, the Department of Industry, Trade and Commerce is still my responsibility.

Some hon. Members: Hear, hear!

Mr. Horner: It has about 2,700 employees working on thousands of projects to assist industries right across Canada. The minister of economic development, the other ministers of the committee and I will work very well together, and we should see greater co-ordination of greater efforts to help industry in this country.

* * *

GRAIN

CALL FOR INDUSTRY MEETING TO IMPROVE GRAIN MOVEMENT

Mr. Don Mazankowski (Vegreville): Mr. Speaker, my question is addressed to the Minister of Transport. The grain movement in this country is continuing to deteriorate. It appears that no visible action is being taken to improve the situation. There seems to be some degree of uncertainty in identifying problems, isolating them and taking the necessary corrective action. The parties involved in the movement of grain are engaged in verbal crossfire.

● (1442)

Would the Minister of Transport undertake to exercise his leadership responsibility by convening an emergency meeting of all components of the grain handling, transportation and marketing sector of the grain industry, to bring all parties together in an attempt to resolve the current problem and lay the groundwork for increasing the capacity of our grain handling system to meet the challenges of the 1980s?

Hon. Otto E. Lang (Minister of Transport): Mr. Speaker, I agree with the hon. member that it is not very useful for one sector within the grain handling system to point the finger at another sector. That has happened in the past and we are trying to minimize it.

Meetings of the type to which the hon. member refers have taken place and have been attended by expert management consultants. At an early date they will be in a position to make recommendations to me of specific action for improving the system. That action may require some change of position, whether on the part of the railways or the grain handling companies. At that point I may require the co-operation of all hon. members to make sure that all the pressure possible is brought to bear upon such a sector in order to act according to the recommendations.

Mr. Mazankowski: Mr. Speaker, a supplementary question. Since the matter is so urgent, in the minds of producers and all concerned at this time, and nothing appears to be taking place to improve the situation, could I prevail upon the minister to call for such a meeting immediately? If he has had such a meeting, I am sure it is not known to this House or to producers and all those engaged in the grain handling industry. Because of its importance right now—and, I am sure, as a result of the study that has been undertaken he has some facts and figures before him—can he not immediately convene such an emergency meeting so that all the facts can be laid on the table and we can arrive at a solution before it is too late?

Mr. Lang: Mr. Speaker, the hon. member is really contradicting his earlier position, because such a meeting would only have a tendency to organize finger-pointing by one at the other—

Mr. Mazankowski: What about your leadership: you have not exercised your leadership?

Mr. Lang: What we have had, instead, is leadership in terms of making sure that working meetings were going on which would produce results and sound recommendations upon which we could act. Many people in the west know that these sessions have been going on, and I expect to have results from them.

* * *

[*Translation*]

ENERGY

INQUIRY WHETHER GOVERNMENT WILL CONTRIBUTE FINANCIALLY TO RECONSTRUCTION OF EXPERIMENTAL WINDMILL AT ÎLES-DE-LA-MADELEINE, QUEBEC

Mr. Albert Béchard (Bonaventure-Îles-de-la-Madeleine): Mr. Speaker, I would have liked to address a question to the Minister of Energy, Mines and Resources in his new position of Minister of State for Science and Technology, but in his absence, I will put it to his very efficient parliamentary secretary.

Following the deplorable accident which occurred last July at the experimental windmill built at Îles-de-la-Madeleine by Hydro-Quebec, with a contribution of over 90 per cent from the National Research Council, and following the recent decision to rebuild this generator, can the parliamentary secretary tell the House, as well as the population of Magdalen Islands, of Quebec and of Canada as a whole if NRC, and therefore the federal government will support financially this reconstruction project?

[*English*]

Mr. Maurice Harquail (Parliamentary Secretary to Minister of Public Works and Minister of State for Science and Technology): Mr. Speaker, I am pleased to be able to reply in the affirmative. This project, the wind turbine vertical axis generator, the Darrieus type, will be negotiated as a joint project between the province of Newfoundland and the province of Quebec for an even larger type, when it will be reconstructed.

While I am on my feet, Mr. Speaker, I might mention that Dr. Schneider, Director of the National Research Council, will be appearing tomorrow morning before the Standing Committee on Miscellaneous Estimates and will be available to answer any further questions that members may have with respect to that project.

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CONSUMER AFFAIRS

INCREASE IN FOOD PRICES—ALLEGED GOVERNMENT INACTION

Mr. Max Saltsman (Waterloo-Cambridge): Mr. Speaker, I have a question for the Minister of Consumer and Corporate Affairs, but in his absence perhaps I could direct it to the Deputy Prime Minister.

Yesterday's Economic Council of Canada report stated that the rapid increase in food prices can be attributed to soaring profits for food and beverage manufacturers. Since I have received a secret cabinet document dated June 20, entitled "Possible Response to Food Price Increases", may I ask the minister if he can indicate to the House why the government has reneged on its responsibilities, as indicated in that document, to take action to prevent rising food prices and profits?

Hon. Allan J. MacEachen (Deputy Prime Minister and President of Privy Council): Mr. Speaker, I have no way of authenticating the source of the hon. member's question. I will draw it to the attention of the minister so that he can deal with it when he returns to Ottawa.

Mr. Saltsman: Mr. Speaker, a supplementary question. Perhaps I might ask the Deputy Prime Minister a question that will not require any authentication.

In view of the fact that, according to the council's report, over-all profits in the food industry increased 63 per cent in the last six months, and since individual food companies such as Weston's, with a 113 per cent profit increase, and Burns Foods with a 199 per cent increase in profit, are profiteering off the Canadian consumer, will the minister request these companies to rescind their food increases?

Mr. MacEachen: Mr. Speaker, I believe the Minister of Consumer and Corporate Affairs has already made a statement to the effect that he has been taking a keen interest in these developments and reviewing possible action that could be taken. I should like to refresh my memory on the policy point.

* * *

FISHERIES

SALE OF SWORDFISH TO UNITED STATES

Mr. Lloyd R. Crouse (South Shore): Mr. Speaker, I wished to direct my question to the Minister of Fisheries and the Environment, but in his absence I will direct it to the Deputy Prime Minister, as the fishing industry is one in which he has considerable expertise.

According to Mr. D. A. MacLean, director of the federal fisheries department, planning and co-ordination branch, some 1,000 tons of swordfish—representing a multi-million dollar industry—have been caught this year by Nova Scotian fishermen and sold to United States buyers at sea, which is reminiscent of the prohibition era when Nova Scotians delivered good cheer to their thirsty friends below the border.

In view of the fact that Canadian fishermen are obviously selling swordfish at a fraction of the real value, is the minister aware of any steps that have been taken recently to legalize this fishery in order to make possible direct shipments from Canada to the United States?

Hon. Allan J. MacEachen (Deputy Prime Minister and President of Privy Council): No, Mr. Speaker, I am not aware of any such steps.

Mr. Crouse: A supplementary question, Mr. Speaker. Since it is obvious, from the tonnage I have mentioned, that the United States is no longer concerned about the level of mercury in swordfish, and since Canadians are obviously geared to catch this particular species, would the Deputy Prime Minister consult his colleague with a view to initiating the immediate opening of the swordfishing industry for Canadian consumption?

Mr. MacEachen: Mr. Speaker, the Minister of Fisheries and the Environment has demonstrated his interest in following up all possibilities with respect to increasing the income of fishermen, including swordfishermen. All I would hope, in concert with the hon. member, is that the prosperity that was yielded to Nova Scotia in the earlier era to which he referred might be renewed at the present time.

* * *

COMMUNICATIONS

TELEVISING OF HOUSE PROCEEDINGS

Mr. Rob Parker (Eglinton): Mr. Speaker, I have a question for the Minister of Communications which is related to the policy of the Canadian Radio-Television Commission that proceedings of this House shall not be carried on the community channels of Canadian cable television companies, which effectively restricts access to those proceedings.

Considering that funds to generate television coverage were provided from general tax revenues, and that restriction of viewership to those who own a converter amounts to a viewing licence, will the minister tell the House whether it was the purpose of this policy to restrict first-hand exposure to the government's incompetence, as revealed during question period, to Canadians wealthy enough to own a converter; or was it, rather, the purpose to delay that exposure in the same manner as it has delayed an election, trying to put off the date—

Mr. Speaker: Order, please. One of the restrictions the hon. member will have to get accustomed to is that against asking argumentative questions.

* * *

NATIONAL DEFENCE

USE OF SOCIAL INSURANCE NUMBER ON SERVICEMEN'S MAIL

Hon. Marcel Lambert (Edmonton West): Mr. Speaker, may I put a question to the Minister of National Defence? Would the minister advise the House whether he agrees that social insurance numbers shall be a condition prerequisite on all mail addressed to servicemen so that it may be delivered to them; or is it just a matter of a quirk in his department that this is now being requested and that mail not bearing the social insurance number is being returned? The social insurance number concerns social insurance.

Hon. Barney Danson (Minister of National Defence): Mr. Speaker, I am looking into the question of social insurance numbers. As I am sure the hon. member knows, it replaces the old regimental number. It is required for overseas mail and for ships at sea because of the great difficulties experienced if there is not specific identification. We may have a number of "Al Jones" on a ship or in a Middle East force. It is necessary in that system: in my understanding that it is not required for any base in Canada. It has been brought to my attention that some mail has been returned, and I am checking into that now.

● (1452)

Mr. Lambert (Edmonton West): In view of the fact there are ever-decreasing numbers of servicemen involved in the armed forces, perhaps the danger of duplication is more apparent than real.

What justification is there for using the social insurance number, rather than the regimental number, for purposes of the Department of National Defence? Social insurance numbers are for the purpose of social insurance.

Mr. Danson: Mr. Speaker, I have had no complaints from those in the service with reference to this matter. It seems to be a logical application of the social insurance number as a replacement for the regimental number of the past. It is for easy identification. I am a little astounded about all the fuss that is made about this. I have never had any objection to it myself. In fact,I would be happy to have my thumbprint on it, if it would help in identifying me.

NORTHERN AFFAIRS

DANGER OF EXTINCTION OF BELUGA WHALE THROUGH FISHING PRACTICES

Mr. Donald W. Munro (Esquimalt-Saanich): Mr. Speaker, in the absence of the Minister of Fisheries I would direct my question to his colleague—if they are still speaking—the Minister of Indian Affairs and Northern Development. It concerns the fate of the beluga whale population in an area over which the minister exercises jurisdiction. Is the minister aware that this particular breed of whale is in danger of extermination as a result of fishing practices?

Hon. James Hugh Faulkner (Minister of Indian Affairs and Northern Development): Mr. Speaker, if I may comment on the gratuitous observation of the hon. member as to whether I am on speaking terms with my colleague, I want to assure him that not only are we on speaking terms but we are working very closely together to resolve some of the problems in which we are mutually involved.

As to the beluga whale, I will have to take that question as notice.

* * *

HEALTH AND WELFARE

MINISTER'S REMARKS RESPECTING NEGATIVE INCOME TAX

Mr. Heward Grafftey (Brome-Missisquoi): Mr. Speaker, my question is addressed to the Minister of National Health and Welfare: it is based on an interview she recently gave outside the House. Is it now official policy to redistribute wealth via the method of the negative income tax? I base this question on her interview.

Hon. Monique Bégin (Minister of National Health and Welfare): Mr. Speaker, the whole question of the hon. member is very hypothetical and theoretical. I do not know to which interview he is referring; he did not state that. However, as an ideal goal of redistributing revenues in terms of achieving the most dignity for those in need of assistance, in reaching all those in need and in keeping the incentive to work, surely a negative income tax is excellent.

* * *

EXTERNAL AFFAIRS

REPORTED RETURN TO CANADA OF FORMER FLQ MEMBERS

Mr. Eldon M. Woolliams (Calgary North): Mr. Speaker, I wish to put a question to the Secretary of State for External Affairs: it arises from the answer he gave our leader in which he said the veracity of the story had somewhat diminished. I would like to ask him just a plain, ordinary question. Can the minister, on behalf of his government, department or any other department, deny categorically that there are any negotiations proceeding at the present time with regard to the return of the two FLQ people mentioned in the newspapers?

Hon. Donald C. Jamieson (Secretary of State for External Affairs): I think that is what I said, Mr. Speaker. If the hon. member wants a straightforward answer, yes, I deny it. I said there have been no contacts made through our embassy or our consular offices. In that sense, obviously that is the case.

[*Translation*]

NATIONAL FILM BOARD

REASON FOR CHANGES TO FRENCH REGIONALIZATION PROGRAM

Mr. Eymard Corbin (Madawaska-Victoria): Mr. Speaker, I wonder whether the Secretary of State could tell us why the National Film Board has decided to cancel from the regionalization program the French production centres of Toronto and St. Boniface and to freeze the budget of the Moncton centre while almost nothing has been cut from the budget of the English regional production and almost nothing from the French regional production in Quebec? Has the cabinet approved such decision?

Hon. John Roberts (Secretary of State): Mr. Speaker, the cabinet is not responsible for that matter but the decision was taken by the National Film Board. There were obviously some cuts in the budget of the National Film Board but these did not reduce proportionally the funds available for the production of French films outside Quebec for the regionalization program. Two offices were closed, I think, one in Winnipeg and the other in Toronto, however, to have more money available for operations. They kept the Moncton office. It was a matter of using truly professional people. The program in Winnipeg and Toronto was for training purposes. As in the past, the board will continue its efforts to maintain the same ratio in the allocation of its funds taking into account that total National Film Board resources have been reduced. It is also true that the same ratio will be applied in the allocation of funds for that purpose.

* * *

[*English*]

HEALTH

SUGGESTED ESTABLISHMENT OF NATIONAL SCHOOL NUTRITION PROGRAM

Mr. David Orlikow (Winnipeg North): Mr. Speaker, I wish to direct a question to the Minister of National Health and Welfare. Yesterday, at the meeting of the Standing Committee on Agriculture, the Minister of Agriculture confirmed that the sale of skim milk powder is continuing to drop.

Given the fact that in some Canadian cities, including the city of Montreal, there are now operating very successful school nutrition programs which have contributed very much to the better health of children attending those schools, has the minister's department, either by itself or in co-operation with the Department of Agriculture, given any consideration to the establishment of a national school nutrition program which would go a long way toward using up some of our surplus foods such as skim milk powder, cheese and powdered eggs and would help to improve the health of young Canadians?

[*Translation*]

Hon. Monique Bégin (Minister of National Health and Welfare): Mr. Speaker, the question is fundamental and has been put to me repeatedly outside the House because of the current American practice in the matter. What the hon. member is suggesting here is that we distribute our surpluses of nutritional food such as cheese and milk in the schools. To begin with, though it may seem attractive, we are not in favour of free distribution of nutritional meals in schools as a solution to the problem of poor nutrition because studies made in the United States now reveal that the children were more poorly fed at home, at the other two meals, that is breakfast and supper, than before the program was set up. Still, I have not given up the idea completely, but I want to give an idea of the general trend of my department.

* * *

[*English*]

EXTERNAL AFFAIRS

HUMAN RIGHTS ATROCITIES IN CAMBODIA—CANADA'S REPRESENTATIONS TO UN SECURITY COUNCIL

Mr. Bob Wenman (Fraser Valley West): Mr. Speaker, my question is to the Secretary of State for External Affairs. Canada's severe denunciation of human rights atrocities in Cambodia are among the most severe of any ever made in the United Nations. In spite of this documentation and the potential threat to international security that could result from escalating the China-Vietnam and Cambodia-Vietnam conflict, Canada has not attempted to bring the IndoChinese situation before the Security Council. Does the minister intend to undertake such an initiative in the near future before Canada's Security Council term expires?

Hon. Donald C. Jamieson (Secretary of State for External Affairs): Mr. Speaker, we had considered it but concluded, after canvassing the situation, that the initiative would not have any chance of success. Incidentally, that was the same conclusion arrived at by the United States. Therefore, that is not the route we have followed. I understand, however, that in so far as Cambodia is concerned, the Secretary General has received an invitation to visit personally in order to examine the situation from a human rights point of view. I believe he is now considering ways through which he might be able to carry out that mission.

● (1502)

Mr. Wenman: In spite of Canada's specific recommendation to the United Nations Commission on Human Rights in Geneva with respect to the gross violations of human rights in Cambodia, no response has been forthcoming from that commission. What iniatives will the minister be taking to have the Geneva commission address the Cambodian issue?

Mr. Jamieson: I think the meeting to which the hon. member refers will take place on December 11 and 12. We shall be fully represented there and we shall, of course, be

making the most vigorous intervention we can, which, by the way, will have considerable credibility in view of our recent action in taking some 600 refugees from their unfortunate situation in Malaysia.

It is pleasant to be able to report that the United States announced yesterday, that it will be taking some 23,000 refugees, in total, from that part of the world. Mr. Vance and I discussed these matters when he was here last week, and we shall be working in concert at the Geneva meeting, taking all the steps we can possibly take.

ROUTINE PROCEEDINGS

[*English*]

SPORTS

TABLING OF SPORT EVENT GUIDELINES

Hon. Iona Campagnolo (Minister of State (Fitness and Amateur Sport)): Mr. Speaker, in accordance with Standing Order 41(2) I should like to table in both official languages Canada's host policy—Sport Event Guidelines.

* * *

MESSAGE FROM THE SENATE

Mr. Speaker: I have the honour to inform the House that a message has been received from the Senate informing this House that the Senate has passed Bill S-5, an act to amend the Canada Business Corporations Act, to which the concurrence of this House is desired.

I have the honour to inform the House that a message has been received from the Senate informing this House that the Senate has passed Bill S-8, an act to revive J. H. Poitras & Son, Ltd., to which the concurrence of this House is desired.

* * *

[*Translation*]

QUESTIONS ON THE ORDER PAPER

(Questions answered orally are indicated by an asterisk.)

Mr. Yvon Pinard (Parliamentary Secretary to President of Privy Council): Mr. Speaker, the following questions will be answered today: Nos. 262 and 420.

I ask that the remaining questions be allowed to stand.

[Mr. Jamieson.]

[*Text*]

LAWYERS IN PROVENCHER CONSTITUENCY GIVEN WORK BY MINISTRY OF STATE FOR FITNESS AND AMATEUR SPORT

Question No. 262—**Mr. Epp:**

From June 1, 1974 to date, what lawyers in the Constituency of Provencher were given work by the Ministry of State for Fitness and Amateur Sport and what amount was each paid per year?

Mr. Claude-André Lachance (Parliamentary Secretary to Minister of Justice): In so far as the legal agents of the Minister of Justice are concerned, none.

MISS ANITA SZLAZAK—SERVICE WITH PUBLIC SERVICE COMMISSION

Question No. 420—**Mr. Howie:**

1. On what date did Miss Anita Szlazak, Commissioner of the Public Service Commission, join the Public Service, and (a) in what department was she first employed (b) what rank and classification did she carry and what was her salary range?

2. What were Miss Szlazak's subsequent appointments in the Public Service and, in each case, what (a) departments were involved (b) were the ranks, classifications, salary ranges and dates of her appointments?

3. Did Miss Szlazak travel on official business outside of Canada and/or was she posted abroad and, if so, in each case, what were the cities abroad which she visited officially, or to which she was posted, and what were the dates of each trip or posting?

Mr. Yvon Pinard (Parliamentary Secretary to President of Privy Council): 1. Miss Anita Szlazak, Commissioner of the Public Service Commission, joined the public service on April 10, 1967.

(a) She was first employed in the Department of External Affairs.

(b) She held the rank of foreign service officer at the classification level of FSO 2, and her salary range on appointment was $7,282—$8,570.

2. Miss Szlazak's subsequent appointments in the public service, each of which was the result of her having been successful in a competition, were:

(i) Foreign service officer, Department of External Affairs, FSO 3, salary range $10,473—$11,972, April 1, 1969.

(ii) Foreign service officer, Department of External Affairs, FS 2, salary range $13,700—$19,800, January 1, 1971.

(iii) Deputy Director General, International Telecommunications, Department of Communications, PM 7, salary range $19,400—$24,200, October 1, 1972.

(iv) Director General, International Telecommunications, Department of Communications, SX 1, salary range $23,500—$30,000, May 1, 1973.

NOTE: In each case above, the salary range given is that effective the date of the appointment and in all cases there were one or more salary revisions before Miss Szlazak was appointed to her next level position.

3. Miss Szlazak's travel on official business outside Canada is listed below:

Department of External Affairs

(i)sNew York—United Nations General Assembly, October 1967.

(ii) Washington, D.C.—Canadian Observer, Chilean Review, Inter-American Committee on Alliance for Progress, November 1967.

(iii) New York—Adviser to Canadian Delegation to 23rd Session of United Nations General Assembly (Second Committee: Economic and Social Affairs), September—December 1968.

(iv) Washington, D.C.—Member of Canadian Delegation, Meeting of Canada-U.S.A. Joint Working Party on Immigration, September 1969.

(v) Washington, D.C.—Member of Canadian Delegation for two meetings: Canada-U.S.A. Air Negotiations and Intergovernmental Meeting on Aircraft Hijacking, December 1969.

(vi) Bridgetown, Barbados—Member of Canadian Delegation, Canada-Barbados Air Negotiations, January 1970.

(vii) Ocho Rios, Jamaica—Member of Canadian Delegation, Canada-Jamaica Air Negotiations, April 1970.

(viii) Washington, D.C.—Member of Canadian Delegation, Canada-U.S.A. Air Negotiations, June 1970.

(ix) Jerusalem and Tel Aviv—Member of Canadian Delegation, Canada-Israel Air Negotiations, August 1970.

(x) Rome—Member of Canadian Delegation, Canada-Italy Air Negotiations, November 1971.

(xi) Pittsburgh, Pa.—Inauguration of Nordair service between Hamilton and Pittsburgh, September 1971.

(xii) Peking—Member of Canadian Delegation, Canada-China Air Negotiations, May 1972.

Department of Communications

(xiii) Mexico City—Canadian Representative, Permanent Executive Committee of the Inter-American Telecommunications Conference, October 1972.

(xiv) Washington, D.C.—Meeting with U.S. Federal Communications Commission on UHF spectrum utilization, March 1973.

(xv) Washington, D.C.—Meetings with U.S. Federal Communications Commission, Office of Telecommunications Policy and State Department, July 1973.

(xvi) Torremolinos, Spain—Deputy Head of Canadian Delegation International Telecommunications Union (ITU) Plenipotentiary Conference, September—October 1973.

(xvii) Washington, D.C.—Alternate Canadian Representative, Intelsat Assembly of Parties, February 1974.

(xviii) Washington, D.C.—Canada-U.S.A. Joint Planning of Space Systems, March 1974.

(xix) Geneva—ITU World Administrative Radio Conference for Maritime Mobile Telecommunications, May 1974.

(xx) Geneva—Canadian Representative, ITU Administrative Council, 29th Session, June 1974.

(xxi) Cape Kennedy—Launch of Telesat satellite, May 1975.

(xxii) Stockholm, Paris, Geneva—Meetings with Swedish and German Administrations, ITU Symposium on Space and Radiotelecommunications, and Canadian Representative ITU Administrative Council, 30th Session, June 1975.

(xxiii) Geneva—Head of Canadian Delegation, ITU World Plan Committee Meeting, and ITU World Telecommunications Exhibition, October 1975.

(xxiv) Rio de Janeiro—Canadian Representative, Inter-American Telecommunications Conference, November 1975.

Public Service Commission

(xxv) Washington, D.C.—International Conference on Public Personnel Administration, November 1976.

(xxvi) London and Sunningdale (U.K.), Brussels, Bruges, Geneva, Paris—4th British-Canadian Cultural and Information Consultations, and discussions concerning employment of Canadians in international organizations and special development programs abroad for Canadian public servants, October 1977.

(xxvii) Charlottesville, Virginia and Washington, D.C.—Discussions with U.S. civil service commission and other senior officials, February 1978.

(xxviii) Salzburg, Brussels, Bruges, Paris—6th International Symposium on Public Personnel Administration, and follow-up to October 1977 discussions, September 1978.

[*English*]

Mr. Speaker: The questions enumerated have been answered. Shall the remaining questions be allowed to stand?

Some hon. Members: Agreed.

* * *

MOTIONS FOR PAPERS

Mr. Yvon Pinard (Parliamentary Secretary to President of Privy Council): Mr. Speaker, notice of motion No. 4 for the production of papers is acceptable to the government subject to the usual reservations concerning confidential documents.

Mr. Speaker: Is it the pleasure of the House that notice of motion No. 4 be agreed to?

Some hon. Members: Agreed.

FISHERIES, B.C.—COPY OF REPORTS RELATING TO ASSUMPTION OF MANAGEMENT RESPONSIBILITIES BY INDIAN BANDS

Motion No. 4—**Mr. Munro (Esquimalt-Saanich):**

That an Order of the House do issue for a copy of all reports relating to the assumption of fisheries management responsibilities by certain Indian bands in British Columbia.

Motion agreed to.

Mr. Pinard: I ask, Mr. Speaker, that the remaining notices of motion be allowed to stand.

Some hon. Members: Agreed.

GOVERNMENT ORDERS

[*English*]

HEALTH RESOURCES FUND ACT

MEASURE TO AMEND

The House resumed from Tuesday, November 28, consideration of the motion (Miss Bégin) that Bill C-2, to amend the Health Resources Fund Act, be read the second time and referred to the Standing Committee on Health, Welfare and Social Affairs.

Mr. Speaker: Call in the members.

The House divided on the motion (Miss Bégin) which was agreed to on the following division:

● (1512)

(*Division No. 14*)

YEAS

Messrs.

Abbott	Côté	Goyer
Anderson	Cullen	Gray
Andras	Cyr	Guilbault
(Port Arthur)	Danson	Harquail
Andres	Daudlin	Herbert
(Lincoln)	Dawson	Hopkins
Basford	De Bané	Horner
Béchard	Demers	Isabelle
Bégin (Miss)	Dionne	Jamieson
Blaker	(Northumberland-	Johnston
Blouin	Miramichi)	(Westmount)
Boulanger	Douglas	Joyal
Breau	(Bruce-Grey)	Kaplan
Buchanan	Duclos	Lachance
Bussières	Dupont	Lalonde
Caccia	Duquet	Lamontagne
Cafik	Ethier	Laniel
Campagnolo (Mrs.)	Faulkner	Lapointe
Campbell	Fleming	Leblanc
(LaSalle-Émard-Côte	Foster	(Laurier)
Saint-Paul)	Francis	Lee
Caron	Gauthier	Lefebvre
Clermont	(Ottawa-Vanier)	Loiselle
Collenette	Gendron	(Chambly)
Corbin	Gillespie	Loiselle
Corriveau	Goodale	(Saint-Henri)

[Mr. Speaker.]

YEAS

Messrs.

Lumley	Ouellet	Rooney
MacDonald	Parent	Roy
(Cardigan)	Pearsall	(Laval)
MacEachen	Pelletier	Sauvé (Mrs.)
MacGuigan	Philbrook	Savard
Maine	Pinard	Smith
Marchand	Portelance	(Saint-Jean)
Martin	Prud'homme	Stollery
Milne	Railton	Tessier
Nicholson (Miss)	Raines	Trudel
O'Connell	Reid	Turner
Olivier	Roberts	Wood
Ostiguy	Rompkey	Yanakis—102.

NAYS

Messrs.

Alexander	Hamilton	Munro
Baker	(Qu'Appelle-Moose	(Esquimalt-Saanich)
(Grenville-Carleton)	Mountain)	Murta
Baldwin	Hamilton	Neil
Balfour	(Swift Current-	Nielsen
Beatty	Maple Creek)	Nowlan
Benjamin	Hare	Nystrom
Blackburn	Hnatyshyn	Orlikow
Brewin	Hogan	Paproski
Brisco	Holmes	Parker
Clark	Huntington	Patterson
(Rocky Mountain)	Hurlburt	Peters
Clarke	Janelle	Pigott (Mrs.)
(Vancouver Quadra)	Jarvis	Rae
Crombie	Jelinek	Ritchie
Crosbie	Johnston	Roche
(St. John's West)	(Okanagan-Kootenay)	Rynard
Crosby	Kempling	Saltsman
(Halifax-East Hants)	Knowles	Scott
Crouse	(Winnipeg	(Hamilton-Wentworth)
Darling	North Centre)	Scott
de Cotret	Lambert	(Victoria-Haliburton)
Dick	(Edmonton West)	Shymko
Diefenbaker	Laprise	Siddon
Douglas	La Salle	Skoreyko
(Nanaimo-Cowichan-	Lawrence	Smith
The Islands)	MacKay	(Churchill)
Forrestall	Masniuk	Stevens
Fraser	Mazankowski	Stewart
Friesen	McCain	(Marquette)
Gauthier	McCrossan	Towers
(Roberval)	McGrath	Wenman
Gillies	McKinley	Whittaker
Grafftey	Mitges	Wise
Halliday	Muir	Woolliams
		Yewchuk—85.

● (1522)

Mr. Speaker: I therefore declare the motion carried.

Bill read the second time and referred to the Standing Committee on Health, Welfare and Social Affairs.

Mr. Speaker: Pursuant to Standing Order 54, I do now leave the chair for the House to go into committee of the whole on Bill C-10.

* * *

INCOME TAX ACT

AMENDMENT TO PROVIDE FOR CHILD TAX CREDIT

The House resumed, from Thursday, November 9, consideration in committee of Bill C-10, to amend the Income Tax Act to provide for a child tax credit and to amend the Family Allowances Act—Mr. Chrétien—Mr. Turner in the chair.

The Deputy Chairman: When the committee rose on Thursday, November 9, 1978, clause 1 was under consideration. Shall clause 1 carry?

On clause 1—

Mr. Knowles (Winnipeg North Centre): Mr. Chairman—

The Deputy Chairman: Order, please. I suggest that hon. members pursue their conversations behind the curtain.

Mr. Knowles (Winnipeg North Centre): Mr. Chairman, a good deal of the discussion that has taken place on this bill has had to do with the desirability of its benefits being passed on to the families of this country. In that context, quite a bit has been said about the desirability of the provinces not cutting back on any of their benefits because of the benefits provided under this legislation. The Minister of National Health and Welfare has said on two or three occasions that she has made a very strong plea to the provincial governments in that respect, and I hope that by today she may have something to say to the House as to what assurances she has received from the provinces.

• (1532)

Before she rises to comment on that aspect of the matter, I should like to ask her to comment on something else which is in the same vein. As we all agree, it is very important when old age pensioners receive an increase in their pensions that they receive the full benefit of it. The same should apply to any improvement in family allowances, whether it is in the amount of the allowance itself, or in the form of a tax credit which is to be received in April or May of each year.

Today concern has been expressed in the House regarding the rise in the price of bread. This has led to reminders of the rise in the price of milk and other foodstuffs. In view of the desire of the Minister of National Health and Welfare that this money be of benefit to families, a desire which she has expressed by making appeals to the provincial governments, did she do her best to persuade cabinet not to drop that subsidy and let the price of bread rise? If she did not get into that battle with all her clout and influence, I hope she will do so even yet.

There is not much point in granting an increase of a few dollars a month by the provision of the child tax credit and the changes in family allowances if the cost of bread, milk and other basic necessities rises and, as a result, the families of this country lose the benefit before they receive it. That is precisely the situation. The families of the country will find their family allowance cheques reduced in January; they will not receive any money by way of tax credit until April, but in the meantime there is a rise in the price of bread, as there was in the price of milk. What part has the minister played in attempting to get cabinet not to make the unfair decision announced today by the minister in charge of the Canadian Wheat Board?

Miss Bégin: Mr. Chairman, I hope the committee will give me a chance to explain the exact state of affairs regarding the guaranteed income supplement and the child tax credit. As to the child tax credit, it is time to review the situation. It is an important matter, as has been indicated by hon. members of all parties during the debate.

On October 20 I sent letters to my provincial counterparts urging them to pass on the child tax credit, and clarifying that the credit could be ignored for CAP cost-sharing. On November 16 I sent telexes to all of them. I made further representations and had discussions with them in Toronto at the November 20 and November 21 meeting of welfare ministers. On November 27 I telexed the provinces clarifying that CAP asset guidelines could be waived as required, to permit a full passing on.

At the federal-provincial conference last week, five provincial colleagues officially indicated to me their cabinets are in the process of recommending that their governments pass it on fully. I am referring to the provinces of Newfoundland, New Brunswick, Ontario, Saskatchewan and British Columbia. I have received no official word from the other five provinces, although every one of them is concerned and understands the problem fully.

I have not received the final approval from any province. I have not received word that their cabinets have approved the recommendation. It is time for groups representing the interests of mothers, underprivileged citizens and families in general to request a clarification of the positions of the provincial governments on this matter.

As I have said, it is good politics at no cost to the provinces. It is federal taxpayers' money which will be transferred to individual Canadian families by a program similar to family allowances. We do not think it should become an additional transfer payment to provinces. That viewpoint and philosophy was expressed by all parties in this debate. I invite voluntary associations interested in the development of social policies or my colleagues in parliament to make their views known to their provincial governments.

Mr. Knowles (Winnipeg North Centre): Mr. Chairman, I appreciate the fact that the minister is able to report some progress. She has reached the point where she knows that in five provinces the mills are grinding in the right direction. I hope she will stay with it, and that in the end no Canadian family or child will lose the benefit of Bill C-10 because of cutbacks by the provinces.

However, I should like to hear the minister's comments on the other point I raised. I realize she was busy discussing things with her officials so that she would be ready to participate in this debate and perhaps missed my point. This must be a pretty sad day for her. She is the co-pilot of a bill which provides for increases in family income, and on this very day we received an announcement that the price of bread will rise five to seven cents per loaf, on top of increases in the prices of other foodstuffs.

Every time there is an increase in old age pensions, all of us receive letters from pensioners indicating that rent increases or other cost increases are greater than the actual increases they

receive every three months in their old age pensions. In January the cheques mothers receive will be down to $20 per month, and the tax credit will not be in their hands until April or May. In the meantime, the prices of bread and milk as well as other costs of living rise for these people. The entire exercise in which the minister has been engaged can be brought to nought by these other increases.

I am not attempting to persuade the minister into saying that she disagrees with her cabinet colleagues, such as the minister in charge of the Canadian Wheat Board; but we have the right to know whether she has made any effort to persuade cabinet to take other steps, or refrain from taking the wrong steps, so that the benefit of this legislation will not be wiped out before it is on the books.

Miss Bégin: I would not say that it is a sad day for me. Measures taken by the government in fields other than my own, but having consequences for the same Canadians, always concern me. However, it would not be fair to the Canadian producers of wheat or milk to freeze the prices of these two commodities. That is important. The role of the Minister of National Health and Welfare is to make sure that Canadians who may suffer a bit ultimately are equipped to fight back and accommodate themselves to the new prices by receiving more than the increase in the cost of commodities. The increase in the price of bread which may result, some say in one or two cents, and the hon. member said maybe five cents—

● (1542)

Mr. Knowles (Winnipeg North Centre): Or seven cents.

Miss Bégin: Nobody knows that yet. But nobody necessarily makes an illegitimate profit between the farmer on the one hand and the consumer on the other. It is only the price that is in question. It will be a few cents a loaf, and that could not amount to more than $10 a year for a family.

We are effecting a net additional amount of $140 per child, and I am pleased about that. I am watching the scene for any measures that may erase or cancel out the benefits of this new child tax credit. I cannot honestly accept that this updating of the price of wheat in Canada will cancel out the benefit to Canadian consumers of this new child tax credit. I want to say that, of course, I care, like everybody else.

Mr. Knowles (Winnipeg North Centre): Mr. Chairman, I realize it is difficult for one minister of the cabinet to express disagreement with a stand taken by another minister, but I point out to her that today the minister responsible for the Canadian Wheat Board, in defence of his announcement, referred to the increase in the GIS and the increase in the family allowance as an excuse for what he had done, which will produce an increase in the price of bread.

I hope I did not give the impression that I thought the increase in the price of bread by itself was going to wipe out the net increase being made available to families through Bill C-10. However, when you take one thing after another—an increase in the price of bread, an increase in the price of milk, an increase in the price of turkeys, an increase in the price of beef and in everything down the line, including rents and so on—the good move that she has won could be wiped out.

We are getting a little tired of listening to the minister responsible for the Wheat Board giving us excuses like this, and we are getting a little tired of the Minister of Consumer and Corporate Affairs telling us that these things are being looked at and monitored. The grand assurance given by the Deputy Prime Minister today was that the increase in the price of bread will be monitored. In the meantime, the benefits that are supposedly being granted by this parliament, on the initiative of the government with this bill, are being cancelled.

I suggest that most of us in this place appreciate the hard battle the minister has waged in the cabinet in this time of restraint to win anything at all; but we call on her to keep up that fight, to keep using her clout and influence to protect the interests of families in all ways. It is not good enough just to give them a net increase in family allowance and then let the government, by action or by inaction, bring about an increase in the cost of living to the medium and low income families of this country, so that in the end they are no better off, if not worse off.

Miss Bégin: Mr. Chairman, maybe I should add one thing. Special measures with special consequences, such as the increase in the price of a loaf of bread as a result of the readjustment of the domestic wheat price, are of special concern. However, generally speaking, the increase in the cost of living is met by the indexing of our programs. I am sure the House knows and regrets, as I do, that indexing could not take place for family allowances in this year, and that in addition there is a slight reduction. However, the child tax credit has been indexed and that is a major feature of this bill of great importance. According to the financial projections the child tax credit next year will be $218 per child.

Mr. Knowles (Winnipeg North Centre): That is in 1980.

Miss Bégin: The first cheques to go out in a few months will be $200, and the year after they will be $218. The ceiling in respect of a family's income, that is the take-home pay, which is now $18,000 for a family with one child, is also indexed. That seems to me to be of great importance, and I would say we have to fight to keep indexation. I do not want to backtrack from the basic idea of keeping the full or as close to the full value of this child tax credit.

Mr. Knowles (Winnipeg North Centre): Mr. Chairman, I really just want time for one more question, for I notice that other hon. members are trying to get the floor. When the minister first stood up this afternoon she said she hoped soon to have information about the guaranteed income supplement increases in relation to the provinces. I know that is not in relation to this bill, but it is awfully close to it. If she now has that information it would be useful if the committee could be given it. I am referring to—

[*Translation*]

Miss Bégin: I still do not have the information in question, Mr. Chairman; I simply want to confirm that British Columbia, Ontario and one of the prairie provinces, whose name I forget—

Mr. Knowles (Winnipeg North Centre): Saskatchewan?

Miss Bégin: No, I don't think so. Those provinces have agreed to entirely give back to the old age people, through their fiscal benefit program, which is usually called Gains, the increase in the guaranteed income supplement. However, as I have just said, I need the information which my assistants will send me immediately.

[*English*]

Mr. McGrath: Mr. Chairman, I should like to pursue the questions raised by the hon. member for Winnipeg North Centre. It had been my intention to pursue them at the outset, but you went, as opposed to our custom, to the NDP first.

Let me say this to the minister and make it very clear. If she does not know this, it is regrettable. The increase in the price of a loaf of bread as a consequence of what her colleague, the minister responsible for the Wheat Board, did yesterday, will be in the neighbourhood of at least seven cents a loaf. I am told that by this time next year, given the ordinary escalation in costs experienced by the bakeries in Canada, it will be up to about six cents—I am sorry, ten cents a loaf. That "six cents" was a Freudian slip. During the great depression that is what a family in Newfoundland had to get by on—six cents a day.

I want to take the minister back to events of 1973. She will recall that the government of the day, albeit a minority government, met here in emergency session to deal with a national rail strike. At that time, in response to the growing concern in the country over the escalation in food prices and the full impact of inflation, which was then beginning to make itself felt in rising food prices, the government came into the House and introduced a subsidy program for the domestic consumption of wheat, the program which the government has cancelled today. At that time a loaf of bread cost 36 cents.

The reason the government brought the program in at that time was to prevent a five-cent per loaf increase in price. The prime minister introduced that program and gave as his rationale the statement that world conditions make it a most urgent task of government to ensure that those who are least able to defend themselves against the effects of inflation are protected. That action was taken at a time when the universal family allowance payment was substantially increased and bread was 36 cents a loaf.

● (1552)

Now, coincidental with another change in the family allowance law, the government does the very opposite; instead of lowering the price of bread, it removes the consumer subsidy. Bread will probably go to 70 cents a loaf, and not only bread. There is also pasta, which is a very important part of the daily diet of low income families. I am referring to pasta in the form of macaroni, spaghetti and so on. It is especially important now, given the fact that since 1973 beef prices have escalated considerably.

It is not enough for the minister to try to talk her way around this, as she did in response to questions by my hon. friend. Was she consulted by her colleague about this subsidy program coming off, resulting in increases in the prices of bread and pasta? Has she done studies to satisfy herself as to what this will mean to low income families? My hon. friend has already referred to other price increases, such as the increase in the price of fowl and turkey, which low income people are depending on more and more as the principal source of meat protein due to increases in the price of beef. This whole thing comes at a time when the consumer subsidies on powdered skim milk are eliminated, resulting in an increase in the price of milk. This is a disaster for low income families in this country.

I have great sympathy for the minister. She has been under tremendous pressure since the House started because she has been in the House continuously to deal with her three bills. These bills deal with increases in the GIS, medical funding, which we voted second reading today, and this bill to amend the Family Allowances Act. We have a bill before us which will reduce the number of people eligible for unemployment insurance and a measure which will eliminate the consumer subsidy on domestically consumed wheat.

We also have a situation which was addressed in the House recently whereby the Minister of Agriculture said that there is no way that the increase in the price of turkeys can be justified at this time because there are ample stocks on hand. Yet the price of turkeys is going out of sight. From a survey taken yesterday, I discovered that prices in Canada on turkeys range anywhere from $1.44 to $1.60 per pound. This is a robbing Peter to pay Paul type of situation. I do not understand how the situation has changed.

In 1973 the government responded in a positive way by putting in a program to provide a subsidy on domestically consumed wheat to eliminate an increase in the price of bread. At the same time they brought in a subsidy on liquid milk. These were moves designed to protect the poor against inflation and were coincidental with a measure which parliament considered at that time to change the concept of the family allowance program by increasing substantially the universal amount of family allowance payments.

I repeat, was the minister consulted by the President of the Board of Economic Development Ministers? I understand that he was the culprit. We are told by the press that the minister responsible for the Wheat Board resisted having his program removed because it would result in an increase in the price of bread, but the president of the economic development board had his way. It seems to me to be patently unjust for the government to be moving in a counter-productive direction to that in which the Minister of National Health and Welfare is trying to move.

I implore the minister to tell the House that she will recommend to her colleagues that they reconsider this move in

light of what has happened. We are now in the post-controls era. We do not even have the Food Prices Review Board any longer. All we have is the paper tiger known as CSIP, which has no investigatory powers. We know that that other wonder, the Minister of Consumer and Corporate Affairs, will not do anything because he has demonstrated that he does not have the capacity or the will, even though he has the power, to act on behalf of consumers, especially those in the low income brackets.

I would ask the minister to tell the House if she was consulted on this move at any time before or after she brought in her bill and if she gave her consent—presumably she must have—what steps does she intend to take to offset the situation, given the social impact it will have on low income families already crippled by rising poultry prices and suffering the effects of the elimination of the subsidy on powdered skim milk?

These are important questions, and I say to the minister, with great respect, that she cannot sluff them off as she did in replying to the questions of the hon. member for Winnipeg North Centre.

Miss Bégin: Mr. Chairman, I do not know that I have to answer because the hon. member's questions were not with regard to Bill C-10. What is relevant to Bill C-10 in his questions has already been answered in my replies to the hon. member for Winnipeg North Centre.

If hon. members wish to see the money this bill will provide go to families in need, it will have to be passed. We have not yet completed consideration of clause 1, and the more discussion we have the longer this bill, which will give a child tax credit of $200 to all the families in need in this country, will be held up.

Today the hon. member has tried to link this bill to the increase to $4 per bushel of the domestic price of wheat. I was a party to this decision and I studied it carefully to satisfy myself that it was essential to give that increase to Canadian farmers. I also satisfied myself that the people in need in this country would be equipped with enough additional cash over and above the indexation to absorb these additional costs.

The hon. member, in an attempt to be exotic, has referred to pasta. I represent 75,000 Italian Canadians, and we know what pasta is in Saint-Michel. The hon. member does not know what he is talking about, and I am not sure that he has ever experienced poverty. I do not know whether he has ever lived the way that they live back home. His playing politics with what everybody considers to be a good bill does not help the child in need in this country. I welcome suggestions to improve the bill, but none have been forthcoming.

We are passing a bill to tighten up the unemployment insurance program which, by definition, will mean more welfare, of which cost this government will pay 50 per cent. The question is not so much that we are increasing the welfare rolls, which cannot be avoided, but whether the people who are the victims will be given allowances. What the hon. member forgot to say with regard to tightening up the UI program at the request of the public was that he has also been telling the government when he felt Conservative that the UI bill was too sloppy, too relaxed and so on. We are going to save $700 million of the taxpayers' money. Can he oppose that? Can he oppose $40 million more in welfare payments, of which we will pay half, in order to save $700 million? I should like to understand his reasoning.

• (1602)

I am not going to recommend to cabinet that it reconsider its decision on the wheat price because I am satisfied it is a reasonable decision. I detest price increases but I think it is unfair for somebody who cares about poverty—and the hon. member is one of them except when he plays politics—to use the symbol of the increase of a few cents in a loaf of bread. That is a powerful emotional symbol for people. The hon. member is using the symbol of milk and bread to prove that life is collapsing in Canada. That is not true, Mr. Chairman. Life is improving in Canada. The quality of life will be better with the child tax credit of $200, non-taxable and indexed to the cost of living, for every child of every family in need of it. I plead that we move on with the bill and start the clause by clause discussion to try to improve the bill.

Mr. McGrath: Mr. Chairman, there were so many cheap shots in what the minister had to say—

An hon. Member: Well deserved.

Mr. McGrath: There were so many uncharacteristic cheap shots in what the minister had to say in response to my legitimate concern that I am tempted to ignore them.

An hon. Member: What is your concern?

Mr. McGrath: The hon. member opposite interjects. What about the press release you issued a few days ago—

The Deputy Chairman: Order, please. I suggest to the hon. member that he should address the Chair.

Mr. McGrath: The hon. member for Assiniboia interjects. What about the press release he introduced the other day in which he rejected the suggestion made by the Minister of Consumer and Corporate Affairs regarding an attempt to bring down beef prices? Unless he is prepared to put up I suggest he shut up.

The Minister accuses me of urging the government to tighten up on the unemployment insurance program. I have urged that they tighten up on the sloppy administration of the unemployment insurance program. The Auditor General has shown that $145 million has gone out on overpayments. Every time there is that kind of sloppy administration it is the legitimate unemployment insurance recipient who has to bear the consequences, because it is then that the screws are tightened.

The minister talks about getting on with this bill. We are anxious to do that, but why did the government not continue with it when they had it in committee of the whole? We did

not ask the government to suspend committee stage of the bill. They elected to do so and have to take full responsibility for the delay, not the opposition.

With regard to the question of consultation, the minister has been able to satisfy us that only five provinces have agreed not to deduct the amount of the child tax credit. That is some improvement, but what about the other five provinces? The minister asks us to use our influence in our own provinces. Why does she not use her influence with her counterpart in Quebec to get some kind of guarantee that they will not deduct the amount of the child tax credit from their welfare programs?

The hon. member for Churchill has raised legitimate questions with regard to native people. That is a matter within the control of the Government of Canada, but we cannot even get a guarantee from them that they will not deduct the welfare that they administer to native people from the amount to be paid out under this child tax credit bill.

The hon. member for Saskatoon-Biggar has raised questions with respect to orphans, and the hon. member for Egmont and the hon. member for Kingston and the Islands have questioned the discriminatory provisions of the bill regarding the position it places the unmarried person in as opposed to the married person. These are all legitimate questions.

The minister is obviously not used to this phase of parliamentary procedure. Before we get into the bill clause by clause it is traditional that the minister satisfy us on general questions. These are general questions and we will have questions of a specific nature when we get into the bill.

I want to ask the minister if she can tell the committee exactly why she could not get agreement from all her colleagues when she met them in Toronto last week instead of from just five. I should like to ask her if she intends to take into account the ceilings to be imposed under the new Canada Assistance Plan regarding transfer payments to the provinces.

There are other questions we want to ask. If the minister wants to get to clause by clause consideration, I would have no objection to reserving clause 1; but until we have answers to our questions, we have no intention of passing clause 1.

Miss Bégin: Mr. Chairman, for Christmas I will give the hon. member for St. John's East a short text by Aneurin Bevan; he may not read his writings as he is a former labour minister in Great Britain and the high priest on procedures. I just want to say once and for all that I am never like the high priest on procedures because that is to keep things from moving. It is against life.

This being said, I cannot, of course, obtain from provincial ministers something that is purely of provincial jurisdiction. I want to make it clear that we are now talking about a federal bill which will operate through the federal income tax system. It is difficult for a federal minister to obtain a deal from a Péquiste minister whose government wants to break away from Canada. It should be easy for a member who is supposed to know politics as well as the hon. member opposite to accept that. I made representation to Dr. Lazure—a man who usually has his heart in the right place—and I hope he will obtain permission from his cabinet to pass on to the mother on welfare all of the new child tax credit. I have taken every opportunity to invite the provinces to take that course of action. Until a few months ago I did not want to provoke provinces into unnecessary confrontation, but I think the time has come for people in the province of Quebec to ask their government for an accounting. That is the spirit in which I informed the House of this passing on to mothers on welfare the full child tax credit.

I should like to take the opportunity the hon. member has given me to answer a few outstanding questions.

On the question of the supposed discrimination against women on the ground of marital status put forward by the hon. member for Kingston and the Islands and the hon. member for Egmont, I have answered that already and it is recorded in *Hansard*. I confirm again that there is no discrimination against women in this bill other than the fact that the cheque goes to the mother instead of to the child or the father. That is a very important feature of the bill and I am very proud of it. It will put in the hands of mothers of poor families $120 million additional cash. That may be discrimination but I do not go for philosophy, I go for the practical realities of life.

As to the second possible discrimination which, if I understood the hon. member for Kingston and the Islands correctly, is the possibility of discrimination against people living common law, I have answered that. If there is discrimination, it should be addressed in the income tax bill as such because it is a basic feature of the bill. I have said that often.

• (1612)

I do not know if it is part of the rules and regulations that I should repeat something ad nauseam. I do not know who this helps, surely not my throat. However, I will repeat this and maybe the hon. member for St. John's East and I will then understand each other.

Common law situations are not recognized for any purposes under the Income Tax Act. That may be right, it may be wrong. The fact is it would be very difficult to control the situation of common-law marriages in many cases, especially in a society where the standards of behaviour have changed, as they have in all of the western world, toward more trial marriages and so on, which is good. However, how do you control such a situation if time is not an element of it?

I am a bit surprised that the hon. member for St. John's East would advocate a change in the sense of a rejection of the family unit as a basis for policy development. I do not know what he has in mind when he suggests that; he did not explain his reasons.

As to the other outstanding questions, I have been able to obtain answers which I will provide through the hon. member for St. John's East to his colleague.

The hon. member for Provencher asked about the administrative cost of family allowances. The total administrative cost of family allowances is $6.25 per family per year, or 52 cents

per family per month. In other words, it is one dollar of overhead for $100 of benefits. As far as I know, it is one of the best if not the best administered programs with regard to keeping the administrative cost as low as possible.

The hon. member for Provencher and the hon. member for Churchill, who is presently in the chamber, asked for clarification of the consequences of this child tax credit on Indian children and Indian mothers on welfare. I can confirm to both hon. members today that the department of Indian affairs will fully pass on the new credit to native people on welfare. I think that clarifies that situation.

I have met, as I said I would, with the National Indian Brotherhood. We have already had two meetings at which time we spoke of the program. I of course asked for their co-operation in helping to train volunteer women who in turn can help mothers on reserves fill out the form. Indeed, an education program may be needed for every Canadian so that they will not be the victim of tax discounters and so on.

A question was asked by the hon. member for Qu'Appelle-Moose Mountain, who is also in the chamber. The question is rather fundamental and does not necessarily touch on this bill. It has to do with a cause which the hon. member for Qu'Appelle-Moose Mountain has been putting forward for years. That is what I understand from the investigation that I promised. It involves the case of an orphan where the child's income is too high to qualify for family allowance. At present the situation is the way the hon. member described it. In other words, this bill does not change the regulation that family allowances are not paid in respect of children whose income exceeds $2,780 per year.

My personal philosophy is that because the family allowance is universal in nature, it should go to all children in Canada. However, that is not the situation now. There are exceptions made for children with income. I want to satisfy myself that their income, by way of estate or otherwise, is taken care of by Revenue Canada the way it should be, not by the loss of their family allowance. I undertake today to take this up with my cabinet colleagues so that orphans with income will be included in the universal program of family allowances in the same way as every other Canadian child.

With regard to orphans vis-à-vis the receipt of the child tax credit, which is a selective program by nature meant for children of families in need, this question is too difficult to settle today on the floor of the House. It is not a question of principle. The principle is for children in need. The income may be adequate to meet the need. On the other hand, the method of income could be discussed.

With regard to orphaned brothers and sisters who have been separated, should the family situation be taken into account? How should that be tackled in order to give the child tax credit to orphans with income?

The second part of the question regarding the relationship of orphans to eligibility for the child tax credit requires some study. I have instructed my department to carry that out as part of the review which will take place in 1979 on the functioning of the new child tax credit with a view to making amendments, corrections or improvements.

I do not know if I have made myself clear enough to satisfy the hon. member for Qu'Appelle-Moose Mountain. To sum up, I will undertake to raise with my cabinet colleagues the question of orphans with income under the universal family allowances program. As to their eligibility in relation to the child tax credit, this question has to be studied.

Mr. Nystrom: Mr. Chairman, I begin by saying that the Minister of National Health and Welfare is a good minister who appears to be on top of her department. She is a progressive minister who is going in the right way. We have said that many times.

The comments made by the hon. member for Winnipeg North Centre and the hon. member for St. John's East have been very relevant. While the minister is trying to do something for the ordinary poor people, other arms of government are doing things that will nullify some of the benefits she is trying to bring about. That is a real tragedy.

There are one or two matters I would like to have clarified. The minister knows that between January 1 and April 1 there will be a decrease in family allowances from $25 and some odd cents to $20. There will be a natural decrease despite the fact that some commodities people are buying for their children are going up in price.

There is something the minister said that should be corrected. She does not appear to know the Wheat Board operation very well. She said the withdrawal of the subsidy meant the farmers would be better off. The subsidy does not have anything to do with the farmer. What we are talking about here is a subsidy to the millers. It is part of the two-price wheat legislation that was introduced and became law in September 1973. It was to cover a period of seven years. As the minister in charge of the Wheat Board said, the law would ensure that the price the millers paid for their wheat would stay at $3.25. He gave a commitment that the price would be frozen at that level, which amounts to seven and a half cents for a 24-ounce loaf for seven years, up to 1980. Today he reneged on that promise in the name of restraint.

Some of the things we are saying today are very relevant indeed. While the minister is doing some really good things, and we compliment her for them, her colleague is doing exactly the opposite, making it more tough for the ordinary citizen.

As the hon. member for St. John's East said, and as I said earlier in the debate, the bakery council of Canada has stated that the average price of bread will increase by about seven cent a loaf. This is despite the fact that withdrawal of the subsidy would put the price of wheat up by only 3.3 cents a loaf. The sum of 3.3 cents a loaf in terms of the cost of the raw material will equal 7 cents a loaf in terms of what a person is going to pay for it retail. That is a big increase.

● (1622)

The minister said it means only about $10 per family per year, but I would like to have her ask her officials to check their arithmetic. With respect, I think they are wrong. The minister in charge of the Wheat Board said the subsidy was worth $100 million this year, Mr. Chairman. And as I said, you are not just looking at the cost of wheat going up; you are looking at what the miller, the baker, the retailer and the wholesaler are taking in between—up to 7 cents a loaf. The rise will be not 3.3 cents but 7 cents. So if the subsidy at 3.3 cents is worth $100 million, then an increase of 7 cents is worth over $200 million. If you divide the Canadian population into $200 million you come out with about nine dollars for every man, woman and child, or $36 a year for a family of four. That is going to nullify a lot of the good things which are being done by the Minister of National Health and Welfare. I don't blame her for that.

I really got to my feet here this afternoon to defend her and to say I wish other ministers were doing what she is doing in terms of looking out for ordinary Canadians. But because the price of bread will rise by about $36 per year per family, a lot of the good things she is doing in terms of raising the family allowance will be nullified.

We also heard her comment that the farmers need price increases. Of course they need price increases, but this lifting of the subsidy will not increase their incomes. Look at turnkeys, for example. The price of turkeys, as the hon. member for St. John's East said, has gone up, in some cases as high as $1.40 or $1.60 a pound. I'll bet you, Mr. Chairman, that whether they sell for $1.60 or $1.40 a pound, the retailer is paying the same wholesale price for those turkeys. I also know that the Canadian turkey producers received only an extra 4 cents this year over last year. So again you have potentially a rip-off by some of the middle men. The ordinary people the minister is trying to help are the ones who will be buying those turkeys for Christmas. We know that 35 to 40 per cent of our turkeys are bought before Christmas, so we can see the impact this will have on those families the minister is trying to help.

These are the points I wanted to make this afternoon. I think they are extremely relevant to the debate. The situation is hypocritical in some ways. We are trying to do something really good on the one hand, and we are appealing to the provinces to make sure that they deduct from their welfare calculations the additional tax credit bonus for children. There are five provinces now which have apparently decided to make that commitment—three Conservative provinces of Newfoundland, New Brunswick and Ontario, the NDP government in Saskatchewan and the Social Credit government in B.C. But there are five which so far have not made any commitment, although I gather from the minister that she is highly optimistic about the province of Quebec where the minister of health is Mr. Denis Lazure. We have gone forcefully to the provinces and said: "Don't count the new family allowance benefits to the kids as income when you calculate welfare payments." We have been able to congratulate the minister for being able to persuade the department of Indian affairs to do the same when it comes to the Indian kids on welfare. Yet one of her colleagues, the minister in charge of the Wheat Board, is doing the very thing she is asking the provinces not to do, the very thing parliament is asking the provinces not to do. This seems rather hypocritical to me, as I say.

That is not very good planning. It just does not make sense. I think my arguments are very relevant with respect to the debate which is taking place in the House today. It is fine and good to do all these great things, but if they are to be nullified it will just create more cynicism out there among the Canadian population.

There are other things I could mention. It is not just a case of bread or turkey prices, but food prices. The subsidy on skim milk was taken off last year as of March 31. The Minister of Agriculture said consumption of skim milk powder had declined since the subsidy came off. One can see from the studies that low income families consume more skim milk than families with high incomes. It is the low income families with children, particularly those with many children, perhaps five, six or seven, who would normally consume the most skim milk powder of all. They are consuming less of this skim milk powder today because they cannot afford it. This is the question the minister will be forced to face with some of her colleagues in cabinet, particularly the new minister in charge of the economic board who was formerly President of the Treasury Board.

I think we need more planning. We need more social and economic planning within the government. If we do not have it we will just create more and more cynicism out there among the Canadian people.

I am sorry I went on so long, Mr. Chairman, but I thought some of these points were worth making, not as a criticism of the minister but, I suppose, in criticism of a government that does not appear to have its act together and which does not appear to be following the same philosophical road as the minister. They appear to be confused about their social priorities, let alone their economic priorities.

[*Translation*]

Miss Bégin: Mr. Chairman, the hon. member should hold his horses. He has referred to the few cents increase in the price of bread and to the recent price increase of milk, but I suggest that the new children tax credit which every mother on low or medium income will get early in 1979 will much more than compensate for these price increases for certain items of the family budget. As the critic on consumer affairs for his party, the hon. member made a speech which in my opinion he should deliver in the proper forum, namely during a debate on an allotted day; I think there are two of them coming tomorrow and the day after tomorrow. Why should the New Democratic Party not decide to have a debate on that? Surely it is not up to me, not being the minister of consumer affairs, nor to the minister responsible for the decision concerning Canadian wheat prices, to decide to hold a debate on that matter. That is of no help to anybody. The hon. member has taken as an

example the families with five, six or seven children. Thanks to the child tax credit legislation now before parliament, the mother of those five, six or seven children will get a new additional cheque for $1,200 or $1,400 tax-free starting mid-March, and that is what is important, that is what matters.

[*English*]

Mr. Hamilton (Qu'Appelle-Moose Mountain): Mr. Chairman, I do not know whether the committee is fully aware of the significance of the answer the minister gave to my problem of the orphans. I think it is a very historical occasion when the minister corrects a wrong which has been in existence for six years, namely, discrimination against orphans in Canada. The parliament of this nation, with the support of all parties, passed in 1971 legislation that gave to all children, regardless of the wealth of a family, family allowance of $20 per month per child. Yet when the regulations under that legislation were produced, those regulations barred orphans on the ground that they were adults once their parents died. If your parents had both died, it was said that you must have inherited an estate, and if that estate produced enough money to meet the minimum amount under the Income Tax Act, which several years ago was $1,660—for next year it will be $2,780—you did not receive family allowance.

● (1632)

After five years of effort on my part the minister's word today gave me confidence that there is still hope for our parliamentary system of government. Because after the years of protest from 1974 until now I have finally found a minister who has not just listened and examined the facts and the truth of my statements but is doing something about it. Any person who believes in universal programs and in the universality of this program for family allowances, as this minister does, is duty-bound to tell her colleagues that it is going to be enforced and that the will of parliament is supreme, not the will of those nitwits who make this type of regulation which goes against what parliament has ordered.

I think the minister has established a niche for herself regarding parliamentary procedure. She has courage and conviction. That courage is being used to stand up for what she believes and for what parliament stands for. I accept without any question that what she says is the correct procedure, namely, that under this legislation we are discussing, Bill C-10, the proper procedure is not to amend any part of this legislation. The proper procedure is for the government to amend the regulations under the Family Allowances Act of 1971.

Because there is a monetary consideration at stake, the minister will have to go to the Treasury Board, which accepted these changes when they were brought to its attention. The minister will have to tell her colleagues in the Treasury Board that she has stood up in this House and given her word that the legislation she is putting through is universal as far as children are concerned with regard to the $18,000 provision. The minister has given her word, and as far as she is concerned, what she has said will happen will happen. Then if the Treasury Board fights her, she has no choice but to go to the Prime Minister and put it in his hands, because the Treasury Board will have overruled not only parliament but also the minister's word in this House.

I think the minister has shown great courage and conviction in relation to something about which she feels very strongly. I am sure every one of us thinks so as well. For seven long years families with young children under 16 years of age have had this hanging over their heads, and they have not even known it. If the parents in a family were to die simultaneously or separately but within a short space of time in an accident of some kind or of natural causes, because both parents were dead their children were not given the benefits of legislation this parliament passed.

The minister has promised to correct that situation in the proper way by changing the appropriate regulation under the Family Allowance Act. Then this legislation she has brought in will be fully operative, because under clause 4 the eligibility is the same as the eligibility under the Family Allowances Act. I am sure the machinery the minister is putting into place for this legislation will handle the problem of orphans. If the total income of a family of orphans is greater than $18,000, that family will follow the same rules as other families. If the income is $18,000 or less, they will follow the same rules as other families earning $18,000 or less and benefit from the negative income tax. I think my concern is completely met.

The significance of this is that when a minister does what this minister has done today, we in this House and all Canadians owe her a great debt of gratitude, not only for her convictions but also for her courage in taking the stand she has taken. Even though mothers and fathers will probably not know what the minister has done, the fact is that some of us here do, and I want to make sure the record shows it. I thank the minister very much.

Miss Bégin: Mr. Chairman, I wish I had the right to accept these congratulations. I do not stand alone as a member of the government. I am very pleased that my colleague, the President of the Treasury Board, was in the House and heard the presentation of the hon. member for Qu'Appelle-Moose Mountain.

The hon. member is correct in his description of the procedure. The procedure should be to change the regulation under the Family Allowances Act. I am going to recommend that. I must go to the Treasury Board to do that because of the financial dimension of the proposal. I will do that in order to correct what seems to be an injustice to orphans. I should include all children with incomes above the tax threshold; I forgot to point that out earlier. I hope to win my case. I will do everything I can to fight it. I am convinced of the inequity involved.

Regarding eligibility of children with respect to the child tax credit, the proposal made just at the end of the hon. member's presentation might be a route which could be chosen. I consider all the orphans of a given family to be a family unit and judge their income from an estate as if it was the income of the

parents; but I continue to submit that this matter requires some study. In this regard I am not sure of the route we could or should take. Eventually an amendment will be brought in at a later date.

Mr. Hamilton (Qu'Appelle-Moose Mountain): Mr. Chairman, I will not take too much time. I know the minister's difficulty, and I trust completely that, working with her, her department will apply the same justice and equity to orphans in the handling of this new legislation as is applied to other children. That is all we are asking for. We are asking for equal treatment for orphans.

Miss Bégin: That is the idea, Mr. Chairman.

I would like to take a moment to make a reply with respect to the guaranteed income supplement being passed on to senior citizens by provincial governments.

Mr. McGrath: Why aren't you nice to me like that?

Miss Bégin: Mr. Chairman, the hon. member for St. John's East will really appreciate my answer. I will give it slowly so that he can take down the names of the provinces. Top-ups are presently being provided by six provinces. Four provinces have officially announced that they will pass on the new guaranteed income supplement increase in full. Those four provinces are Ontario, British Columbia, Alberta and Saskatchewan. We do not know about Manitoba and Nova Scotia. In order to give a more complete answer, I should say that Ontario, British Columbia and Alberta will pass this on in full to individual senior citizens in receipt of provincial top-ups, but not to people in institutions.

Mr. Smith (Churchill): Mr. Chairman, I find it rather amusing that the minister accuses us of holding this bill up. The last time the committee of the whole met to consider this bill was on November 7. Today is November 29, so 22 days have gone by. We have been prepared to meet in the committee of the whole and to get this bill passed, but several questions asked in our meeting of November 7 have still not been answered.

At that time I was asking about status Indians living on reserves who are on welfare through no choice of their own. I was concerned about the reduction in income beginning January 1, 1979 when family allowances will be reduced to $20 per month per child. I was referring to a family with five children. The minister assured me that the decrease in the family incomes of those who are unfortunately on welfare would be supplemented by the Department of Indian Affairs and Northern Development by way of additional income. Reference to this matter can be found at page 894 of *Hansard*.

● (1642)

Now that the minister has referred to the fact that the Department of Indian Affairs and Northern Development has confirmed that the full tax credit will be taken into consideration where welfare is involved, I would like to know if it has been confirmed by the Department of Indian Affairs and Northern Development that families which will lose their total income on January 1 will receive supplementary welfare.

Miss Bégin: Mr. Chairman, I gave that assurance in very plain English to the hon. member for Churchill on November 7 before the budget debate. It appears at page 894 of *Hansard*, in the last paragraph on that page.

Mr. Smith (Churchill): Mr. Chairman, it is made very clear by the minister, but it was not made very clear by officials of the Department of Indian Affairs and Northern Development. On November 7 the minister said she had written to Minister of Indian Affairs and Northern Development asking for clarification, but on November 23 I was told in the Standing Committee on Indian Affairs and Northern Development that no supplement would be paid to families on welfare because welfare payments were tied to the provincial welfare system. If the minister had that confirmed by the Department of Indian Affairs and Northern Development, could she table the correspondence? She said she had written to the minister and was awaiting a reply from him.

Miss Bégin: It seems I am not at all understood by the hon. member for Churchill, unless he is talking about something quite mysterious that escapes me. I said on November 7 that I had received a confirmation from my colleague that welfare will be supplemented whenever needed.

Mr. Smith (Churchill): Mr. Chairman, I think I will have to read into the record what the minister stated, as reported at page 894 of *Hansard*. I was trying to establish at that time the fact that a family living on welfare would have less total income coming into the household on January 1, 1979 because of the reduction in family allowance. The minister stated:

> I have put that exact problem to the Minister of Indian Affairs and Northern Development. I wrote to him requesting the co-operation of his staff in setting up a special information program.

That was one part of it. Then she went on to say in the next paragraph:

> In the first two or three months, Indian mothers with large families will suffer to a degree because of a reduction in their family budget. That decrease in budget will be supplemented by additional welfare whenever it is needed from the usual source, the Department of Indian Affairs and Northern Development. I am referring to Canadian Indians on reserves.

I am saying now that the information given to us in committee on November 23 by the deputy minister was that this is not the situation whatsoever and that discussions are going on between the Department of National Health and Welfare and the Department of Indian Affairs and Northern Development. The deputy minister said that the subject is one that is still under discussion between them and the Department of National Health and Welfare. Although the minister has confirmed this, as reported in *Hansard* at page 894, we were told six days ago that the matter was still under discussion. Now I would like to have it confirmed again that families will be supplemented for the loss of income on January 1.

Miss Bégin: For the third time today, Mr. Chairman, the answer, as it was on November 7, is yes. The hon. member for

Churchill said that when he put the question to the deputy minister, he received particulars from him. The Standing Committee on Indian Affairs and Northern Development has not discussed Bill C-10 and the officials might not have fully understood the question. However, the answer to his question is yes, as it was on November 7.

Mr. Smith (Churchill): That is true, Mr. Chairman, we were not on Bill C-10. But I have a real concern for the Indian people of this country and I think this piece of legislation was drafted so hastily that no consideration was given to the Indian people. As a colleague of mine once said, this government does not really care about the Indian people. I tell you, Mr. Chairman, that the situation in which we now find ourselves—I still have not received a clear answer to this—is that if you are going to provide additional welfare for January, February and March until, as the minister said, the cheque arrives at the end of March with the family's tax credit, the individual family might well have to pay back this additional welfare they will receive in the interim for January, February and March. Can the minister say whether that is so?

I suppose the minister absolutely refuses to answer my simple question. Will the family have to pay back the additional welfare? She has confirmed they will receive additional welfare for those months when they will have less income coming in in January, February and March. Will they have to repay this money?

Miss Bégin: Mr. Chairman, this is really the place where one has to learn patience, without any reason in this case. The hon. member for Churchill is playing games. He knows full well the commitment of the government and the actions taken by the government to alleviate injustice and the economic impoverishment of the Indians in this country. He also knows full well how important to me and to my department is the health of our Indian population, and he knows of all the steps we have taken. He knows that the child tax credit applies to Indian mothers, but he does not tell the House what some of his own colleagues have said to me privately regarding what Indian mothers are going to do with that money. He does not say that in public. He would not dare say it in public. He wants to pretend that only he cares; that nobody else cares for the Indian people, only he has the monopoly on caring. That does not help anyone.

He should help to pass this bill as fast as possible in order that we can work on the forms and on helping mothers to fill them out. He does not do that, of course. I thought I had said ten minutes ago—I am not asking for a long span of concentration from him—that the child tax credit will be passed on fully to Indian mothers on welfare by the Department of Indian Affairs and Northern Development. That means in good English that, of course, mothers will not have to reimburse the money.

Mr. Smith (Churchill): Mr. Chairman, I am glad I finally received that answer. The reason I am asking the question is that this government drafts sloppy legislation which causes problems for people throughout the country. I can tell you that this piece of legislation will cause monstrous problems in many of the isolated communities in this country.

Miss Bégin: What amendment have you?

Mr. Smith (Churchill): I do not have an amendment as yet, but just wait and see. What I would like to ask, now that the minister has met with the National Indian Brotherhood, is if she could put before us and explain to us the proper mechanism to reach people in isolated communities.

Miss Bégin: No, I am not in a position to do that, Mr. Chairman. We are still discussing the strategy required for passing on the information the way I want it so that it will reach people in their own communities. The proposals from various groups are not yet ready for discussion in this forum.

Mr. Smith (Churchill): Mr. Chairman, what action has been taken to ensure that social insurance numbers are all in place in order for mothers to qualify for the tax credit?

Miss Bégin: Is the hon. member referring to Indian mothers or mothers in general?

Mr. Smith (Churchill): I am referring to mothers in general and Indian mothers in particular. The minister laughs at that because she does not realize status Indians living on reserves do not pay income tax, and therefore many do not have social insurance numbers. The minister said very clearly that in order for mothers or families to qualify for the tax credit plan, they must have social insurance numbers. The minister laughs as if it is some sort of a lark. What program is under way so that Indian mothers on reserves will qualify for the tax credit plan at the end of the taxation year in March?

● (1652)

Miss Bégin: I just laugh at the confusion in the mind of the hon. member for Churchill. I have informed him of things which he did not know concerning the new child tax credit because he had not read the bill or asked me any questions. I brought to his attention the necessity of Indian mothers applying for social insurance numbers.

Mr. Smith (Churchill): Mr. Chairman, I rise on a point of order. It was the hon. member for Provencher who brought that matter to the attention of the minister.

Miss Bégin: I brought that to the attention of the hon. member for Churchill when he asked about it, and I am just repeating it today. The Minister of Indian Affairs and Northern Development is looking into the feasibility of his officials doing some of the paperwork necessary to provide social insurance numbers to Indian mothers who will be receiving child tax credit.

Mr. Smith (Churchill): I should like to refer to the comments of the minister as reported at page 895 of *Hansard*:

> Mothers can decide to allocate that cheque over the coming months to make up for the reduction in family allowance, or the total amount can be used for a major purchase by the family.

She went on to say that the cheques could be distributed over the following months, that it was up to the families. Can families have that money distributed over 12 months, or will it be received in a lump sum at the end of the taxation year?

[*Translation*]

Miss Bégin: If I have correctly understood the hon. member's question, Mr. Chairman, he is asking me whether an administrative mechanism would allow recipients to choose to receive monthly payments. The answer is no. We have discussed the issue in the House on several occasions. It is impossible to get anything but an annual cheque in the first year of implementation. My answer, which the hon. member has just read in *Hansard*, is that the mother, when she receives her cheque, may wish to spend the whole sum or part of it to buy home appliances or for any other expense which would be useful to her family, or else decide to save that yearly lump sum or what is left of it in order to use that money in her budgets for the following months.

[*English*]

Mr. Smith (Churchill): I have some other questions concerning the total income of families in many remote communities. I hope the minister is aware of the problem which will be created there. In the majority of those communities, there are no banking facilities. Problems will be created when families receive cheques in the amount of $1,000, $1,400 or $1,500 because some of them do not have opportunities to go to the bank and many of them do not have bank accounts. Problems will be created when a mother flies out of a remote community with a cheque of that amount. If she wants to go to Winnipeg or some other large centre in order to purchase some of the things which the minister referred to on November 7, perhaps she will not even be known to the banking people or merchants in those centres.

If that amount of money was distributed over a 12-month period, it would be much easier because the cheques would be in smaller amounts or could be included in regular family allowance cheques. It will be difficult for some families to cash cheques in the amount of $1,000 in many communities, because that amount of cash is not on hand. Perhaps it will be necessary for those people to carry identification or to have someone accompany them to vouch for the fact that the cheque actually belongs to them. In many cases there are duplications in names. I can think of communities where there are five John Rosses or Mary Jane Rosses. Has the minister given any thought to the people who will cash these cheques?

Miss Bégin: Mr. Chairman, we are considering that problem. It exists for other Canadian mothers who do not have bank accounts. Often family allowance cheques are cashed in stores which put on special sales around the time of the month when family allowance cheques are received. Often the amount of family allowance cheques can total hundreds of dollars. For example, in the province of Quebec the fourth child and any additional children receive close to $60 each. Therefore, the amount of one cheque can easily amount to hundreds of dollars.

I do not think the problem should be made any bigger than it is. It does exist, and we are attempting to see what can be done about it. I would mislead the House if I promised several instalments in the first year of the operation of this program, because it would be technically impossible. The possible problem described by the hon. member can be added to that of tax discounters and family budgeting as reasons for implementing a system of more than one instalment in future years. We are looking into that problem jointly with the National Indian Brotherhood and the Department of Indian Affairs and Northern Development. I trust people will find ways to cash their cheques easily. I was told that it was not necessarily a big problem.

I will answer the second part of the hon. member's question as to the general information campaign for all mothers. There was an insert accompanying the October family allowance cheque which gave basic information about the program. There will be another insert in December which will be much simpler in form, consisting of questions and answers and explaining the need for a social insurance number. Accompanying the family allowance cheque for January will be an application form, a Department of National Revenue information sheet explaining how to fill out the form, and a reminder of the need for a social insurance number and how to go about getting one.

At the end of January or the beginning of February there will be a mailing to mothers who are non-filers. The total number of such mothers is approximately 1.5 million, including Indians. It will include a basic income tax form in order to avoid any additional hardship which could be created by the system. In February there will be a reminder to those who have not applied for either social insurance numbers or the benefits. The Departments of National Health and Welfare and Revenue Canada have a joint pamphlet giving basic information about the program. It will be available in all federal offices and, of course, to members of the House. There will be a question and answer guide to that program to inform applicants.

● (1702)

In terms of my own staff, I can confirm that all personnel in regional and local offices in what we call income security, those who look after pension cheques and family allowances, are developing special training for all our officers to help mothers fill in the new forms, in a way similar to the one followed now by our officers in helping elderly citizens. They assist about 60 per cent of all Canadians who fill in GIS forms each year in January, February and March.

What I am developing, and in respect of which I said earlier to the hon. member for Churchill I am not in a position to give more information now, is an information strategy using the local press instead of the national press, something that mothers read. This strategy will eventually involve the use of volunteer organizations, but this is in the making. When I

speak of volunteer organizations I am referring to those who can reach a segment of our clientele, including Indian mothers, new Canadian mothers, immigrant mothers and mothers on welfare, particularly in Toronto, Vancouver and Montreal.

In this regard I want to tell hon. members that the provinces have confirmed that officials in the provinces, social workers, for instance, will help mothers fill in the forms.

The Chairman: Order, please. The hon. member's allotted 20 minutes, including answers by the minister, has expired. Actually he has had more than the maximum allotted time. I can recognize another member, following which the hon. member for Churchill can again seek the floor.

[*Translation*]

Mr. La Salle: Mr. Chairman, I have a few questions for the minister who spoke a moment ago of the acceptance by five provinces of the proposals or amendments to this legislation.

Mr. Chairman, I would like the minister to tell us if she will ask these provinces to provide a written agreement because, if I understood her well, she has made no mention of any correspondence or written agreement on the discussions she had with them.

Miss Bégin: Mr. Chairman, I am not sure I grasped the meaning of the question. If the hon. member wants to know whether we have made written representations to the provinces, then the answer is yes. We have made numerous written representations but there is no question now of waiting for a written answer or for an answer from all provinces. We are dealing here with a federal program, and I strongly urge the hon. member for Joliette to contact his péquiste acquaintances, simple members and ministers alike, to make sure that the Quebec government will pass on to all social welfare mothers the full benefit of the new child tax credit.

Mr. La Salle: Mr. Chairman, if I were entrusted with government responsibilities, I should deal the same way with the Quebec government, whether it is headed by a péquiste, NDP, Liberal or Conservative party. As a matter of fact, I could reply to the minister that two of her colleagues on the government side are very good friends with the Quebec government, and I see nothing wrong with that.

The minister indicated that she has made a number of proposals to all the provinces and that five of them have replied. Could she advise the House whether these five provinces have reacted negatively? Could she report briefly on the response of the five provinces which have not still accepted?

Miss Bégin: Mr. Chairman, as I said earlier this afternoon the five provinces other than those which I mentioned did not have a negative response either. For one reason or another the provinces are considering the matter, being confronted with inconsistent points of views which they are trying to reconcile, but they do not necessarily disagree about allocating the new child tax credit to mothers on welfare. As far as I am concerned as Minister of National Health, I wish to repeat that I do not want to intrude in the provincial administration, they are responsible to their people who will elect them or not. So the five provinces which did not notify me that they had made a recommendation to their cabinet are: Prince Edward Island, Nova Scotia, Quebec, Manitoba and Alberta.

Mr. La Salle: Mr. Chairman, should the provinces refuse, what would be the minister's attitude?

Miss Bégin: I have already replied to that question on several occasions, but I will readily do so again in French, Mr. Chairman. First we will call on members opposite to support, as I think they already do, and pass Bill C-10 as quickly as possile so that the administrative machinery can be set up to print the forms and all the rest. In addition, as I reported today, following many requests made during the past few weeks to the provincial ministers, who incidentally are free to manage their provincial programs as they wish, I would call on all hon. members of the House, my colleagues and members opposite, the voluntary organizations looking after the interests of needy mothers or families and those which for another reason are concerned with social policies in Canada and the citizens in general to ask their respective provincial government what is their position and whether they are prepared, yes or no, to apply good policies for them and which will not cost them a penny that is pass to mothers on welfare the full $200 child tax credit. In practice that means not to deduct a penny of the new tax credit from the welfare payments. I know the hon. member for Joliette will do his share and I would invite every member to do so, him first. I am anxious to read his next parliament bulletin which hon. members are entitled to send four times a year to their constituents, and I hope hon. members will invite the population to support that position.

● (1712)

Mr. La Salle: I thank the minister for calling upon us to do so. Of course we support that amendment which indeed appears generous to us. Besides, I said so at the second reading stage. There is no problem in that regard. However, what could be cause for concern, Mr. Chairman, is that we mentioned consultation with the provinces during second reading, I recall it very well. The other side of the House said there was no need to consult the provinces on this matter, that they had nothing to do with it and that the federal government know what it had to do. Today the minister tells us about the representations she made to her colleagues and she even asks us to request from our provincial government that mothers benefit fully from the subventions which will be granted to them. We are in full agreement on this.

However, I could ask the minister why she did not discuss this matter well before the last meeting with her provincial colleagues where it was officially discussed? I wonder whether she did not have other opportunities well before today to get

the provinces to give their opinion before introducing legislation in the House. I imagine the minister or her officials have had many opportunities to meet with provincial representatives in the past year. I imagine this legislation was not born last month, so how is it for example that at the very last minute it suddenly becomes urgent to ask the provinces to guarantee housewives the maximum amount? I think, however, that the minister has had the opportunity to ask her officials to do the work she is asking us to do today.

Miss Bégin: Mr. Chairman, in a province it is not always easy to be a member of parliament. If the hon. member for Joliette cannot accept that, I do not know what he is doing here. Sometimes in life one must put up a struggle not only against the opposition nor against the government but also against provincial governments whose interests are sometimes opposed to ours. That is very simple. I do not know why he thinks that politics is going to be a big love affair. That is not the way it is. The objectives of provincial governments are not always identical to ours. Their ministers of finance have economic problems just like everyone else. Bill C-10 is a federal bill, concerning a federal program, which uses federal income taxes to redistribute money to families with children, to families in need. As everyone knows in the House, in June 1976 the provinces asked us to look into programs using the tax system to grant supplementary social benefits on a selective basis. We identified three groups, targets which I have often discussed in the 14 months since I have been appointed minister, two of which are the poor children of Canada and the single parent families. The provinces are fully aware of the direction in which our work is evolving. At the end of last August, I advised my provincial counterparts of the new program. The best I could do for everyone involved was to introduce a bill, as soon as possible, and giving all the details of the program. Only a bill tells us exactly what we are striving for and what can be changed. What, to my mind, is important and interesting is that none of the provincial ministers suggested any amendments to the bill. All of them told me that they thought the child tax credit program was excellent. Some of them are even a bit envious that they did not introduce it themselves. Or at least, that is what they told me.

Only in the last few years, and I would not be surprised if it were only relatively recently in this House, have hon. members of both the government and the opposition realized that when we approve federal programs dealing with social benefits, particularly for older people, which means increases, whether through quarterly indexing or increases of $20 a month such as the one we just passed for elderly couples and which will start in the month of January, or whether new programs even imperfect such as the spouse's allowance, the provinces take with the left hand what we give individuals with the right hand, in the form of increased rents or more expensive services and so on. It is clear—and federal members of parliament have to fight for that—that the money of Canadian taxpayers paid out in the form of redistribution, which is the nature of the Canadian confederation as far as I am concerned, when the money of the taxpayers of this country through a program like the child tax credit is used for redistribution to Canadian individuals in need, the provinces cannot consider that as an additional transfer payment and pocket the money.

Mr. La Salle: We agree on that. There is no problem there. I hope this $200 credit will benefit the mother and the child who will need it, and I do hope that the government of Quebec will make sure they get to benefit from it 100 per cent. I know that there are some who are worried about that. Some often try to leave the impression that I have close friends in the government of Quebec. I am very happy to be able to communicate with members of Quebec. I was doing so at the time of the Liberal government, at the time of Mr. Johnson. And God knows I had excellent friends too, but sometimes it was quite useful, and I had the impression earlier that the minister said she had had discussions with the minister, Mr. Lazure, or that Mr. Lazure had in any case been rather receptive to the objective she is pursuing. I am one of those who wish, of course, that Mr. Lazure will succeed in convincing the cabinet about the idea we are pursuing but I ask the minister what was the kind of consultation she had with Mr. Lazure, what were his comments and whether she can say more specifically that earlier she undertook to recommend to the provincial government that specifically children in Quebec be allowed to benefit 100 per cent from that provision of the act, what was the reaction of the Quebec minister and whether the minister is in a position to say whether the provincial minister undertook to act like the federal minister would like him to?

Miss Bégin: I need an information document which I almost sleep with because I try so hard to promote this bill in which I believe.

Quebec is a particular case, and it is faced with particular problems of adaptation, which I am not entitled to discuss in this House, I think, but since indeed the money comes from the same taxpayers, I will talk about it a few minutes to explain my particular position. I did say that minister Denis Lazure has his heart in the right place, the hon. member did hear me well, but then again I am not stupid. I know his government wants to prove that confederation does not work so he will certainly not send me flowers on a silver tray. I mean, there should be no confusion. Having said that, I do not know the recommendation he made to his cabinet, but since the very first time I talked to him, in the evening of August 23 or 24, if my memory serves me well, he has always shown his interest in that program. This, I can confirm, he gave no information about the nature of his recommendations to his cabinet at the federal-provincial conference.

The problem which he faces is unique to the province of Quebec and concerns what they call harmonization. The province of Quebec chose, as it was free to do, a program where

family allowances are distributed differently than in other provinces. Canadians in general receive $25.68 per child every month. Alberta has a somewhat different program, but Quebec has a completely different system about which we were not consulted. This is what the provincial government chose to do, but this is now causing the following problems: Quebec—and I hope I am not wrong because this issue comes under the jurisdiction of the National Assembly and I hope that it will be brought up in the proper forum—Quebec gives $15.42 for the first child—and I should say first of all that Quebec asks us to give $15.42 for the first child—the second child in a family receives $23.11, the third child, $47.45, and the fourth and all others receive a cheque of $59.13 a month. Then, there are some adjustments made to increase these amounts if the child is older, that is if he is between 12 and 17 years old.

As I understand it—but once again, I am not the Quebec minister of welfare—Quebec decided to give these welfare payments to mothers who are on welfare only for the first children in a family. Now I hope that the hon. member will not be angry with me if I do not know the answer—I am not the provincial minister—that is if I do not know whether this means the first three children or the first four children. I believe it is only the first three children of a family on welfare who can receive assistance, as well as the mother and the father if it is a two-parent family. The fourth, fifth, sixth and seventh children receive nothing under the welfare program. However, the Quebec government considers that our large family allowance cheque, that it distributes as I described a few minutes ago, will compensate social welfare. Quebec is in a bad position at the present time. I do not know what this means in actual facts for the distribution of welfare costs, of which we must pay 50 per cent, but I do know that the principle of harmonization is suddenly being questioned and that the minister is reconsidering the whole matter.

Of course, many people say that at first sight it seems better to give much more money for the second, the third, the fourth child and so on. But there is a problem of which everyone with children is aware and which governments and especially members of the National Assembly sometimes forget, I think there are not enough women in any of our governments. Even if ours has made some progress in that respect, people forget that the first child costs more money. Essentially, when you have a first child, very often it means, at least in cities, that you must move to have one more bedroom which increases considerably your rent, you have to buy the little bassinet, the bed, diapers, clothing, all the basic equipment. So I consider that the first child should get a larger amount. Furthermore, the second child does not cost much. As everybody knows, he lives on hand-me-downs. According to psychologists, it may be the source of problems but it is another matter. For the third child, many things are worn out and must be replaced. At any event, this is much controversed in circles interested in family policy matters. This issue is also in the background of discussions in the provincial government cabinet.

Mr. La Salle: Mr. Chairman, I wish to come back to a comment made earlier by the minister. She emphasized the importance of ensuring that the money made available or redistributed by Ottawa will go to the right place. I believe that in other areas also the federal government had the same problem, for instance, about the use of amounts spent on bilingualism and education in the provinces. I think it is a very relevant question.

However, could the minister tell us today what kind of mechanism she has in mind to ensure—precisely what kind of mechanism from a consultation point of view with the provinces or from a monitoring point of view her government could prepare in order to ensure some monitoring. I am aware that the Auditor General is also raising some questions regarding this lack of monitoring. It is considered as a weakness, I think, namely whether the funds available for such and such purpose are indeed going to perform the target objective or if the funds are well allocated in the case of the legislation dealt with by the minister today. It is just a case but I think that it could become a generalized practise in other fields and could the minister tell us if the government feels it is important to get something prepared for that purpose so that justice be made from one parliament to another, for any department concerned. We are today talking about a specific department but up to what point could the answer be sufficiently general for this side of the House to be told if the government is showing the desire of instituting these mechanisms which have been apparently wanting, up to now at least?

• (1722)

Miss Bégin: Mr. Chairman, we are talking of a cheque for mothers. I hope the hon. member is not suggesting that we should institute a special monitoring mechanism to ensure that the money will be properly used by the mothers because I for one fully trust them.

Mr. La Salle: What is the total amount going to the mothers?

Miss Bégin: The total amount will go to the mothers and this is why we are using the tax approach. It is our way of ensuring that it will go to the individuals. Yet there are now much more subtle methods to recuperate that money and we do not want for instance the welfare payments of these same mothers to be reduced because we are improving their standard of living. So my answer to the hon. member who is saying: but what must we do, will be the following: get involved politically all the way. One has to go to Joliette, to Crabtree and to the other localities of your riding which I know, including Crabtree, the member's beautiful village. Needy mothers have to be told to write a letter to Mr. Denis Lazure and ask him if he is going to give them—during weekends, the

hon. member can do that in his constituency office. Certainly he goes to his riding every weekend. In his MP bulletin that goes out to each of his constituents, he can tell them to write their provincial minister, asking him whether it is agreed he will pass on to mothers the full child tax credit, rather than deducting welfare payments. This is politics.

The Chairman: The time allotted to the hon. member has expired. Is it agreed that the hon. member way put another question?

Some hon. Members: Agreed.

Mr. La Salle: Mr. Chairman, a single comment. I have the clear impression the minister is convinced a negative answer will come from the Quebec government, because she is asking us to put pressure on this, to invite mothers to write their provincial government. How can the minister leave us under the impression the Quebec government will say no? Originally Mr. Lazure appeared quite agreeable on this, and now we are asked to put pressure on. This is worst than asking us to pressure people to buy Canadian. As far as I am concerned, my impression is there is no need to worry on this. It is my hope every provincial government will pass on the maximum benefits. But the way the minister explained this, I would appreciate it if she would tell the House whether she has serious reasons to ask us to do this, for thinking the Quebec government will react negatively to her proposal.

Miss Bégin: Mr. Chairman, surely I have misunderstood the hon. member's position. I thought he was somewhat anguished by the situation in Quebec. He asked me how we could react, and I answered him. This of course goes for every province that is not yet committed. Now I said a number of times, Dr. Denis Lazure in my view is very much a man of good will, but he is not alone in his cabinet. I am not sure of Mr. Parizeau, his minister of finance, because Mr. Lazure has a minister of finance. He is not alone. I am not sure that the minister of finance does not want to collect federal funds by all possible means. I am not sure also that Mr. Parizeau is in favour of the poor. I have never heard such a thing. I have never heard that Mr. Rodrigue Tremblay was a minister of the poor. I wonder whether Mr. Bernard Landry shares the interests of the poor. As a minister, I want to fight against poverty in Canada, it is my job. It is also the job—

Mr. La Salle: I am not alone, we must have a chance.

Miss Bégin: No, I know. I was also going to say that it is the job of Dr. Lazure. I hope that Dr. Lazure will succeed.

[*English*]

Mr. Smith (Churchill): Mr. Speaker, I have a question for the minister pertaining to the single parent. In many communities there are single parents where the children are not in the household of the single mother but are usually in the household of a grandmother. Sometimes there can be as many as three or four illegitimate children in a household. At the present time the family allowance cheque goes to the grandmother, possibly because the real mother of the children is working away from the community. In such a case who qualifies for the child tax credit? Does the mother have to make application or can the grandmother who is looking after the children do it?

Miss Bégin: Mr. Chairman, I deeply dislike the word "illegitimate" children. All children are legitimate. These are words we should not be using. They mean more than the word itself.

As a rule the person who now qualifies for the family allowance receives the new child tax credit. That may be the grandmother, as in the case described by the hon. member for Churchill, or it may be the father, depending on who gets the family allowance. Quite often it also depends on who has legal custody, but this is not necessarily the case.

In the thrust of his question I think the hon. member made a plea for the children of single parent families. They are a vulnerable group. By all standards in 1975, 31.2 per cent of them were poor. Of those, 90 per cent are headed by women. This group will be significantly helped by the new child tax credit. They will receive $106 million in credit payments. To use another measure, 87 per cent of all single parent families in Canada will get total or partial benefits from the new child tax credit.

● (1732)

I think that answers the hon. member's question. If there are particular cases, the officials will be pleased to give answers on a personal basis. I do not know if the hon. member is referring to a particular case.

Mr. Smith (Churchill): I am referring to one case in particular. However, I think it can be duplicated in many communities. A grandmother may be collecting the family allowance for some of her own children and at the same time collecting for grandchildren who may be in her care. Will this grandmother have to file two separate forms in order to qualify for the child tax credit for the two families, that of her own family plus her daughter's children? Will she have to file two separate applications?

Miss Bégin: In so far as I understand the particulars of the questions, it appears that the answer is no. That grandmother would file one tax credit form and one income tax form declaring all her sources of income, showing a net income of so much, and claiming both her children and those of her children or other relatives whom she may care for. If she is in receipt of a family allowance, she is absolutely assured of the child tax credit, if she qualifies. If there is a case where she should get the family allowance and she does not, this will give us an opportunity to rectify the situation.

Mr. Smith (Churchill): Mr. Chairman, I want to put something on record concerning the additional welfare payments to families that will have a smaller income because of a reduction

in family allowance at the first of the year. This should be on record because it is going to be very confusing for many people in our isolated communities.

In committee, I asked the deputy minister of Indian affairs some questions. Even though this question does not pertain to Bill C-10, the department of Indian affairs is responsible for the welfare of Indian people in Canada. It seems there was very little on communication with the department of Indian affairs concerning Bill C-10. At this committee meeting on November 23, I asked the deputy minister what effect Bill C-10 will have on Indian people living on reserves. I quote:

Will the reduction in family allowances be compensated for by an increase in social assistance payments in cases where a family is in receipt of social assistance, I think that is the first order of questioning.

The second question is the adverse of that. What happens to social assistance payments to families that are in receipt of the once a year tax credit.

The deputy minister replied to those questions in this way:

I think I read a transcript of a different exchange between Mr. Smith and the Minister of National Health and Welfare. I do not know whether I can answer all of those questions, but I could make a couple of general observations. Our practice across the country is to conform with respect to social assistance payments to provincial practice, that is, to say we tie ourselves to provincial rates and when the province increases its rates we increase whatever a province's rules may be off reserves we normally apply on reserves.

It is my understanding that in calculating eligibility for social assistance and appropriate levels for social assistance, provinces do not take account of family allowance payments. It would allow from this that since they are excluded from the calculation of the requirements for social assistance, that in your monthly, or whatever, payments, you would neither take cognizance of the reduction in the monthly rate nor of the lump sum payment and the tax credit. The subject is one that is still under discussion between ourselves and the Department of National Health and Welfare. I think it is possible that at some point the two ministers will need to meet to make a determination on some of these issues. It is probably going to be fairly difficult to arrive at firm conclusions about what kind of regime should be applied until we have a picture of what the provinces are likely to do. And in outlining existing practices and the sort of one logical conclusion that you could draw from that practice—I am speaking hypothetically, the subject is not decided, but if we were to conform to our past practice of tying what we do on reserves to what provinces do off reserve, and given the family allowances are excluded from the calculations for requirements for social assistance, then on that particular hypothesis, you would not get an adjustment upwards in the monthly social assistance payment, nor would you get an adjustment downward from the tax credit payment point of view.

The deputy minister said they would not be affected as far as the downward adjustment would be concerned. However, I was concerned about the other adjustment we were talking about. That indicated to me it was not conclusive that the additional welfare would be paid. The minister emphatically says it will be paid and that the individual will not have to pay back any payment that is made to a family now living on welfare because of a drop in income to that particular family. While the minister says this is going to happen, the deputy minister of Indian affairs says that some meetings will have to take place. Perhaps that meeting has taken place since November 23. Can the minister confirm whether that meeting has taken place? If so and it has been decided, there is no point in my going any further.

Miss Bégin: The hon. member was reading from answers given by the deputy minister at a recent Indian affairs committee meeting. In all fairness, he said at the beginning that he was not fully apprised of all the dimensions of the child tax credit. The next time I will have him at my briefing sessions. I did not know he would be asked these questions. It is a bit unfair.

What I said to the hon. member for Churchill, and I repeat it for the tenth time, is that the minister of Indian affairs and myself have agreed on supplementing any families on welfare wherever it is needed, whatever the method of distribution. There is agreement upon its objective. Of course, the officials will have to work out the particulars, but that is agreed. There is no doubt about it. One of my assistant deputy ministers who is present in the gallery today will clarify this as soon as possible and bring the comments which have been made today to the attention of the deputy minister of the department of Indian affairs.

● (1742)

When the deputy minister of Indian affairs referred to the provincial welfare scales he described the right mechanism. We want to keep a balance for all Canadians. Indian affairs is rather like a provincial department when it comes to social assistance, so we maintain consistency in welfare policies and payments in the country. Provinces, within that general framework, have very different modes of accounting for income. I can possibly say that in fact they all count family allowances as income. I can also say that they don't. It is an accounting practice by which two or three of the provinces count the family allowance one way and the others count it in another way. In any event, it is always taken into account. I wrote to my colleagues and I also told them orally that with respect to any social assistance payments, whatever the accounting practices, they should not count the new child tax credit as income. Nevertheless, it does appear somewhere on the total balance sheet.

It is a bit complicated but it is really a matter for provincial welfare ministers. It may be that the deputy minister of Indian affairs is referring to that mechanism when he speaks of maintaining consistency with the provinces—that may not be the phrase but I do not have the long text which the hon. member read. However, I can assure the hon. member that for the first three months in some families in which there are many children, the decrease in family allowances will mean a *manque à gagner,* a need, an additional need which will be made up from the payments under Indian affairs. The child tax credit in itself means for Indian mothers in Canada in 1979 an additional net $19 million. The hon. member referred to that at the beginning of his question. For poor families in Canada it means a net additional $108 million taking into account reduction of the family allowance.

Mr. Smith (Churchill): I understand that the $19 million covers all the status Indians. I believe that for Indians on reserves it will mean an additional $14 million. I think I have this straight now. I am sorry the minister had to explain it at length but I know I shall have to try to explain it to many of my constituents, who in many cases do not have the advantage of television and live in areas where radio reception is very

poor; there are certainly no newspapers going into these communities.

For status Indians living on reserves on January 1 the government will reduce the family allowance to mothers. One department is taking money away and another department, namely the department of Indian affairs, is going to give that money back to the families concerned, after I don't know how many forms have been made out—tax credit forms and so on. Then at the end of March or whenever a cheque comes in, they will receive a lump sum for the previous year.

It looks like a circle; the money is just going round and round. It appears to be a nice little mechanism to get a few votes, perhaps. What is actually happening is that the individual family is not going to be responsible for paying back any of the money that the department of Indian affairs is giving that family to supplement its income because of the drop income tax. When they get their lump sum cheque at the end of the 1978 or 1979 tax year, they will not be penalized one iota for the additional funds they are going to receive, or have received, through welfare or through the department. If the minister can get up and say she has already given the answer ten times, I should like to hear it 11 times because I would like to have her confirm it.

Miss Bégin: The hon. member has given us an absurd description of what is going to happen in terms of difficult forms and so on. The fact is that two signatures will be needed, one on the one-page form, which will be the family allowance cheque, and, because there is no money, one at the end of the income tax form. I will also need the name and the address of everybody and the number of children. I regret we have to use forms, but we do. They will be too numerous for my own taste but we intend to simplify them in the coming year and have only one simple shorter form.

The hon. member suggests this is to get votes and that it is a gimmick. It is not a gimmick. It means a net $140 of new money per child, indexed every year. It is actually $200, but because of the loss of monthly family allowances it amounts to $140 net of new money. So it is not a gimmick. As to getting votes, why not? It is not my fault that the Conservative party did not pass any resolution at its annual convention in favour of such a program. That is probably what political parties are all about. When it comes to good programs which affect Canadians, I always think they will bring more votes because they are what the people want.

I repeat to the hon. member that his description is basically accurate, though he forgot what I said in reply to the thrust of his earlier question, that is to say, that there is no pay-back.

[*Translation*]

How do we say that there will be no deduction on tax credits.

[*English*]

Mr. Smith (Churchill): Which department will determine the circumstances of individuals who will be receiving welfare payments because of a decline in income? Will it be the Department of National Health and Welfare or the department of Indian affairs? At this point the department of Indian affairs does not have enough community workers or social workers to undertake this task. I am wondering whether extra staff will be needed to determine which families are going to qualify for the additional payments to offset the drop in income.

● (1752)

Miss Bégin: The usual mechanism will be used to determine who has additional need. That will not increase staff or man-years. We are talking about the first three months of the year. It is quite easy to determine. In most cases this is done with the co-operation of band councils, so it is the same mechanism which will determine additional social assistance needs.

Mr. Rae: Mr. Chairman, I want to return in my question to my old friends the income tax discounters. I have two questions relating to them. I am sure the minister has received a brief from the national anti-poverty organization. I know she will recall from that brief that that organization raised the question of the effect of the lump sum payment on the way mothers who receive this payment will react. In other words, the proposal of the organization was that families at least be given the option of receiving the money four times a year.

I do not want to labour this point because I know the minister has already expressed an interest in looking at this matter after the first year of the program. I simply want to ask the minister to remain open and to keep looking at that possibility, because I think there is a severe deficiency in the present approach which is being proposed by the government.

There is another point I want to make with respect to this problem. I was not in the House at the time but I understand that the minister told the House that information is already going out to people with the current family allowance cheques. Is any information going out with respect to the tax credit?

Miss Bégin: The basic information strategy is not yet finished.

Mr. Rae: In that case, perhaps my suggestions will have some effect, who knows? Stranger things have happened. I suggest that a pamphlet which is not written in bureaucratese, which includes pictures and which would be lively would be read. Perhaps the minister should consult some of her political advisers in this regard rather than her civil service advisers. Those of us who are in this game know that we have to get information across to people, and I would like to see this information put across to welfare mothers. I intend to do that in my riding in my next household letter. I intend to tell people who will be receiving these cheques that they should wait and that hopefully there will be no need for them to go to income tax discounters.

I return to this point because when the income tax discounting bill was introduced and passed last year, it was suggested that the people who would be seeking income tax discounts

would be people who would be filling out income tax forms which are complex, difficult and involve some work in filling out. In other words, the people filling out the forms were getting fees for their services as well as straight security for loans.

Let it be said that anybody should be able to fill out the form which is intended to be sent out in January of next year. I hope it is the intention of the government that the form will be very simple and extremely straightforward. Let us hope that it will be a one-page form and that it will be possible for recipients of the forms to fill them out on their own, or they will be counselled to go to community groups, to their members of parliament, to their MPPs or to people who will be filling out forms in relation to the graduated guaranteed income supplement, which the minister knows is filled out at the same time, so they do not have to go to income tax discounters to get the form filled out.

I assure the minister that people in the income tax discounting business are going to be going through housing estates and communities. They will be distributing leaflets telling people that they can get their money quickly. Discounters will be using that commercial approach. I think the government is making a mistake, but let it go ahead. The government is making the mistake of allowing income tax discounters to take this money as security. However, let us at least fight the commercial approach which will be used. Let us undertake that fight with our own public relations efforts.

I hope there will be a public relations effort in which individual members of parliament who feel as strongly as I do about these people will be assisted by the government in seeing that information is provided and that people will have some basic consumer counselling with respect to these forms.

Miss Bégin: Mr. Chairman, in the few minutes left I want to say that at times I am tempted to agree with the hon. member on the non-assignability of these child tax credit cheques; but I am always reminded—rightly so, it seems to me—of the freedom of people to obtain their money early if they want to.

Mr. Rae: They don't "want" to, they have to.

Miss Bégin: It is not a matter of wanting. They do not even know as yet whether that money will be included in their family budgets.

The balance of the hon. member's remarks represented an excellent suggestion which as far as my department is concerned will be implemented. The particular dimension described by the hon. member by which tax discounters help people in filling out difficult forms is very true. Unfortunately, the insert for the month of December is in the process of being printed. It is too late to include the hon. member's suggestions in that insert. However, in subsequent inserts there will be special paragraphs for children which I hope will be "alive".

I can assure the hon. member that the next insert will be the result of advice from my political staff. It will contain pictures and it will be colourful. I hope it will not be boring. There will be pictures of children on it. It will be a small insert which will not tell the whole story, but it will be a beginning. I will supply hon. members with material. I like the idea that members of parliament should conduct clinics in their own constituencies. All the other suggestions made by the hon. member will be explored. I am not sure if the hon. member was in the House earlier, so I will repeat that social workers in all provinces and other provincial officials will also help mothers who are on welfare.

Mr. Paproski: Will you send us a copy?

Miss Bégin: Yes.

Mr. Martin: Mr. Chairman, I understand that there is a disposition on the part of hon. members opposite to pass clause 1 before we adjourn. Could that be done?

Mr. McGrath: Mr. Chairman, notwithstanding the shameful partisanship which has been demonstrated by the minister today, the cheap shots she took at one of her admirers, the hon. member for St. John's East, and her general abrasiveness, we are anxious to make progress and to get into some technical aspects of the bill. We would be disposed to passing clause 1.

Mr. Knowles (Winnipeg North Centre): Mr. Chairman, without any qualifications we are prepared to pass clause 1.

Mr. Rae: The minister was nice to us.

The Chairman: Shall clause 1 carry?

Some hon. Members: Carried.

Clause 1 agreed to.

Progress reported.

Mr. Deputy Speaker: It being six o'clock, this House stands adjourned until tomorrow at 2 p.m.

At 6.02 p.m. the House adjourned, without question put, pursuant to Standing Order.

HOUSE OF COMMONS

Thursday, November 30, 1978

The House met at 2 p.m.

● (1407)

ROUTINE PROCEEDINGS

[*English*]

GRAIN

SUGGESTED MEASURES TO MINIMIZE PRICE INCREASES TO CANADIANS—MOTION UNDER S.O. 43

Mr. John Wise (Elgin): Mr. Speaker, I rise, under the provisions of Standing Order 43, on a matter of urgent and pressing necessity. In view of the unilateral and untimely decision by the government to remove the subsidy to the milling industry, which will cause not only instability within the processing industry but also dramatic price increases to Canadian consumers, especially those who can least afford these increases at this time, I move, seconded by the hon. member for St. John's East (Mr. McGrath):

That the Minister of Transport revise this policy and implement a program to include a three-year phase-out plan and, secondly, establish a price quotation system by the Canadian Wheat Board for two or three-month periods to reduce market fluctuations, to add stability to the industry and to minimize price increases to Canadian consumers.

Mr. Speaker: The presentation of such a motion would require the unanimous consent of the House. Is there unanimous consent?

Some hon. Members: Agreed.

Some hon. Members: No.

* * *

INQUIRY OF THE MINISTRY

MOTION UNDER S.O. 43

Mr. Tom Cossitt (Leeds): Mr. Speaker, under the provisions of Standing Order 43, I move, seconded by the hon. member for Marquette (Mr. Stewart):

That the Prime Minister make a statement to the House confirming or denying statements made last night by Marjorie Nichols, Washington correspondent for the Vancouver *Sun*, on the CBC radio program "As it Happens" that the government is recalling Gérard Pelletier, the Canadian Ambassador to France, for purposes of advising the Prime Minister as to whether he should or should not leave office by the middle of January, and whether it is present government policy to—

Mr. Speaker: Order, please. The hon. member for Broadview (Mr. Rae).

EMPLOYMENT

OUTREACH PROGRAM—APPLICATION TO WOMEN AND YOUTH—MOTION UNDER S.O. 43

Mr. Bob Rae (Broadview): Mr. Speaker, I rise on a matter of urgent and pressing necessity under the provisions of Standing Order 43. In view of the fact that the problems of women and youth in finding employment are very severe, and in view of the apparent determination of this government to lower the participation rate of these groups in the economy, I move, seconded by the hon. member for Winnipeg North Centre (Mr. Knowles):

That women and youth remain target groups for the Outreach program of the Department of Employment and Immigration.

Mr. Speaker: Such a motion can be presented for debate only with unanimous consent. Is there unanimous consent?

Some hon. Members: Agreed.

Some hon. Members: No.

* * *

[*Translation*]

GOVERNMENT ADMINISTRATION

PROPOSED ABOLITION OF CERTAIN DEPARTMENTS—MOTION UNDER S.O. 43

Mr. Richard Janelle (Lotbinière): Mr. Speaker, pursuant to the terms of Standing Order 43, I request the unanimous consent of the House to present a motion.

I present this motion to congratulate the right hon. Prime Minister on his decision to abolish a department he himself created, namely urban affairs, and I move, seconded by the hon. member for Roberval (Mr. Gauthier):

That he continue his clean sweep and abolish all the departments which intervene in fields of provincial jurisdiction.

* * *

[*English*]

FORESTRY

PRIVATIZATION OF FOREST PRODUCTS LABORATORIES—MOTION UNDER S.O. 43

Mr. Cyril Symes (Sault Ste. Marie): Mr. Speaker, I rise under the provisions of Standing Order 43. The minister of the environment has been saying to the House that privatization of the government's forest products laboratories is being wel-

comed by industry and that the nature and independence of these laboratories will not be jeopardized.

In view of the fact that there is a lack of hard evidence that industry is prepared to support the laboratories financially, as witnessed by the recommendation of the Council of Forest Industries in British Columbia not to extend industrial support, I move, seconded by the hon. member for Timiskaming (Mr. Peters):

That the minister abandon his plans to privatize these important forest laboratories.

Mr. Speaker: The presentation of such a motion for debate would require unanimous consent. Is there unanimous consent?

Some hon. Members: Agreed.

Some hon. Members: No.

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NARCOTICS

BRITISH COLUMBIA—FINANCIAL ASSISTANCE TO REDUCE HEROIN ABUSE—MOTION UNDER S.O. 43

Mr. Bob Wenman (Fraser Valley West): Mr. Speaker, I rise under the provisions of Standing Order 43. In view of the fact that 60 per cent of property crime in British Columbia is drug-related, that property crime in Vancouver has risen 36 per cent over the last year, that the number of heroin addicts has increased 256 per cent over the last decade, that 60 per cent of drug-related crime happens in B.C.—which has only 25 per cent of the RCMP drug forces—and that half the cost of the $111 million justice system in B.C. is directly related to heroin abuse, I move, seconded by the hon. member for Surrey-White Rock (Mr. Friesen):

That the federal government partially fund the B.C. government's health entry plan for heroin users.

Mr. Speaker: The introduction of such a motion for debate would require unanimous consent. Is there unanimous consent?

Some hon. Members: Agreed.

Some hon. Members: No.

* * *

● (1412)

CP AIR

AIR SERVICE DEFICIT OF CORPORATION—MOTION UNDER S.O. 43

Mr. Les Benjamin (Regina-Lake Centre): Mr. Speaker, I have a motion under Standing Order 43 which will help the government increase its revenues. It is urgent and pressing, in view of the fact that Canadian Pacific Air placed a false and misleading advertisement in the November 29 *Globe and Mail* stating as follows:

[Mr. Symes.]

We have received no government subsidies from the public treasury, nor have we requested taxpayer assistance.

Since CP Air uses airports and other air services subsidized $355 million annually by the taxpayer, has deferred income taxes of $9 million, and since the Air Transport Association—of which CP Air is a member—pressed the government to introduce the recent 7 per cent tax investment credit on transport equipment which will benefit CP Air by another $14 million, I move, seconded by the hon. member for Brant (Mr. Blackburn):

That the Minister of Transport send a bill to CP Air for $90 million to cover their share of the air service deficit, and that CP Air immediately pay taxes owing.

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

Some hon. Members: Agreed.

Some hon. Members: No.

* * *

[*Translation*]

CONSUMER AFFAIRS

REQUEST FOR INQUIRY INTO INCREASE IN PRICE OF BREAD—MOTION UNDER S.O. 43

Mr. Adrien Lambert (Bellechasse): Mr. Speaker, pursuant to the terms of Standing Order 43, I request the unanimous consent of the House to present a motion dealing with a most urgent matter.

Because of the impending increase in the cost of bread, by its very nature this increase will considerably affect the budget of large families with a low income, I move, seconded by the hon. member for Roberval:

That this House recommend to the government that it order a serious inquiry into the operations of the large mills to establish whether this increase is really justified.

Mr. Speaker: Under Standing Order 43, this motion requires the unanimous consent of the House. Is there unanimous consent?

Some hon. Members: Agreed.

Some hon. Members: No.

ORAL QUESTION PERIOD

[*English*]

THE CANADIAN ECONOMY

MANUFACTURING SALES TAX REDUCTION—EFFECT ON ECONOMY

Mr. Sinclair Stevens (York-Simcoe): Mr. Speaker, my question is for the Minister of National Revenue who is also Minister of State for Small Business: it involves both his portfolios. My question refers to the manufacturing sales tax and the fact that it now appears the implementation of this sales tax will have serious consequences for the general economy of Canada.

Would the minister indicate whether any consideration has been given to rebating the sales tax which has already been paid in the case of inventories held by various retailers and wholesalers in Canada?

Hon. A. C. Abbott (Minister of National Revenue and Minister of State (Small Business)): Mr. Speaker, I think the hon. member is aware of the difficult task this presents, because it is impossible in many cases to disgorge the tax which might have been paid at the manufacturing level on inventories in stock. I recognize that it has sometimes imposed on retailers a feeling of moral obligation to pass on the discount immediately because of the reduction of the tax. However, I think most reasonable purchasers understand that if the tax has already been paid on the inventory, the price cannot be reduced to take advantage of a tax reduction at the manufacturing level.

Mr. Stevens: When the minister says it is a difficult matter to deal with, surely he is aware of the fact that section 17 of the Financial Administration Act covers the point: it allows for the remission of taxation. Surely he is aware of the fact that the previous minister of finance, in the 1974 and earlier budgets, set remissions with respect to reductions of sales tax at that time.

In view of the fact that a hiatus is developing and people are delaying their purchases until January or February, in the earnest hope they will get the benefit of this manufacturing sales tax reduction, will the minister not instruct his officials to get on with it and work out a proper remission plan under section 17 of the Financial Administration Act?

● (1417)

Mr. Abbott: Mr. Speaker, perhaps the hon. member will allow me a little time to consult my officials on the point he raised and on the advice he has given. I will do so and perhaps be more fulsome in my answer at a later date.

Mr. Stevens: Mr. Speaker, I admit that my question may be one which the minister will want to take up with his superior minister, the President of the Board of Economic Development Ministers.

Does he acknowledge that a hiatus is developing in the current period, in that the provincial sales tax had the effect of moving sales back into that six-month period, especially in provinces such as Ontario? Now that the manufacturing sales tax encourages people to delay their purchases until early next year, there will be a very difficult three months at the very time we need production and jobs created in the country.

Mr. Abbott: Mr. Speaker, by his emotional, alarmist tones, the hon. member is attempting to raise a spectre which does not exist.

Some hon. Members: Hear, hear!

Mr. Abbott: I acknowledge that there are some difficulties and some expectations, but I deny that consumers are withholding purchases on this ground.

An hon. Member: Of course they are.

Mr. Abbott: Purchasers are quite aware that the system eventually will show the savings which will result from the reduction in the sales tax. I do not want to appear arbitrary on the point raised earlier, because I am less familiar than I should be with these aspects. I will consult my officials and perhaps be able to offer a more fulsome answer.

Mr. Stevens: And consult your superior.

STEPS TO ENSURE CONSUMERS BENEFIT FROM TAX REDUCTION

Mr. Bill Kempling (Halton-Wentworth): Mr. Speaker, my supplementary question is directed to the same minister. In his budget, the Minister of Finance indicated that the reduction of the federal excise tax was for stimulation of the economy. He also said, "I want this cut passed on to consumers". Without tax refund or relief, it is now evident the reduction will not be passed on by retailers to consumers. What provision does the government have in mind to ensure that the excise tax reduction will be passed on to consumers?

Hon. A. C. Abbott (Minister of National Revenue and Minister of State (Small Business)): Mr. Speaker, the hon. member is as aware as I am that the manufacturers' sales tax has been reduced and that the savings achieved by that tax reduction at the manufacturing level will be passed on to consumers when they reach either the retailing or the wholesaler level. Ultimately, consumers will benefit very rapidly.

Also, I think he is as aware as I am that if an inventory is in stock, it may have been in stock for many months and the tax has been paid on it at the manufacturing level and not by the retailer. The task of disgorging the amount, in my judgment, is a very difficult one. The hon. member for York-Simcoe said that there was no difficulty at all and that there were adequate provisions to do it. I disagreed with him, but I reserved on the point.

Mr. Kempling: Mr. Speaker, my supplementary question is directed to the same minister. We have contacted many retailers and automobile dealers who have told us that their sales have dried up since the budget.

Some hon. Members: Oh, oh!

An hon. Member: Name them.

Mr. Kempling: I will name them for the minister, Mr. Speaker. I understand the Canadian Retailers Association told the minister and officials of the Department of National Revenue privately that the cost of repricing inventory would be more than the 3 per cent. In other words, the tax reduction will not be passed along. Many retailers of large dollar items such as automobiles want to pass on the excise tax reduction—

Some hon. Members: Order.

Mr. Speaker: Order, please. Perhaps the hon. member would ask his question.

An hon. Member: Question.

Mr. Kempling: If the hon. member wants to ask a question, he can get on his feet.

Some hon. Members: Oh, oh!

Mr. Kempling: Will the minister recommend a rebate system on items in inventory over $1,000 in value at cost on which the 12 per cent excise tax has been paid? Will he go at least that far?

Mr. Abbott: Mr. Speaker, first let me correct the hon. member. I have not had any discussions of the type he mentioned with the retailers' association. I would reiterate that in my judgment the task of remitting in respect of any dollar volume or dollar item over a certain amount, as has been referred to, would be a difficult, if not impossible, task. The consumer will benefit through the path that will result in reduction of the tax at the manufacturing level. I certainly do not want to appear to be indifferent to the problem; that is why I assured the hon. member for York-Simcoe that I want an opportunity to discuss the matter with my officials.

* * *

● (1422)

EMPLOYMENT

FUNDING OF PROGRAMS TO ASSIST WOMEN IN FINDING EMPLOYMENT

Mr. Stanley Knowles (Winnipeg North Centre): Mr. Speaker, I have a question for the Minister of Employment and Immigration. On Tuesday, October 31, I put to the minister certain questions about the funding under Outreach of programs which specifically help women. On that occasion the minister said that this matter was being looked at and that there would be a review during the month of November. Now that we are at the end of November, can the minister tell us whether that review has taken place, and whether the Outreach programs which specifically help women with employment and other problems will be continued?

[Mr. Kempling.]

Hon. Bud Cullen (Minister of Employment and Immigration): Mr. Speaker, under the criteria women are not shut out from the Outreach program and they do participate in it along with men. We have indicated that where an Outreach program, in our view, is specifically directed at women only, we will be taking a hard look at it to determine if it meets the criteria of the program. That was the reason for the evaluation. This was also expanded on at some length in the Standing Committee on Labour, Manpower and Immigration. As the hon. member has said, the review was to take place during the month of November. However, I have not personally received the evaluation reports.

Mr. Knowles (Winnipeg North Centre): Mr. Speaker, could the minister tell the House, if that review is still proceeding, whether there will be any consultation with women who are working in some of the projects under Outreach that deal specifically with women? While he is answering that question will he comment on the situation that certainly has arisen in our society, that women are having such a difficult time obtaining employment that there is need not just for them to be grouped in other programs but also for affirmative action programs to help them with their problems?

Mr. Cullen: Mr. Speaker, as the hon. member knows, there are affirmative action programs in place and many of them have been advanced by my own department. I do not think we have to take second place to anyone in respect of that particular concern.

Mr. Knowles (Winnipeg North Centre): Mr. Speaker, I should like to put my final supplementary question to the Minister of Justice in his capacity as the minister responsible for the status of women. In view of the fact that any real help for women with regard to their employment and other problems is, in effect, being phased out by the Minister of Employment and Immigration, will the minister responsible for the status of women interest himself in this matter and try to persuade his colleague to do the right thing by the women of this country?

Hon. Marc Lalonde (Minister of Justice): Mr. Speaker, I have interested myself very thoroughly in this particular subject over the past few months, especially in relation to the question raised by the hon. member respecting the Outreach program. I disagree with his interpretation and his allegation that my colleague has not been doing his very best in this respect and has not been doing a great deal. I have had an opportunity to examine the programs in Employment and Immigration. There has been a reallocation of resources and a reassignment of functions. There are many projects dealing specifically with women in that particular department at the present time, independently of the Outreach program.

I want to assure the hon. member that the Minister of Employment and Immigration and myself are working closely on this subject and have this matter very much at heart. We would like to be doing even more than has been done, but we

must consider all the people who are unemployed and not just one particular category at a time.

* * *

● (1427)

[*Translation*]

THE CANADIAN ECONOMY

INQUIRY WHETHER REDUCTION OF MANUFACTURING SALES TAX WILL APPLY TO AUTOMOBILES ON INVENTORY

Mr. Adrien Lambert (Bellechasse): Mr. Speaker, in the absence of the Minister of Finance I will direct my question to his parliamentary secretary. Since last November 17, the day after the budget speech by the Minister of Finance, the manufacturers' sales tax has been reduced by 3 per cent. Can the parliamentary secretary tell the House whether consumers buying cars which were in a dealer's parking lot will have to pay the full tax since the latter had to pay it before, or whether a measure has been taken to make the customers buying cars since November 17, 1978 benefit from the reduction?

Mr. Alan Martin (Parliamentary Secretary to Minister of Finance): Mr. Speaker, the Minister of Finance has stated in his budget speech that there would be no special arrangement with regard to the dealer's inventory at that time.

[*English*]

I think this question is much along the lines of the one raised by the hon. member for York-Simcoe. It is important to note that this tax measure is passing through to the consumer, which I think the Leader of the Opposition and other members opposite felt probably would not happen. I think it is important to note that it is happening, and that is why problems are arising. The minister made it clear that for this normal tax reduction no special provision would be made for inventories on hand as of November 16.

[*Translation*]

INQUIRY WHETHER GOVERNMENT RECEIVED REPRESENTATIONS FROM AUTOMOBILE DEALERS ASSOCIATION

Mr. Adrien Lambert (Bellechasse): Mr. Speaker, I would like to ask a supplementary. I understand that the minister's answer has been categorical in that regard, but it sometimes happens that positions change as a result of logical representations. Can the parliamentary secretary tell the House whether official representations have been made to the Minister of Finance by the automobile retailers association and whether they have received the same answer the parliamentary secretary just gave to the House?

[*English*]

Mr. Alan Martin (Parliamentary Secretary to Minister of Finance): Mr. Speaker, a number of people are raising concerns about this particular matter. I think the point has to be made that whenever there have been past reductions or increases of a general nature in sales tax, it is not the normal thing for particular adjustments to be made for various inventories of commercial organizations across the country. It does not apply strictly to automobiles, but to furniture and every other commodity on which sales tax is imposed.

[*Translation*]

Mr. Lambert (Bellechasse): Mr. Speaker, I have a supplementary question. I would like to ask the parliamentary secretary to check whether a precedent has not been created already, so that we can give an unequivocal answer to those who contact us and pretend that such a situation has occurred before and that special legislation had been passed by parliament to solve the problem.

Mr. Martin: Mr. Speaker, there have been exceptions to this general rule when a special reduction had been granted.

[*English*]

There was a special reduction in 1974 and an even earlier reduction for that purpose was aimed at specific industries. At that time an exception was made, but no exceptions have been made in the normal course of sales tax changes. Most reductions or increases have been of a very general nature and have applied across the board, as is the case with this 25 per cent decrease in the rate of tax.

* * *

EXTERNAL AFFAIRS

REPORTED RETURN TO CANADA OF FORMER FLQ MEMBERS

Mr. Joe Clark (Leader of the Opposition): Mr. Speaker, I should like to put a question to the Prime Minister. Yesterday, the Secretary of State for External Affairs said there had been no involvement of any kind, and I think he said there had been no information of any kind, by his department or any officials of the Government of Canada in relation to the return to Canada of two members of the FLQ who were exiled from this country in 1970. That was the statement made yesterday.

In light of the events of yesterday, I wonder if that is still the position, or if there has been some involvement by some agency of the Government of Canada; and, if so, what is the nature of that involvement?

Right Hon. P. E. Trudeau (Prime Minister): I am informed, Mr. Speaker, that is still the situation as of today: there is no involvement of any agency of the Government of Canada.

Mr. Clark: Mr. Speaker, there are some questions that arise about the exact status of these two individuals. My supplementary question is also for the Prime Minister. I would assume that at the time of granting safe conduct out of Canada to these two members of the FLQ, the Government of Canada would have established some conditions regarding their future relationship to Canada.

I wonder if the Prime Minister can tell the House exactly what conditions were established in 1970 and whether any of those conditions would be breached by the return to Canada of these two members of the FLQ.

Mr. Trudeau: The only conditions of which I am aware, Mr. Speaker, were stated publicly at the time. They were to the effect that if ever they returned, they would be prosecuted with the full force of the law.

● (1432)

Mr. Clark: Mr. Speaker, I assume that determination to prosecute will continue. So that I am clear, the Prime Minister is telling us now there was no attempt by his government in 1970, when these two members of the FLQ were required to leave the country, to impose upon them any condition of any kind that would affect their citizenship or their power to return to this country, other than the threat that they would be subject to the normal processes of law, no matter what length of time had passed between their leaving this country and their return. There were no other conditions attached by this government to those members of the FLQ at that time; is that correct?

Mr. Trudeau: Mr. Speaker, that is a repetition of the same question.

An hon. Member: Poor old Joe.

* * *

ENERGY

POLICY RESPECTING CRUDE OIL PRICES

Mr. Allan Lawrence (Northumberland-Durham): Mr. Speaker, my question is to the Minister of Energy, Mines and Resources. Is there any change of intention or government policy respecting crude oil price increases and, in particular, the package proposal which was rejected by the majority of premiers at the recent meeting? I am specifically referring to the deferral of the crude oil price increase from January 1, 1979, for six months and the newly required increase of $1 a barrel on January 1, 1980. Has there been any change in the government's intention or policy with respect to that package deal?

Hon. Alastair Gillespie (Minister of Energy, Mines and Resources): Mr. Speaker, there has been no package deal put together in those terms. Let me make it quite clear that the government believes it would not be desirable for an oil price increase to take place on January 1. We believe there are very good reasons for this—

Mr. McGrath: What about bread?

Mr. Gillespie: —in terms of the competitiveness of the Canadian economy relative to the United States economy, for reasons of growth and for reasons of the inflation index and the cost of living index. Accordingly, the position we took in August of this year, that there should be no increase, is still the position of the government.

I will be entering into discussions with the government of Alberta and the government of Saskatchewan with a view to replacing the existing agreement whereby an oil price increase would take place on January 1 and entering into a new agreement that would defer that increase.

Mr. Lawrence: Mr. Speaker, I do not know why the minister should be so hesitant about the second part of the package proposal. I am asking if there has been any change in the avowed, determined, announced policy of the government. It is a two-pronged one; the deferral of one for six months and a newly required increase on January 1, 1980. Is that still the minister's intention? Is it still the government's policy? A "Yes" or "No" reply would be sufficient.

Mr. Gillespie: Mr. Speaker, let me go over some of the same ground again for the hon. member. I do do not think he understood the situation.

An hon. Member: He did.

Mr. Gillespie: He does not seem to understand that we now have an arrangement, a written agreement between the federal government and the government of Alberta and an exchange of letters between myself and Mr. Getty. That covers an existing arrangement which would require an oil price increase on January 1, subject to an important condition or two. Before we can get agreement on the deferral, we have to get a new agreement. That is what I will be seeking from the premier, from the government of Alberta and, I hope, with the concurrence of the government of Saskatchewan. But let me make it quite clear that we are not talking about any other automatic increases after that date.

* * *

[*Translation*]

REGIONAL ECONOMIC EXPANSION

INQUIRY WHETHER INCREASE IN OIL PRICES WILL BE DETRIMENTAL TO QUEBEC

Mr. Jacques-L. Trudel (Montreal-Bourassa): Mr. Speaker, my question is for the Minister of Regional Economic Expansion. The minister has stated at the federal-provincial conference that the oil price adjustments had saved $2,400 to every Quebec citizen. In view of the different position assumed by the province of Quebec, which has opted for an immediate oil price increase, will this decision cause the residents of the province of Quebec a loss in saving?

Hon. Marcel Lessard (Minister of Regional Economic Expansion): Mr. Speaker, it is indeed unfortunate that the Quebec premier did not see fit to support the proposal and the agreement reached by the federal and Alberta governments. Quebeckers so far have certainly greatly benefited from the

equalization formula which has maintained the price for oil at a reasonable level both in Quebec and the maritime provinces; in fact everywhere in Canada. We had thought that the Quebec premier would support the proposal in question, whereby Quebec consumers could have saved some $200 million over a six month period, specifically from January 1 to July 1, 1979. He has decided to opt instead for the maintenance of the previous agreement calling for a price increase effective January 1, which will make his province eligible for a somewhat higher transfer payment, thereby increasing the amount available for the government's budget at the expense of Quebec consumers. He wants to get a few million dollars more in equalization payments on the back of Quebec consumers who will be stuck with a bill of over $200 million.

* * *

[*English*]

SOCIAL INSURANCE

CRITICISM OF EXTENDED USE OF SOCIAL INSURANCE NUMBERS

Right Hon. J. G. Diefenbaker (Prince Albert): Mr. Speaker, my question is directed to the Minister of Employment and Immigration: it has to do with social insurance numbers. I have made a study of this matter during the last several days in order to find out the comprehensiveness and the degree to which the rights of Canadians can be interfered with as a result of this action.

I have found out that if computers are linked in a network, they can reveal the date of your birth, the name of your parents and your record at school, that is, whether you passed or failed. Indeed, everything that happened in one's life would be available to public knowledge. I ask, why is the government not desirous of restricting this social insurance plan to taxation and to social security. I simply ask that to begin with, and a supplementary question will cover the rest.

Some hon. Members: Oh, oh!

Hon. Bud Cullen (Minister of Employment and Immigration): Mr. Speaker, I can hardly wait for the supplementary.

Some hon. Members: Oh, oh!

Mr. Cullen: The very form of the right hon. gentleman's question is hypothetical. He started his question—I think *Hansard* will bear me out in this—by saying computers in banks were all grouped together, then this information would be available—

Mr. Diefenbaker: Oh, come on.

Mr. Cullen: I listened very carefully, sir. It is my turn. Okay?

Some hon. Members: Hear, hear!

Mr. Cullen: The fact is that there are three areas where the federal parliament has indicated, by statute, that social insurance numbers are necessary and people have to use them where they are appropriate: the Canada Pension Plan, obviously, social insurance, and one other area. There has been an extension of this use by banks and by police forces, and in practically every instance they say, "There is no requirement to give a social insurance number, but we would like to have it". Some of them are doing it in that particular way.

I would share the concern of the hon. gentleman if, as he said hypothetically, the data banks were linked; but they are not. There is also the human rights legislation which has just been passed by this parliament, which also affords protection in that the social insurance number and access to that information is not available without the consent or permission of the individual.

Mr. Diefenbaker: Mr. Speaker, I would have to tell the minister that there is nothing to prevent these computers joining together: there is no law against it.

I come back to this one simple question: why permit what has all the appearances of bureaucratic tyranny? Why permit this to continue? Parliament is the place where freedom must be determined. This legislation passed, but it passed in the dying moments of a session. I suggest to the minister that this passport to tyranny should be removed, if freedom is to be preserved in our country.

Some hon. Members: Hear, hear!

Mr. Cullen: Mr. Speaker, I said that I could hardly wait for the supplementary. I thought it might be that kind of diatribe—

Mr. Diefenbaker: It is not diatribe; it is fact.

Mr. Cullen: It is not fact. There is no particular tyranny here. The best way to limit the extended use of social insurance numbers would be to pass legislation that they can only be used for certain purposes—A, B and C. But if we were to do that, many people would find themselves at a disadvantage because a lot of people want to use these numbers; they want to volunteer them; they want to make sure that a cheque due to them goes to them and not to a neighbour down the street.

* * *

● (1442)

COMMUNICATIONS

INDEPENDENT COMMITTEE TO STUDY FUTURE OF TELECOMMUNICATIONS IN CANADA

Mr. J. P. Nowlan (Annapolis Valley): Mr. Speaker, my question is directed to the Minister of Communications. It has direct reference to a press release issued today—it was not delivered to my office; I guess I had to ask for it at her office—regarding the setting up of an independent committee to make recommendations on the future of telecommunications in Canada.

My question refers particularly to the first part of this press release which states that this committee of distinguished Canadians from coast to coast will not have to engage in formal hearings in the discussion of this very large and complex subject. Does this mean there will be no public hearings and, if that is to be the case, does the minister not think the way to stimulate public debate in this area, as she said she is interested in doing, would be to hold public hearings rather than to make decisions behind closed doors?

Hon. Jeanne Sauvé (Minister of Communications): That committee is set up for a very restricted purpose. It has been created in order to help me consolidate a number of studies made within the department on what might be the new architecture of telecommunications in Canada. The idea is that before we get into discussions at the federal-provincial level or start making policies for the future of telecommunications, it is important for me and for everyone concerned to get a picture of what the future architecture of the industry is likely to be.

As I say, this is a restricted committee and there will be no public hearings. But the report will be made public when it is completed and, of course, it will then be available for public debate.

Mr. Nowlan: I must say I gathered from the press release and from the appendix to the press release that that would be the minister's answer. I find it totally incredible that this course should be taken in a field which is so perplexing to Canadians. The only documentation with reference to this distinguished group of Canadians is the press release and the appendix to it, which says in the first line:

The Canadian communications system is in the midst of a crisis more profound than any which has affected it since 1920.

Does the minister really believe it is possible for Canadians, however distinguished, to come up with solutions in the two months available to them, according to this press release? Was the committee advised beforehand that there would be no public hearings and that they had to meet a "guillotine" at the end of two months?

Mrs. Sauvé: Yes, Mr. Speaker, they were advised in advance that the report would have to be finished by February. This is because it is important for me to have this report in my possession when I discuss telecommunications with provincial ministers and when I have to decide certain important questions concerning, among other things, the introduction of new technologies which are likely to come on stream.

That report is a necessity to me, for it is a means by which I will be able to accelerate a process which has been going on in the department for the past year and a half. Since we are on the verge of discussing these matters with the provinces, it is important for me to consolidate the studies which have been made. That is what the committee is going to do.

Mr. Nowlan: Read the press release. I shall be raising this at ten o'clock.

[Mr. Nowlan.]

ENERGY

NEGOTIATIONS WITH ALBERTA ON CRUDE OIL PRICES

Mr. T. C. Douglas (Nanaimo-Cowichan-The Islands): Mr. Speaker, a few moments ago the Minister of Energy, Mines and Resources told the hon. member for Northumberland-Durham that he was about to enter into negotiations with Alberta regarding the wellhead price of oil on January 1, 1979.

I ask the minister whether the proposition he intends to put before Alberta is the same as the one he has been propounding lately, a policy which might be called "Save now and pay later", by which the consumers of this country would save $1 a barrel before the election and pay $2 a barrel more after the election. Is that the proposition the minister will be placing before the government of Alberta?

Hon. Alastair Gillespie (Minister of Energy, Mines and Resources): The hon. member knows better than most members of this House the policy of the Canadian government with respect to the pricing of oil. Our policy has been, and still is, to move crude oil prices at the wellhead toward world levels and to do so in measured steps in a way which will not put the Canadian price ahead of the United States price; to do so at a pace which will not have a serious impact on the economy. We all recognize the fragile nature of the economic resurgence and the importance of timing in this regard.

I indicated in my reply to the hon. member for Northumberland-Durham that there would be no automatic increase. It is on that basis I would be prepared to enter into negotiations with Alberta and Saskatchewan toward reaching a new agreement to replace the existing one.

Mr. Douglas (Nanaimo-Cowichan-The Islands): I am not sure whether the minister is confused or whether he is trying to confuse the House. As he knows, the proposed increase on July 1, 1979, was to be the fourth and final step in a four-step increase.

Mr. Trudeau: January.

Mr. Douglas (Nanaimo-Cowichan-The Islands): The proposition the minister has been making recently is that in return for forgoing the increase on July 1, 1979—

Some hon. Members: January.

Mr. Douglas (Nanaimo-Cowichan-The Islands): —on January 1, 1979, Alberta would be prepared to accept an increase on July 1, 1979, and on January 1, 1980. What possible excuse could there be for suggesting a proposition under which the consumer would save $825 million a year by cancelling out one increase and then allowing two increases which would cost consumers $1,650 million?

I am therefore asking the minister point blank: will he assure the House that if there is any increase at all, it will be for one period only, namely, January 1, 1979, and that there would be no subsequent increase later on?

Mr. Gillespie: I have made it clear that the policy with respect to our oil pricing is to move to world levels in a series of steps so that over a period of time I do not know how many years we would expect the Canadian price to be close to the international price. But we would not move toward that international price unless certain conditions were accepted such as, for example, the competitiveness of the Canadian economy; the Canadian price relative to the United States price. We would never exceed the U.S. price, depriving our industry of its competitive edge, or advance prices at a pace which would have a negative impact on our economy.

The hon. member talks about two future increases of $1 and that sort of thing. He is speaking with a degree of precision which the facts do not merit. I have indicated to him that I am not entering into discussions on the basis of automatic increases.

* * *

[*Translation*]

AIR TRANSPORT

INQUIRY WHETHER QUEBEC OFFERED TO PURCHASE NORDAIR

Mr. Marcel Roy (Laval): Mr. Speaker, my question is for the Minister of Transport. The Quebec minister of economic development announced yesterday, at the first ministers' conference on the economy, that the Quebec government intended to buy a regional carrier such as Nordair or Quebecair.

Had the Quebec government made an offer of purchase to Nordair before the conditional purchase of that airline by Air Canada, in line with the intentions expressed by Mr. Landry, without mentioning the terms of financing? What would then be the position of the Canadian government?

● (1452)

[*English*]

Hon. Otto E. Lang (Minister of Transport): Mr. Speaker, to my knowledge there was no indication from the province of Quebec—certainly none conveyed to me—of an interest in relation to the purchase of Nordair.

I think the broad policy of the government with regard to provincial ownership of airlines was stated fairly clearly during the debate on amendments to the Aeronautics Act when, among other things, I made the point that there are always serious difficulties regarding possible political argument instead of simple examination of the public interest if a provincially-owned creature is before a federal regulatory tribunal, and that could create long-term difficulties in the administration of the field in question.

SMALL BUSINESS

ESTABLISHMENT OF EXPORT CONSORTIA

Mr. Otto Jelinek (High Park-Humber Valley): Mr. Speaker, my question is to the Minister of State (Small Business). In view of the fact that the deficit on manufactured end products—and most of this is in relation to the small business sector—has grown from $3.3 billion in 1968 to $11.1 billion in 1977 and is presently growing at an even faster rate, and keeping in mind that Canadian small and medium-sized firms could in fact compete more effectively in the international marketplace in this area if only an export consortia vehicle were made available, can the minister advise this House if and when he intends to accept our long-standing proposal to help establish and promote the formation of such export consortia in Canada in order to establish our small and medium-sized businesses in the international marketplace?

Hon. A. C. Abbott (Minister of National Revenue and Minister of State (Small Business)): Mr. Speaker, unfortunately the hon. member has been using as a source of his research the recent speech of the Leader of the Opposition in Toronto, which is quite an unreliable source at best.

Mr. Clark: We will test it in Mississauga.

Mr. Abbott: Under our combines legislation there is now no prohibition against organizing consortia among small and medium-sized enterprises for export sales, so it would be well within the law for this to take place. Indeed, examples exist: Bill C-13 gives ample provision for this kind of consortia. So I reiterate my suggestion that instead of consulting the speech of the Leader of the Opposition, larded as it was with verbose excesses and attempts to convince the small business community that we are not doing our job, I urge the hon. member to research the law. He will see that what he is suggesting is well provided for in the present law.

Mr. Jelinek: Mr. Speaker, I have seen many people skate around in circles in my time, but this is ridiculous.

Some hon. Members: Hear, hear!

Mr. Jelinek: The source of my research is international small business symposia—

Mr. Speaker: Order, please. Would the hon. member put his supplementary question.

Mr. Jelinek: Mr. Speaker, the source of my research is the international small business symposium which I attend on a yearly basis. I ask the minister to stop skating around in circles and to be more specific. For example, can he tell us what specific measures his government has taken to introduce these consortia and to make them functional, and when can the small business community begin to take advantage of such export consortia? I advise the minister that that community will be able to do so after the next federal election.

Mr. Abbott: Mr. Speaker, I attended the same international small business symposium. As we both know, it was held at Disneyland. Unfortunately, I think the hon. member spent too much time in Fantasyland instead of doing his homework. I am telling him it is now provided in the law that businesses can form export consortia. The Department of Industry, Trade and Commerce and my own secretariat will be glad to help small businesses if they want to do this, and I encourage them to do it.

Some hon. Members: Hear, hear!

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INDUSTRY

REBUILDING OF AIRPORTS IN TRINIDAD—GOVERNMENT INVOLVEMENT

Mr. Benno Friesen (Surrey-White Rock): Mr. Speaker, my supplementary question is to the Minister of Industry, Trade and Commerce, who coached the Minister of State (Small Business) in his answer regarding his trip to Disneyland.

Recently, the minister signed an agreement with the government of Barbados to provide $10 million in cash to help that country rebuild its airports. The government pretends to encourage the private sector to export products and expertise. Why is the Department of Transport providing expertise rather than the private sector through consulting firms and construction engineering firms which would be willing and able to provide that kind of expertise?

Hon. Jack H. Horner (Minister of Industry, Trade and Commerce): Mr. Speaker, the country involved was Trinidad. There were two airports. Our Department of Transport was chosen to act as a key contractor. It will seek out and sublet contracts to Canadian engineering firms in order to complete the work.

Mr. Friesen: Mr. Speaker, to what extent did the minister urge the government of Trinidad to use our private sector in rebuilding those airports?

Mr. Horner: Mr. Speaker, I was assured by the Prime Minister of Trinidad that there would be as much Canadian content as possible in the rebuilding of the two airports. I think the project will be very beneficial. It is estimated that there will be between $150 million and $200 million worth of Canadian work and Canadian material.

Some hon. Members: Hear, hear!

[Mr. Jelinek.]

GRAIN

REMOVAL OF SUBSIDY ON DOMESTICALLY CONSUMED WHEAT—REQUEST POLICY BE RECONSIDERED

Mr. John Wise (Elgin): Mr. Speaker, my question is directed to the Minister of Transport. It relates to the government's change in policy with respect to the removal of the subsidy to millers on domestically consumed wheat. The minister was made aware yesterday of the impact such a move will have on consumer prices which, incidentally, the minister described as insignificant.

Is the minister prepared today to reconsider his position and to give serious consideration to a phasing-out period? I suggest a phasing-out period of two or three years.

Hon. Otto E. Lang (Minister of Transport): Mr. Speaker, we obviously considered the question of the extent of continued government financial support in this area at the time we took the decision, and decided that the saving of $100 million to the treasury was important and should be accomplished as quickly as possible.

Mr. Wise: Mr. Speaker, would the minister consider a policy of having the Canadian Wheat Board quote domestic wheat prices, as recommended by the bakery industry, for two or three-month periods? This certainly would reduce market fluctuations to a very large extent, provide greater stability in the industry and, no doubt, would be beneficial to Canadian consumers as well.

Mr. Lang: Mr. Speaker, I will certainly take whatever steps can be taken to try to encourage a relationship between the Wheat Board and its pricing and millers, so that the price rise is as slow as possible.

MEASURES TO IMPROVE MOVEMENT OF RAPESEED

Mr. Jack Murta (Lisgar): Mr. Speaker, my question is directed to the minister responsible for the Canadian Wheat Board. Approximately $1 billion of rapeseed sales are in jeopardy at the present time because of the transportation mess in which we in this country find ourselves. That is illustrated by the fact that the Alberta Wheat Pool is now moving rapeseed by truck to Vancouver, which is unheard of. What action, if any, will the Wheat Board or the railways be taking to move this very valuable crop which is now at a very good price?

Hon. Otto E. Lang (Minister of Transport): Mr. Speaker, if the hon. member was putting that question either to the Wheat Board or to the railways, they would explain that they are attempting to move grain as required to the Vancouver area and to other destinations. The hon. member knows that I have not been satisfied with the way in which action by the various participants, including those to whom I referred, as well as terminal and elevator companies, has worked. As a result, I have appointed a special consultant to examine, from

a business management point of view, such improvements as can be made.

I would prefer to receive the conclusions of that source and then have discussions with the individual participants, rather than to attempt to lay blame without a complete foundation in terms of concrete recommendations as to what can be done better.

Mr. Murta: Mr. Speaker, surely to goodness we cannot continue to consult and to study problems forever while the transportation system in this country suffers and, consequently, one particular region suffers.

● (1502)

I would ask the minister, in terms of barley which is a very important crop and is not moving, what barley producers can expect in the next two or three months, in terms of movement, because movement of the barley crop out of western Canada is virtually non-existent.

Mr. Lang: The Wheat Board could tell the hon. member that the expected sales of barley will be significantly higher this year than they were last year. The export market is excellent, so over the full crop year the sales will be good.

Of course, the Wheat Board had had to time its sales according to the needs of its buyers. If that means that in its judgment more wheat must move at one time of the year and more barley at another, I for one will not try to second-guess the Wheat Board in its judgment in that regard. The hon. member asks whether we will keep on consulting. I say to the hon. member that in a complicated transportation and handling system you need every week, every month and every year to re-examine whether you can handle the system better and make it work more efficiently.

The fact is that in 1974 and 1977, concrete steps which we took produced an additional 3.3 turnarounds on all the cars in use, effectively allowing us in 1977 to carry 34 per cent more grain than we could have done on the basis of our techniques in 1974.

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PRIVILEGE

MR. NOWLAN—ANSWER GIVEN BY MINISTER OF COMMUNICATIONS

Mr. J. P. Nowlan (Annapolis Valley): Mr. Speaker, I rise on a question of privilege. In accordance with our rules I gave you notice of my question of privilege, and also I notified the Minister of Communications (Mrs. Sauvé) that I would be raising a very short question of privilege. I appreciate the fact of the parliamentary limitation on most questions of privilege raised on the point that I will try to advance. The essence of a question of privilege is whether the duties and work of members of parliament are affected, and I do believe that on that basis my question of privilege carries just as much credibility as do many others, but whether or not it finds favour in your eyes, only the next two or three minutes will tell.

My question of privilege arises out of a question which I put to the Minister of Communications on November 14. It appears on page 1095 of *Hansard*. I asked the minister:

> I wonder if the Minister of Communications is prepared to communicate today. Perhaps she could confirm the reports across Canada indicating that officials in her department are requesting very distinguished Canadians to sit on a royal commission on communications.

The minister answered:

> No, Mr. Speaker, I cannot confirm that: there are no officials of my department crossing Canada to set up a royal commission.

Then I asked a supplementary question regarding the communications bill. It might appear at first blush that there might have been a semantic problem. In my question I referred to reports across Canada, and the minister answered that no one was crossing Canada. But if I really and honestly believed that, then I would have to accept that the brain power of the minister is of such a low quotient that she should not hold her seat. She knew what I was getting at, and other questions had been put to her.

On June 20 I asked the minister, in view of the recommendation and suggestion of Mr. de Grandpré, president of the Bell Telephone Company, if she thought there was some merit in setting up a royal commission, and she gave me an answer then. On numerous occasions, in press releases and in speeches, the question of a royal commission on broadcasting or on telecommunications has been mentioned. Thus, when I received the answer from the minister which to me sounded categorical, that, "no, she cannot confirm that any officials of hers are crossing Canada to set up a royal commission," I interpreted that, in the widest, most generous sense, that no officials of her department were thinking about setting up a royal commission.

You can imagine my surprise when yesterday I was advised by a friend—not through the minister's office—of a speech which the minister gave in Montreal, Tuesday, November 28, to the Montreal Chamber of Commerce, nine tenths of which dealt with the Quebec problem and Mr. Lévesque, on several points of which I was prepared to question the minister yesterday if I had caught your eye, Mr. Speaker. The reason I was trying to catch your eye was that tucked away at page 8 of that speech there were two paragraphs headed "Creation of Committee." Under that heading the minister stated:

> The pace of technological change in this area is so swift and the convergence of telecommunication technologies so imminent that it is time for us to rethink the entire structure of our telecommunications system . . . There could be no better time to restructure our system. To this end, I intend to set up a small committee and to give it the task of consolidating all the studies we have undertaken thus far.

Mr. Speaker, there seems to be a lot of hubbub over there, although I know the minister hears me—

Mr. Speaker: Order, please. The hon. member for Annapolis Valley (Mr. Nowlan).

Mr. Nowlan: Mr. Speaker, I am coming to the end of what I would like to say.

Mr. Cafik: Hear, hear!

Mr. Nowlan: The Minister of State for Multiculturalism (Mr. Cafik) can make his speech later. I will take him on any time he wants, but I am trying to direct my question of privilege to the Minister of Communications in a most serious way.

Yesterday I did not know the extent of what she meant by "the small committee to consolidate." Quite frankly, I thought it was a departmental committee to consolidate the many studies on communications and then perhaps suggest advice or make recommendations to the minister. I had a few questions to put to her to find out what she meant.

Thus my surprise increased this morning when, over the wire service, I was advised of the following:

Communications minister Jeanne Sauvé announced Wednesday night—

Not in her Tuesday speech, and none of this came to me as the opposition critic on communications, which is a very real disappointment to me. The minister disappointed me, quite frankly. I do not know what has happened. If two colleagues who have the same interest at heart in terms of parliament cannot communicate, no wonder we have problems in communications. This wire really started to shed light. It goes on to read:

—that she has asked a nine member committee to make recommendations on the future of the Canadian Telecommunications System. The committee, under chairman John V. Clyne—

I happen to know him. He is an eminent ex-chief justice of British Columbia.

The wire goes on to read:

—chancellor of the university of British Columbia, will not hold public meetings and has been asked to complete its work by the end of next February. It will be known as the consultative committee on the implications of telecommunications for Canadian sovereignty.

Madam Sauvé said in a news release that telecommunications is at a crossroads. There was growing concern about the extent to which it might be falling short of expectations and opportunities.

The wire goes on to read:

—as well as the role of broadcasting to contribute to the preservation of Canadian sovereignty.

Other considerations include: Use of communications satellites . . . foreign program imports; the status of cable companies . . . the framework and timing for the introduction of pay television nationally.

I do not care what you call this committee, consultative committee or any other committee—a rose by any other name—and the same applies to a thorn. This is obviously not an in-house study. It is a fundamental study undertaken by admittedly distinguished Canadians on fundamental problems affecting the communications industry in Canada.

This morning I asked officials in her office if she had a press release, and someone from the PC research office went to her office at about eleven o'clock and was given a press release of her speech made two days previously. After twelve o'clock, my secretary, following another phone call, finally received the minister's press release dated November 30, which gives in more detail the subject of the wire story which was brought to my attention this morning.

The press release refers to distinguished Canadians across the country, which was exactly the subject matter of my question. It sets out the qualifications of those distinguished Canadians. These are distinguished Canadians from coast to coast, from British Columbia to Nova Scotia and many great places in between. I do not question the character and intelligence of the people named to this consultative committee, which was given terms of reference to study the issue, and I believe they might produce a very interesting report. After all, there was the Fowler report in 1957, and 20 years before that there was the Massey report. That is why I and my party suggested more than two years ago that this whole tangled web of communications deserves another over-all objective look from someone outside of the interested parties and of the Department of Communications.

I should like to say, in conclusion, that the press release refers to distinguished Canadians and to a strategy to restructure the telecommunications system. It states the areas of study which involve new technologies, such as fibre optics, satellites, interactive television, and computer technology.

● (1512)

Some of the questions asked on the floor of the House today may very well have been within the terms of reference of this study, but I do not have the terms of reference in my hand; all I have is the press release.

The horrifying thing is: how can there be a study on communications with no formal hearings? The minister confirmed today that there is no intention of conducting public hearings. I agree with her that this matter has been studied ad infinitum, that there have been many substantive studies.

The fact that there have been studies on a topic does not preclude it from being aired and generated before distinguished Canadians, so that they can make up their own minds with the interplay of examination and cross-examination on many of these studies, some of which have been done by vested interests who have their own points of view to project.

Communications should be the most open field, yet a two-month study will be conducted behind closed doors. In coming to the conclusion of my question of privilege, I should like to indicate that either the minister knew her officials were asking distinguished Canadians to serve on a commission or a committee, or she did not.

I do not have to educate Mr. Speaker regarding the definitions of the word "commission", since they are used very freely, and the minister understands what I mean. Among other things, the Oxford Dictionary, taken from the table, defines "commission" in terms of royal as follows:

Commission of inquiry or committee appointed by the Crown at the instance of the government.

These eight distinguished Canadians did not come from the sky. They were not the creation of someone's imagination.

They were appointed by this minister of the Crown in the name of the government, and I presume they are being paid by the government.

I do not know whether the minister wants to play tricks with semantics. I gave her notice of my question of privilege so that she could stand in her place and indicate that she made a mistake on November 14. Either she knew that was going on almost two weeks ago and thus misled me, which affects how I discharge my duties as a member, or if she did not know something so fundamental was going on within her department, there is no use in a member on either side putting any questions to the hon. minister in this field. Perhaps she can admit her status today, that she did not know what was going on within her department, or that she misled me on November 14.

Hon. Jeanne Sauvé (Minister of Communications): Mr. Speaker, I apologize if the hon. member for Annapolis Valley (Mr. Nowlan) did not receive the relevant press communiqué. It is a habit within my department that these are circulated, in the first place, to the hon. member who is the critic on communications on the other side of the House. I apologize profusely if he did not receive the communiqué. Indeed I am very surprised if he has not received it. As for my speeches, I suppose he is on my mailing list, but it takes a little more time for copies to be distributed to the different offices. However, I am grateful the hon. member goes to the trouble of reading my speeches.

I should like to comment very briefly on this matter. I fail to see that there is a question of privilege in the hon. member's intervention, since it is quite obvious that I did not mislead the House. On November 14 the hon. member asked me if I was aware that some of my officials were travelling across the country in order to invite prominent people to participate in a royal commission. My answer was, no, they were not inviting people to participate in a royal commission. I stand by that answer because, of course, there is no question of a royal commission in this particular case.

Today I announced the creation of an independent group of distinguished Canadians whom I have asked to produce specific recommendations on the strategy to restructure the Canadian telecommunications system and to contribute more effectively to the safeguarding of Canada's sovereignty. As I said during oral questions, this is a very small committee which was set up more in the nature of a task force in order to assist me in what is a very important and urgent task.

I do not want to imply that the hon. member does not know what a royal commission is, but he must be aware that a royal commission is established under the Great Seal of Canada and is constituted under the Inquiries Act. This committee has not been constituted in that fashion. As Minister of Communications I made nominations and asked seven or eight people to come and work with me on the objectives which I have just stated.

I repeat that there will be no public hearings and the committee will not be receiving evidence in the usual way. It is not a royal commission at all. These people will help me to consolidate several studies which have been conducted within my department and in other instances as well.

The studies on the recent and not so recent evolution of technology in the field of telecommunications are numerous. Somebody must sit down, read them over, and attempt to make a new synthesis of all innovations which will take place in the near or not so near future.

We are on the threshold of complete and great changes in this area. We are on the threshold of an information society. New services will come in at one time or another, but we do not know how soon. They all have to fit into what is already a very good system of telecommunications. A new architecture obviously will emerge from the gradual introduction of all of these new technologies and the new services which accompany them. That is why I asked these people to work in very close contact with the department and to use the studies which I commissioned within the department, so that I will be assisted in a task which has become more urgent because of the new proposed services a lot of people in the country are interested in introducing.

I must devise policies so that these new services will be introduced in a gradual fashion and in a manner which will not confuse or disrupt the entire system. The hon. member mentioned pay television, which is only one of the new services that will be available. Therefore it is my responsibility to foresee the appearance of these new services, and to perceive the changes which will take place in the entire structure of telecommunications. I need to accelerate my consolidation of all of these new innovations, so that I will be in a better position to implement these policies.

I feel there is no question of privilege. The only thing which is correct is what the hon. member has read from this communiqué, that the people who have accepted to participate in this committee, and to whom I am very grateful, indeed are very prominent and very well posted on the questions I will put to them. I suggest I should have a question of privilege rather than the hon. member, because he is attempting to lead the House into believing that I have indeed set up a royal commission.

Some hon. Members: Hear, hear!

Mr. Speaker: Order, please. In his initial remarks the hon. member for Annapolis Valley (Mr. Nowlan) very accurately anticipated the disposition which would be made by the Chair in the circumstances, and very kindly did not attach to his question of privilege a motion which would require any action by the Chair. In addition, the member indicated that the minister might stand by her answer. In some terms, the minister has done that.

Wherever an answer of this sort is put into question by any kind of question of privilege, once the minister stands by the answer and indicates that in her interpretation the answer was perfectly correct in the circumstances—whatever other results or disagreements that may bring into play—from a procedural point of view it takes the Chair out of the matter. That ends

any question of misleading the House, either intentionally or accidentally, because the Minister stands by the answer and indicates that on reflection the answer was correct. On those two grounds there is no procedural basis for the Chair to take any further action at this time.

* * *

● (1522)

BUSINESS OF THE HOUSE

WEEKLY STATEMENT

Mr. Baker (Grenville-Carleton): Mr. Speaker, in the absence of the government House leader could I ask the parliamentary secretary the usual House business question?

Mr. Pinard: Mr. Speaker, the hon. member knows that the hon. Deputy Prime Minister and St. Andrew are very good friends.

Some hon. Members: Hear, hear!

Mr. Pinard: The minister is in his riding in the beautiful province of Nova Scotia, celebrating St. Andrew's Day.

The business for the next days is as follows: tomorrow, next Tuesday and next Thursday will be allotted days. This afternoon we will resume debate in committee of the whole on Bill C-10, followed by the public service pensions bill, C-12. As soon as they return from committee, priority will be given to Bill C-14, the unemployment insurance bill, and Bill C-2, the health resources fund.

Mr. Baker (Grenville-Carleton): Mr. Speaker, I want to thank the parliamentary secretary. I hope that his leader comes back to us restored and in good health after the celebration of St. Andrew's Day.

Would the parliamentary secretary consider raising with the government House leader the problem and importance of a discussion between House leaders with respect to the establishment of guidelines on lock-ups? The problem arose out of the lock-up prior to the Auditor General's report. The purpose of discussions would be to establish rules so that all parties and all members would be aware of the procedure, in the hope that there would be no misunderstanding in the future. The problem did cause some difficulty at the time and perhaps it could be settled in the usual way.

[*Translation*]

Mr. Pinard: Mr. Speaker, I am unaware of the problems to which the hon. member alluded. I will check the matter and if necessary I will report to him.

[Mr. Speaker.]

ROUTINE PROCEEDINGS

[*English*]

VETERANS AFFAIRS

First report of Standing Committee on Veterans Affairs—Mr. Railton.

[*Editor's note: For text of above report see today's Votes and Proceedings.*]

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ANTI-INFLATION ACT

TABLING OF REFERENCES FORWARDED BY BOARD TO ADMINISTRATOR

Mr. Alan Martin (Parliamentary Secretary to Minister of Finance): Mr. Speaker, pursuant to section 17(2) of the Anti-Inflation Act, I table copies of ten references from the Anti-Inflation Board to the Administrator.

* * *

CANADA BUSINESS CORPORATIONS ACT

MEASURE TO AMEND

Hon. Warren Allmand (Minister of Consumer and Corporate Affairs) moved the first reading of Bill S-5 (from the Senate) to amend the Canada Business Corporations Act.

Motion agreed to and bill read the first time.

* * *

QUESTIONS ON THE ORDER PAPER

(Questions answered orally are indicated by an asterisk.)

Mr. Yvon Pinard (Parliamentary Secretary to President of Privy Council): Mr. Speaker, the following questions will be answered today: Nos. 175, 190 and 380.

I ask that the remaining questions be allowed to stand.

[*Text*]

PHYSICAL POLICY

Question No. 175—**Mr. Cossitt:**

With reference to the answer to Question No. 1,945 of the Third Session of the Thirtieth Parliament which showed the name of P. Ansell as a member of the Police and Security Planning and Analysis Group of the Department of the Solicitor General and listed him as being in charge of physical policy, what is a complete definition of the term "physical policy" as used in this regard?

Hon. J.-J. Blais (Solicitor General): The term "physical policy", relates to physical security and means, for the purposes of the job title referred to, policies relating to the effectiveness of preventive physical security measures used in the Government of Canada to protect information, material and personnel.

CANADIAN FORCES—GAGETOWN

Question No. 190—**Mr. Howie:**

As of October 1, 1978, how many PMQ units at CFB Gagetown were (a) unoccupied (b) occupied by non-military personnel or their dependents?

Hon. Barney Danson (Minister of National Defence): (a) The number of unoccupied permanent married quarters (PMQs), as of October 1, 1978 was 435. However, of these, 356 PMQs were held by the engineers at Gagetown for renovating projects and/or requiring major repairs. (b) One hundred twenty-five.

NATIONAL DEFENCE—EQUIPMENT

Question No. 380—**Mr. McKinnon:**

1. Is the Department of National Defence ordering $63,081 worth of tools and gauges for the M61A1 cannon and, if so, for how many cannons are such tools and gauges being ordered?

2. What units are, or will be, issued with the M61A1 cannon?

Hon. Barney Danson (Minister of National Defence): 1. Yes, 82 cannons.

2. 1 Canadian Air Group, Europe.

417 Squadron, Cold Lake, Alberta.

10 Field Technical Training Unit, Cold Lake, Alberta.

* * *

[*English*]

POINT OF ORDER

MR. BEATTY—DELAY IN ANSWERING QUESTIONS

Mr. Perrin Beatty (Wellington-Grey-Dufferin-Waterloo): Mr. Speaker, could the parliamentary secretary tell me when he will be answering my questions Nos. 50 to 66? These questions were placed on the order paper in the last session, were reinstated this session and have sat for several months. If there is some impediment causing the delay would the parliamentary secretary indicate what it is?

[*Translation*]

Mr. Yvon Pinard (Parliamentary Secretary to President of Privy Council): The hon. member knows the answer quite well. I had the opportunity to give it to him two or three times in recent weeks.

[*English*]

Mr. Speaker: The questions enumerated have been answered. Shall the remaining questions be allowed to stand?

Some hon. Members: Agreed.

GOVERNMENT ORDERS

[*English*]

INCOME TAX ACT

AMENDMENT TO PROVIDE FOR CHILD TAX CREDIT

The House resumed, from Wednesday, November 29, consideration in committee of Bill C-10, to amend the Income Tax Act to provide for a child tax credit and to amend the Family Allowances Act—Mr. Chrétien—Mr. Laniel in the chair.

The Chairman: When the committee rose yesterday clause 1 had been carried. The committee will now proceed to the consideration of clause 2.

On clause 2—

Mr. Lambert (Edmonton West): Mr. Chairman, this is a rather surprising proposal at this particular time in that the government is faced with a general program of expenditure cuts. The government has proposed on the one hand that it would contribute to this cut by cutting back to the amount of $20 per child in the family allowance program, and on the other hand, to balance what it saw as a serious reduction in income for families in the low income bracket, it has proposed a tax credit of $200. This is payable even though there will not be any tax payable by the parent in the particular case.

Has the minister considered what the effect will be in four or five years of indexing both the $20 payment, plus the $18,000 income ceiling, plus the $200 tax credit? How does this fit in with the government's concept of establishing a control on expenditures? This control is not just on spending money—

The Chairman: Order, please. I wonder if the hon. member is aware that we are on clause 2? Yesterday at the end of our proceedings, as is reported at page 1642 of *Hansard*, the hon. member for St. John's East indicated to the committee a consensus on the adoption of clause 1 so that the committee today could proceed to the more specific clause by clause consideration of the bill. The hon. member seems to be touching the more general debate which is normally permitted on clause 1 only. Would he please restrict his remarks to clause 2?

Mr. Lambert (Edmonton West): Mr. Chairman, I invite you to read clause 2. I am asking a question precisely as to the indexing and being able to forecast the effect of that indexing on the annual government spending programs.

• (1532)

The first marginal note is "Annual adjustment", which is the legal way of saying annual indexing of the $200 payment and of the $18,000 ceiling on income.

With the greatest respect, Mr. Chairman, I do not know how I could be more in order than I am. I am strictly talking about indexing and its effect. I think it is a legitimate question. The minister may be able to tell us what she told the Minister

of Finance and the President of the Treasury Board will be the effect of indexing the $200 a month and indexing the $18,000. That is within the program of real control of expenditures as recommended by the Auditor General last year and this year, of which we are very conscious at the present time.

Mr. Martin: Mr. Chairman, the indexing factor really has no effect on the over-all self-financing of the plan. As the hon. member pointed out, we will continue to index the family allowance but will start at a lower base of $20 rather than the base that would otherwise be applicable. We will be indexing the base amount of the maximum payment. In effect the net cost over the years will vary slightly. I think a document has already been tabled during the course of these discussions, and the minister has spoken about this before. The document indicates the net difference in 1979 to 1980 as roughly $35 million. Our estimate is that the net difference in subsequent years will not vary a great deal.

Mr. Lambert (Edmonton West): Mr. Chairman, could the parliamentary secretary indicate when the document to which he refers was tabled? This is undoubtedly an estimate from the Department of National Health and Welfare of how much this particular part of the program would cost. I am sure the minister was not able to convince her colleagues of the efficacy of this plan without detailed figures. I have been involved with some other committees during the time this bill has been under discussion and so have not been able to get the information. An indication of where the information is will be sufficient.

In his remarks the parliamentary secretary was under some misapprehension, I think, because he said there will be some sort of compensation. I cannot see how there would be any compensation or compensating adjustment in the workings of the equivalent of the cost of living index on the three bases, because the $20 is increased by so much, the $200 will be increased by so much, and the ceiling of what is called the low income family will also be increased. Thus there may be more payments to be made at all levels. It is for that reason that I wonder if the parliamentary secretary can tell us that by 1980 the government estimates the additional cost will be some $35 million as against the cost forecast for next year, and that in 1981 the estimates are—of course they are gambling on what the cost of living index is going to be. Then we can more readily understand whether this is a pig in a poke or something that can be justified.

Mr. Martin: Mr. Chairman, perhaps I should correct one point that the hon. member made. In the document tabled, the figure for 1979-80 actually indicates a savings of $35 million rather than an additional expenditure.

The hon. member is correct that we did not table figures beyond 1979-80. I was just indicating that it works both ways. Sources of funds used to provide the tax credit are being indexed, but starting at a lower base, or the outlay is starting at a lower base. The source of the funds is being indexed as well. We get it both ways. The index affects both outlays and savings made from a reduction in the level of payments.

[Mr. Lambert (Edmonton West).]

Mr. Lambert (Edmonton West): Mr. Chairman, I must confess to some mystification, unless I have the wrong end of the stick with regard to the program. First of all the minister proposes to reduce the family allowance to $20 from the present scale. Then there is the introduction of an index to the $18,000 ceiling, because anything over and above $18,000 will disqualify a family from receiving this $200 tax credit, or in any event there will be a declining entitlement because of it. Those two applications of an index represent an increased outlay, assuming that the index is going up.

There is a third component. Providing also that the index is going up, there will be an increasing outlay on the $200. First of all, by reason of the fact that the $200 is going to be indexed, it is in effect a payment to those families who do not pay any income tax and it is a diminution of revenues for those families who do pay income tax. It is, therefore, the equivalent of an outlay of moneys. On three counts, therefore, there is an outlay, or the equivalent of an outlay, of moneys, all three being indexed. This is my understanding of the program. That is what I think we in the opposition are entitled to have presented to us—the minister's forecast of the future cost of this program that she may or should have presented to her colleagues in order to get cabinet approval for it. No one can make me believe that cabinet accepted this plan merely on the projection of the 1979-80 figures which have been given as a statement. There is a table of either the next five years or ten years showing the effect on the cost of the family allowance program as a result of the changes. Surely if that has been used as a basis for presenting and having this program accepted by the cabinet, the minister should be in a position to table it, in order to convince her colleagues and the public that this is something worthwhile.

● (1542)

Mr. Martin: Mr. Chairman, I think this assurance has been given before during the debate. The whole concept of Bill C-10 was accepted on the basis, and indeed it is before parliament, that it will be basically self-financing over the years, not just for the immediate years ahead but for years to come. Perhaps the point that is possibly being missed by the hon. member for Edmonton West is the fact that the indexing of family allowance payments has been on the books for some time. Where substantial savings occur, which is something I do not believe is entirely clear to the hon. member, instead of the indexing starting in 1980 say on a base of what would otherwise have been $28, it will be applied on a base of $20. Thus the savings, for instance in the next year, could be $8.48 if we assume an inflation rate of 6 per cent next year. This figure would be $8.48 in 1980 rather than $8 this year. In effect the indexing is providing for a higher pay out of the $200 tax credit, but it is also providing for higher savings in government expenditures month by month in terms of what the family allowance payments would have otherwise been.

Mr. Lambert (Edmonton West): Mr. Chairman, I do not mind, comparing two things in actuality. What I am looking at is the abandonment of a family allowance plan as it exists

today. It is being set aside. The minister has declared, "All right, fine, by setting that aside we are going to save as of next year whatever it would have cost to index the family allowance program".

That is all that would have been saved next year as compared to this year if there had been a continuation. Now there is a new plan. I say in order to convince the House that this new plan is valid we should start from square one, which is 1979-80, the effective date of the new plan, and progress on a period of say five to ten years, and see how much that will cost. I am sure that the then minister of national health and welfare, when the program of indexing the family allowance first started some years ago, had to lay a schedule showing estimated costs over the years to his or her cabinet colleagues. Goodness, that is fundamental. I am trying to find out what costs this minister foresees for the next five to ten years for this family allowance program. She has given us the costs for 1979-80 but there are some shell-game operations going on with regard to expenditures in the past, and this year. This is a comparison in effect of apples and oranges. What I want to know is the cost of the oranges. This information has not been given to us, with the greatest of respect, with the exception of the first year, and in that case I have to sort out the figures. It is not as clear as has been indicated.

If the minister says, "We have estimated it, on the basis of our proposal of indexing, that the first year is going to result in an increase of expenditures under the family allowance program as it will start out effective with the new program of $25 million or $35 million," all right, we will accept those figures. Then we will say what about the second year, and let us go on down the line?

I do not think that my colleagues and I are prepared to buy a new program just on this basis without some idea of the cost. We do not know that some of these indices tied into particular items may not result in some sort of a shooting star on expenditures. On the other hand, with the expertise that is available to the minister, surely these tables have been produced. I am sure the President of the Treasury Board did not buy this change in the program on the basis of the minister saying, "I think it will cost $35 million the first year." What if someone said, "What about the following year?" What if she replied, "I don't know"? Her colleagues would be out of their minds to accept that kind of a statement notwithstanding all of the charm she might want to use on them. The minister has a reputation of being pretty hard-nosed about things like this. I am sure if the minister's colleagues approached her in cabinet session with a new program, her first question would be, "How much will this cost us in the foreseeable future?"

This is the information we are seeking. This is the information we would like the government to share with us. If it is not available, then I must say somebody has to go back to the drawing board.

Mr. Martin: Mr. Chairman, I can only repeat that when the Minister of Finance entered the debate on November 9 he indicated very clearly that there would be no substantial difference in total because the family allowance program estimates were calculated through the use of models that bring into account all sorts of things, for instance, potential growth of income, rates of inflation, number of children, distribution of incomes, and all the other factors. That has demonstrated satisfactorily to the Minister of Finance, which I think is important. After all, we are dealing with a bill to amend the Income Tax Act, and in particular with clause 2 of that bill. It is important to the Minister of Finance that there be no additional substantial costs as a result of changing this program around.

I defer to your judgment, Mr. Chairman, but I do not think we should be discussing the total cost of family allowance programs per se at this time. I think we are dealing with a technical amendment in Bill C-10, clause 2. We have endeavoured to point matters out as best we can to satisfy the hon. member for Edmonton West. Over and over again the statement has been made that not only in 1979-80 will there be very little change in the next effect of the program, but that indeed will continue in the years ahead. All the reasons for that have been put on the record more than once. I am not sure what else we can add on that score. If the hon. member would like to come up with a guesstimate as to what the rate of inflation might be for the next year or two, then the figures could be reworked, based on that. However, it would work out to roughly the same thing.

Miss Bégin: Mr. Chairman, could I be given a few minutes by the hon. member?

Mr. Lambert (Edmonton West): Yes.

Miss Bégin: I would just like to repeat once more what I understand of the question put by the hon. member regarding indexation. What seems to me to be important is the key concept that this program is self-financing. Second, out of the three sources from which we created the new child tax credit, two were indexed. That will continue in years to come. Each year where it is cancelled results in more savings.

The new program has two features which are also indexed. The child tax credit is indexed. It will be $218 next year per child. The ceiling of net income, which is our point of reference by which we start cutting off the credit, is indexed. The sources which make up the amount are composed of the $50 tax exemption, which is cancelled. That is a saving in itself. It is not the indexing of it. It will create savings through the years, not just one year. Then the special tax privilege for 16-year olds and 17-year olds which was indexed is cancelled and brought back to the level of other children. That amounts to a saving of close to $400 per child per year, plus indexing through the years. The third source of it is the family allowance reduction and the reduction of the base allows for not only a net saving in the allowances for this year but a major saving in its indexing in the coming years.

● (1552)

Mr. Lambert (Edmonton West): I thank the minister for reviewing elements of the program on both sides of the ledger. On the other hand, the mere statements which have been given

to us are not sufficient. The minister says she is eliminating the indexing of family allowances at the present level. Very well. Let us assume that the present level continues for five years. A certain figure would be reached, and there is a projected cost; the cost can be forecast within certain limits of accuracy. Then, based upon population figures, estimates can be made of the number of children who would qualify under the program. The effect of the elimination of the $50 allowance would also be determinable, and the special indexation plan for the 16 and 17-year olds is similarly predictable. Let us see this in tabular form. Then, on the basis of an annual increase in the cost of living of 8 per cent, family allowances will cost us so much starting at $20. A ceiling of $18,000 for low income families will amount to so much. Tax credit will also be indexed at $200.

You can judge costs on the basis of the micro-economic studies which can be performed as background for such a plan. This information should have been available, and I am satisfied that had the cabinet been doing its job properly—and that is questionable—the minister would have been asked to put before the full cabinet, or the cabinet committee, a résumé on two sheets of paper showing how much this program would be costing at the end of five years and, possibly, ten years. If this has not been done, I say the Auditor General is right in declaring that the government does not have control of its expenditures because it does not know what those expenditures will amount to—it cannot tell the committee what they are going to be. This is not to be taken on the strength of their word. After all, I have already found enough gaps in government thinking on this particular measure. If the information is not available, I say the plan is not viable as one which we can buy. That is all there is to it.

Mr. Martin: Mr. Chairman, again I would remind you of your ruling that this particular discussion, which deals with the whole of the bill, is related to clause 2. I will respect that judgment. But we have to say again that the details of this plan were examined very carefully. Computer models were run and calculations were made, and the Minister of Finance satisfied himself that the government was not getting involved in a program which would cost it any substantial sums of money in future years additional to what the present family allowance plan is costing. If the hon. member is not prepared to accept that statement which the minister has made, there is not very much we on this side can do about it, but I do not think it is fair for him to conclude that there will automatically be large increases in expenditures in the years to come.

Assuming a rate of inflation of 6 per cent next year, the table the hon. member mentions would result in a saving in the following year of about $45 million, instead of the $35 million which shows up for 1979-80. This assumes that all the other factors are constant—population growth, the number of children and so on. I put this example on record merely to indicate that we are not creating ideas which are not supported. The calculations have been done, and they support the concept that this program will not result in substantial additional government expenditure in the years to come.

[Mr. Lambert (Edmonton West).]

The Minister of National Health and Welfare would probably have had trouble in convincing the Minister of Finance of the legitimacy of this program if the fears expressed by the hon. member for Edmonton West were justified. But the Minister of Finance was satisfied there would not be substantial additional expenditure in the years to come, and on that basis the bill is now before the House.

Mr. Knowles (Winnipeg North Centre): Mr. Chairman, I enter the discussion on clause 2 mainly to indicate my strong and solid support for this clause. As the minister knows, I am unhappy about a later clause, clause 10, which reduces the basic amount of the allowance to $20 a month but, having said that, I want to express my strong appreciation of the fact that the principle of indexing will apply to all elements of the family allowance program. I say this because I believe it is right.

I am a little surprised that the hon. member for Edmonton West should have questioned the application of indexing to the program and I hope we shall hear from other members of the Conservative party as to where they stand on the matter.

Mr. Lambert (Edmonton West): I want to know what it costs, that is all.

Mr. Knowles (Winnipeg North Centre): The hon. member says he wants to know what it costs. However, I do not know any other way to interpret what he has been saying for the last 15 or 20 minutes but to interpret it as opposition to the indexing of the family allowance program.

Mr. Lambert (Edmonton West): Good God!

Mr. Knowles (Winnipeg North Centre): I hope the hon. member for Kingston and the Islands and the hon. member for St. John's East will tell us where they stand on the essential feature of clause 2, which is that all elements of the family allowance program are to be indexed.

Miss Bégin: Bravo!

• (1602)

Mr. McGrath: Mr. Chairman, we support the principle.

Mr. Knowles (Winnipeg North Centre): Good.

Mr. Lambert (Edmonton West): I am merely asking how much it will cost.

An hon. Member: Order!

The Chairman: Order, please. The hon. member for Winnipeg North Centre has the floor.

Mr. Knowles (Winnipeg North Centre): Mr. Chairman, I am glad to know that at this point the voting in the Conservative party is 50-50. One is questioning this provision, but one is for it.

Mr. Lambert (Edmonton West): Come along, Stanley. That is demagoguery of the worst kind.

Mr. Stevens: You are being just like a kid.

Mr. Knowles (Winnipeg North Centre): Mr. Chairman, I am hearing all sorts of comments, but I sat here and listened carefully to the entire intervention of the hon. member for Edmonton West, and if he was not questioning this clause I do not know what he was doing. I want to support it very strongly.

Mr. Lambert (Edmonton West): Regardless of the figures.

Mr. Knowles (Winnipeg North Centre): In case the House is wondering about relevance, the clause has to do with indexing, and that is what I am talking about. I happened to be here in 1944 when we passed the first Family Allowances Act under which we provided payments of $6, $7 or $8 a month, depending upon the age of the child. A little later on the $7 was raised to $8, so there were only two categories. However, we went more than 25 years before that amount was changed. An amount which meant something when it came into effect in 1945 became meaningless in the late sixties and early seventies. Finally we raised the amount and provided for its indexation. That is a principle to which I think we must adhere without any question.

I point out that we have provided for the indexing of many other things such as old age security, the guaranteed income supplement, veterans pensions under the Pension Act, war veterans allowances, public service pensions, and others. I point out also that my friends in the Progressive Conservative party led a strong campaign over a number of years for the indexing of the exemption levels under the Income Tax Act. The government finally came through with that, and the Progressive Conservatives took credit for it. That does not bother me one way or the other, but the point is that we have it in all these other programs, and not to have full indexing of the family allowance program would be a hoax so far as the mothers and the families of this country are concerned.

I should like to emphasize again that this clause is right. That is why I am prepared to support it wholeheartedly. It is known and accepted that the basic amount of the family allowance is to be indexed starting in 1980. It is to be indexed from the $20 in 1979. However, if that is all that was done, the whole thing would soon get out of kilter. If we were to index the $20 but not the $200 and not the $18,000 cut-off figure, it would be a matter of only a few years before the whole thing would be out of balance. It seems to me that the only way to put this program on a fair and proper basis is to index all three elements. The indexing of the basic amount, which will be $20 in 1979, is provided elsewhere in the legislation, but what is before us now is the proposal to index the $200 tax credit each year and the $18,000 cut-off level. It is my view that these things are right, and that is why we should support them.

I have listened to the discussions about costs, and I will say that I think the answers which the Minister of National Health and Welfare and the Parliamentary Secretary to the Minister of Finance gave were a bit ingenious when they pointed out that we are saving money because we will not be paying that $8 next year and so forth, but I am not bothered by that because I look at this matter from a broad perspective.

I think it is perfectly true—and I see no reason why the government should not admit it—that both the family allowance payments and the tax credits will cost more in actual dollars in 1980 than they will cost in 1979. They will cost more in 1981 than they will cost in 1980, but the thing to bring into this picture is that this indexing is being done in accordance with the consumer price index. It is not being done according to a wage index.

There are times—many workers are experiencing such times right now—when wage increases do not match increases in the cost of living. However, over the long haul, if we look at statistics for a 40, 50 or 60-year period, the tendency is for wages to rise faster than prices and for the total package of income from wages and salaries to keep moving up. The revenue which the federal government gets by way of taxation is geared to the rise in incomes, and this means that when we index all three elements of the family allowance, the basic $20, the $200 tax credit and the $18,000 level, we are indexing those only in accordance with the rise in the consumer price index. However, since the income which the government will get from taxes is related to increases in wages and salaries, the percentage of the total revenue which will be spent on family allowances will decline.

Granted, in absolute dollars the amount paid out will go up. There is no question about that, but I submit that the argument I am making is valid. I argue that as a percentage of the country's total income it will decline, and I say that for there to be any question about this principle being applied to all elements of the family allowance program is a mistake, and I am very pleased to hear the hon. member for St. John's East state that he and his party support the principle which is in clause 2.

The only thing that worried me when I looked at this clause was the explanatory note on the opposite page. It worried me only for a split second, but I think I should indicate the worry I had anyway. The explanatory note says:

> Clause 2: These amendments would permit adjustments of amounts arising out of the child tax credit.

If I thought that all the bill does is to leave it at the option of the government, I would be concerned, but according to the language of clause 2 it is not a matter of permission, concession, discretion or the word "may". The word "shall" is there. Clause 2 reads in part as follows:

> The amounts of $200 and $18,000 referred to in subsection 122.2(1) . . . shall be adjusted annually—

—in accordance with the rise in the consumer price index.

I had intended to speak just briefly and to indicate how much I welcome clause 2, but in view of the discussion which took place I felt that perhaps something more had to be said.

I recall the first bill we passed back in 1944 and how deficient it was in that it made no provision for those small amounts of money to increase. I was glad that in the early part of this decade we increased the family allowance and indexed

it. I am glad that clause 2 carries that principle forward. I am still disappointed and annoyed that the basic amount is being put down to $20 and I shall say so on clause 10. I think we could have kept it where it was and provided this tax credit as well, but at least what is in this clause is right and deserves the support of this entire House. The principle of indexing must be applied to all three elements of the family allowance program.

Mr. Stevens: Mr. Chairman, I want to assure the hon. member for Winnipeg North Centre that as far as I know everybody on this side of the House is in favour of motherhood. The hon. member made a long statement. He is also in favour of motherhood, and he thinks indexing is a good idea. Of course indexing is a good idea because all indexing assures is that if we give somebody $20 today, in buying power that person will have $20 next year or $20 five years down the road.

Having said that, I think the New Democratic Party has demonstrated the careless, reckless type of argument which has led this country to the point of a $12 billion deficit in our budgetary position. Instead of hon. members in this House accepting the glib words of the Parliamentary Secretary to the Minister of Finance that the Minister of Finance is satisfied, we have to start examining why the Minister of Finance and his predecessors have been satisfied with the deficits this country has experienced. In an earlier session on this same point my colleague, the hon. member for Edmonton West, and I asked for concrete figures.

● (1612)

To bring this matter of indexing down to the simplest of terms, let us take the situation of one child whose parent will be entitled to $20 a month in family allowance, that is $240. So far as the tax credit is concerned, his parent will be allowed $200. Accepting the government's figures that for the fiscal year 1980—which is the election year, of course—by reducing the $8 on family allowance they have saved enough in expenditures to offset the diversion of revenue in the tax credit, what we are saying is: pray, tell us what will happen in current dollars in the fiscal years 1981 to 1984?

Take a look at it, Mr. Chairman. If we start with a revenue loss of $200, we know that at the 9 per cent inflation index figure which the government is accepting, next year it will mean a $218 expenditure, which is not an expenditure. I emphasize that the government is very crafty on this. It is not an expenditure, it is a diversion of revenue. So we have a net reduction in revenue in that year of $18. On the expenditure side, because the $240 which goes out in family allowances is also indexed, we have an increase, as I calculated, of $21.60. So, in simple language, with one child, in the year after the base year the expenditure goes up $21.60 on a 9 per cent index basis and the revenue loss is $18. If you add those two, between revenue loss and $20 expenditure increase, you have a deficit or a deficiency of about $40. All we are asking for is that the government tell us what its statistics show year by year, taking into account that its revenue will decrease and its expenditures will increase.

[Mr. Knowles (Winnipeg North Centre).]

Mr. Martin: Mr. Chairman, I am sure the hon. member for York-Simcoe is not entirely serious in the argument he put forward. He is endeavouring to relate this clause in the bill to the general indexing provisions in the family allowance program. The indexing in the family allowance program has been a component part of the program since 1974.

Mr. Knowles (Winnipeg North Centre): Since the minority government.

Mr. Martin: I think it is essential, if the hon. member for York-Simcoe is going to talk about the 9 per cent figure of $240 being $21.60, which he says it will cost in addition next year for the indexing, to compare that with what the 9 per cent indexing would have otherwise cost. According to my quick calculation, it would have been applied to the $336, which is the $28 monthly payment which would have been otherwise payable, times 12. This works out to $30.24. The officials here are looking a little nervous, but I think that my calculation is correct. So that instead of having an additional cost of $30.24, we have a new cost of $21.60 from indexing. I think that that is where the obvious saving is coming about, and when you project that saving per child over the many millions of dollars, again I make the point that has been made over and over again, it offsets, indeed perhaps more than offsets, the indexing that is applied to the actual credit, the $200 credit.

It is completely unfair to relate the over-all cost of the indexing program associated with the family allowance payments to this particular bill. As I said, indexing of family allowance payments, income tax exemptions, and so on, are part of the over-all government program which was introduced several years ago. All we are doing in this bill is simply making a major shift in the manner in which the benefits from the family allowance program will be received by Canadians.

Mr. Stevens: Mr. Chairman, I am disappointed in the parliamentary secretary. Once again he has tried to confuse what is really a simple situation. What he is asking us to accept is that because they are reducing the family allowance payments from $28 to $20, somehow the $8 will create the buffer they need to offset the tax credit they are giving. The fact is that they cannot spend the $8 saving twice. That is in effect what the parliamentary secretary is trying to get away with.

Let us look at their figures. They will save $690 million by de-indexing in the fiscal year 1980 family allowances down to the $20 level. We all agree with that. But in fact they will lose in revenue $810 million, which is partly offset by what they are saving on $690 million. By some addition and subtraction, they come to the net effect on financial requirements which is minus $35 million. We all agree up to that point. For that immediate year we will save $690 million—if you accept their figures. That comes of expenditures. But also, according to the parliamentary secretary's figures, they will lose $810 million of revenue. So both expenditures and revenue will go down. After adding and subtracting a few other things, they end up with a net financial requirement of minus $35 million. My point is simply that you cannot spend that saving next year because it

will be gone by then. You have a base where your net benefit is $35 million.

To use my simple example again, if you take one child, in the first year after the base year the family allowance going to his mother will go up $21.60 in current dollars, and on his tax credit it will go up $18. That is a deficiency of approximately $40. If you amplify that year by year in current dollars, you have a very significant figure with which to deal. We are talking about hundreds of millions of dollars. It is irresponsible for the hon. member for Winnipeg North Centre to say; "Let us not get too cluttered with figures, it is nicely indexed." We are saying it is time this parliament regained its supremacy and said to the government of the day: if you bring in new schemes and new proposals, back them up with five years of statistics to show us exactly what you are putting us into over a period of time.

I ask the parliamentary secretary again: based on my simple example, can he not give us the impact of this program year by year, assuming 9 per cent inflation? Surely, as clause 2 makes clear, if you are going to use the CPI, you have to bite the bullet and admit, as did the hon. member for Winnipeg North Centre, that in current dollars it will be a sizeable sum year by year. What is the figure?

Mr. Martin: I will give the hon. member a couple of additional figures which might be of some assistance to him, to substantiate the point that is being made over and over again that the Minister of Finance and his officials have satisfied themselves that this program will not cost the taxpayers of Canada any more money in the years ahead than was the case with the former family allowance program. But before I put any other figures on the record I should like to reiterate that in Bill C-10 we are not talking about the total cost of family allowance payments over the years, nor are we talking about the total cost of indexing various government benefit plans. They have always been indexed. The bill does not refer to the total cost of indexing this program.

● (1622)

We are not talking about the total expenditures involved in this program, any more than we are talking about the total expenditures which might have been involved in some of the programs recently put forward by hon. members opposite. We are not talking about the total costs of the program. We are talking about the effect Bill C-10 will have on net revenues or net expenditures of the government relating to family allowances.

The officials performed a very quick calculation, which assumed a 6 per cent rate of inflation. The calculation was projected for one more year. The hon. member for York-Simcoe has the figures for 1979-1980, but I should like to refer to the quickly calculated figures for 1980-1981. Instead of producing a cost of $810 million, the refundable tax credit will produce a cost of $858 million. That calculation is a rather simple one: 6 per cent of $810 million added on. Instead of a savings of $690 million, the reduction in family allowances will amount to $731 million, and the tax implication of that would rise from $130 million to $138 million. The elimination of the current $50 child tax credit carries on. It is a one-time thing which is not indexed. It will amount to $260 million. The modification of exemptions for 16-year old and 17-year old children will work out to $50 million, because it is a phased-in program and only half of it is picked up in the first year. The net effect of those figures comes out to a difference of $45 million, whereas $39 million was mentioned for the year 1979-1980. As we can see, it is savings in both cases.

It is blatantly unfair to introduce into the discussion of clause 2 the total cost of the family allowance program, because we are not dealing with the total cost of that program or the total cost of indexing it. We are dealing simply with the effect of Bill C-10 on the total program, as against the program which exists now.

The Chairman: Order. The time allotted to the hon. member for York-Simcoe has expired, but I will allow him to put his last question.

Mr. Stevens: Today we are seeing something very similar to the old "three-card monte" which people used to despise so much. It is unbelievable what the parliamentary secretary asked us to accept as an explanation for fiscal 1981. In effect he reworked the figures, assuming that the same dodge can be done every year as was done this year. The parliamentary secretary said that this bill does not affect the over-all family allowance program. Eventually we will deal with clause 10, but if he has forgotten what that clause contains, perhaps he should look at it.

Clause 10 de-indexes the present family allowance payment of approximately $28 to $20. Unless the government intends to pass clause 10 or a parallel to it each and every year down the road, there is no way it should be suggested that the saving can be repeated in 1981 and 1982. That is exactly what the parliamentary secretary suggested, that somehow or other the $690 million, which will be saved in the current year, will be resavable next year. It cannot be resavable. The bill moves us from $28 down to $20, which will be a saving of $690 million. If we accept the base of a $35 million net benefit, we must know what the net difference will be between expenditures and revenue. Obviously if the figures are projected to 1981, they will come out roughly the same, but that is not what we are dealing with here.

The minister and the parliamentary secretary should make up their minds that there is absolutely no way parliament should be asked to rubber stamp this bill, in spite of the active support of the New Democratic Party, until they can put before us five years of meaningful figures, using a 6 per cent inflation rate, showing what will be the net cost to treasury of the rising expenditures and diminishing revenues resulting from the passage of this bill.

The Minister of National Health and Welfare can become flustered and frustrated, but it is high time parliament asked such ministers for the hard facts, instead of rising and simply indicating that the Minister of Finance is satisfied. The country has been led to a deficit of approximately $1 billion a

month because the Minister of Finance has been satisfied. The minister and the parliamentary secretary are ruthless toward the poor of Canada, to the extent that they are contributing to inflation in future years by this type of deficit approach.

Miss Bégin: That is rubbish.

Mr. Martin: Perhaps the hon. member for York-Simcoe is getting somewhat carried away.

Mr. Stevens: Somebody had better start.

Mr. Martin: The hon. member referred to clause 10 and I should like to refer to the same clause, even though we are dealing with clause 2.

Some weeks ago the hon. member registered concern by way of a question, to which I should like to respond. There seems to be some confusion in his mind in terms of the new base upon which the indexing will take place. He expressed the concern that clause 10 would result in only one year of reduction in family allowance payments, and that in subsequent years the amount of family allowance payments would revert to $28 plus indexing. This is simply not the case. It is a complete misconception on the part of the hon. member for York-Simcoe, if indeed that is what he thinks. Judging from his earlier remarks today, he is still of that opinion. Subsection 13(1.1), as amended, sets the new base amount for family allowances at $20 for 1979. The indexation of family allowances, as set out in subsection 13(1)(a), will remain in place. However, in future years the indexing will use the new $20 base.

Mr. Stevens: The committee will deal with clause 10 later. We are dealing with clause 2 at this time.

Mr. Martin: Simply, this saving carries on. If there is indexing on a lower base, obviously it does not cost as much as indexing on a much higher base. The difference between $28 and $20 simply grows a little bit each year as the inflation rate is applied. The 6 per cent or 7 per cent applied to $28 will be larger than the 6 per cent or 7 per cent applied to $20.

Mr. Stevens: No wonder the country is in trouble.

Mr. Martin: The hon. member for York-Simcoe says that the country is in trouble. He has referred to a $1 billion per month deficit, but he made no reference to the various irresponsible promises made by members of his party during the course of recent campaigns. Approximately $3 billion would be a conservative estimate of the increased deficit which would arise if one of their proposals were put in place.

• (1632)

Last week in Toronto the Leader of the Opposition came out with another one. He wants to allow all Canadians to invest $5,000 a year in small companies and to deduct it from their income tax. If we are worried about shams of corporations that are being formed or have been formed recently to benefit from small business tax breaks—a situation which has been corrected in the current budget—can you imagine the numbers of corporations which will be quickly put together to manufacture widgets one year, to get this $5,000 tax deduction, and the next year they will move the money out and start another corporation?

There was no estimate in the speech given by the Leader of the Opposition on the costs of this particular proposed deduction. Any Canadian who wanted to throw $5,000 into a company would have a deduction for income tax purposes if that party were in power. The hon. member talks about irresponsibility on this side and nonsubstantiation of facts and figures. I do not think that he is in any position to continue that kind of argument.

Mr. Stevens: You will be surprised if you think that.

[*Translation*]

Mr. Lambert (Bellechasse): Mr. Chairman, I quite understand the concerns of the Minister of National Health and Welfare (Miss Bégin). Yesterday afternoon she stated repeatedly in committee of the whole that she was seeking to help underprivileged families increase their income and thus reduce their level of poverty. Mr. Chairman, there are many ways to reach this objective. But we are now considering one of them, which is Bill C-10.

I remember well when family allowances were established by an act of parliament in 1945. I was not a member of this House at the time, but we would then, as today, read *Hansard* and keep abreast of what was happening.

[*English*]

Mr. Knowles (Winnipeg North Centre): It was 1944.

[*Translation*]

Mr. Lambert (Bellechasse): Maybe. If I erred by a year I am glad because that makes us younger.

An hon. Member: In 1944!

Mr. Lambert (Bellechasse): In 1944, I thought it was in 1945, but I will take the word of the hon. member for Winnipeg North Centre (Mr. Knowles) because he is an old war horse and he has a fantastic memory.

[*English*]

Mr. Knowles (Winnipeg North Centre): I was here and I voted for it.

[*Translation*]

Mr. Lambert (Bellechasse): When the hon. member gives us dates he is sure of them; I therefore accept his correction. For many years the monthly rate remained just about the same; it did not change much. Then, in 1974—and I hope I am right in this case—it was increased considerably and the cost of living index was decreed by amending the act. Now, to my mind Bill C-10 suddenly changes the nature of this social legislation. The allowance is reduced by $5 to $20 a month. Of course, I know the bill introduces a child tax credit of $200. That is why

I say it alters to quite an extent the nature of that very important social legislation. I therefore ask the Minister of National Health and Welfare whether this change in procedure does not create a potential for discrimination against the mother. Because it is directly related to a tax—

The Chairman: Order. I should like to remind the hon. member that yesterday the committee passed clause 1 and that we are now dealing with clause 2 on indexation. Unless I am mistaken, those questions are general in nature but there may be a specific clause—

Miss Bégin: Clause 6.

The Chairman: —under which you could perhaps put them to the minister; but it would be difficult for me to allow those questions now, under clause 2, which deals specifically with indexing the formula proposed by the bill before the House.

Mr. Lambert (Bellechasse): Mr. Chairman, I am aware of what you have just told me, as I was also yesterday when the House was adjourned. It was at that moment that I went out, and reached that point. When we came back, after the sitting was suspended, someone—perhaps the parliamentary secretary—moved passage of clause 1. I intended to speak to clause 1 yesterday, but the sitting having been adjourned, I thought I could do so today.

I am not at all questioning your decision. I just felt I had to make this clarification. If inadvertantly I should derogate from the Standing Orders again, please call me to order and I will be glad to comply with your instructions.

Mr. Chairman, I would like to ask the minister in which month of the year approximately will this $200 tax credit be paid to those mothers who are not eligible for any tax credit because their income is not large enough for them to pay income tax. Is the minister in a position to tell us in what month approximately these payments will be made?

Miss Bégin: Mr. Chairman, to answer that question, I should wait until we consider clause 5, I believe, which deals with the procedure relating to tax refunds.

As to the first part of the question, which deals with who will be eligible and will receive these cheques, the hon. member will have to ask his question again when we get to clause 4 which we will consider in a few moments.

[*English*]

Mr. Hare: Mr. Chairman, I would like to speak very briefly on this bill in that I am a new member in the House. Since this House has been sitting—it is over four years now—there has been a decided change in the thinking of the people in the country, and I think the by-elections showed this.

I represent a constituency which has a large number of thinking people in it, and I have before me a letter which will indicate what these people are thinking. It is from an individual on behalf of a group of people who held a meeting concerning:

—amending the family allowance legislation and providing what is, in effect, a negative income tax through the back door, and calling it a child tax credit, but I think there are a lot of dangerous aspects.

The intent apparently is to impose a means test, taking into account income of both father and mother. From the standpoint of equity this may be desirable, but in practice it would be much simpler to restrict the recovery to the parent claiming the deduction for the child. If the combined income concept is to be applied, surely it should be applied—if equity is essential—to other discriminatory provisions relating to spousal income and transfers—

The Chairman: Order, please. I am faced with the same problem. I have to be fair to all members and apply the rules accordingly. I know that the hon. member for St. Boniface, last night when we were about to call it ten o'clock, was trying to seek the floor. However, he did agree to the passing of clause 1 just before ten o'clock and has therefore yielded his right to speaking on the general subject of the bill. His present intervention would have been more appropriate had it been at second reading of the bill because he is really talking about the principle of the bill in general.

● (1642)

We are on clause 2 and I do not see how I could relate the remarks he is reading from people in his riding, to this clause. There may be other clauses which would permit him to comment as he is doing now, but I do not see how I can allow it without being unfair to the hon. member for Bellechasse who had the floor and was trying to ask general questions on the principle of the bill or a different application that was not related to each specific clause. Under the rules I cannot even ask the committee to revert to clause 1. It has already been debated. I think the remarks of the hon. member and those included in the communication from which he was reading could perhaps be related to third reading of the bill.

Mr. McGrath: On the same point of order, Mr. Chairman, your ruling is obviously procedurally correct and we are not going to challenge it. I would ask Your Honour to keep in mind, however, that the hon. member is new and he did forfeit his right to make a general argument last night when we passed clause 1. Perhaps if he tightened up his argument Your Honour might give him leeway so that he could present his comments.

Miss Bégin: Mr. Chairman, to accommodate the request just made so courageously by the hon. member for St. John's East, I might say that in the last part of the presentation of the hon. member for St. Boniface I heard something about combined income. That could surely fit in with submissions on clause 4 which relates exactly to that point. Hopefully, we are proceeding rapidly to that clause. I am not sure if it is a question of white running shoes running too fast, but perhaps the hon. members would be ready for clause 4.

The Chairman: Order, please. We are studying the bill clause by clause. I think the minister's comments are valid. If I am to allow special permission to hon. members on clause 2 for all kinds of reasons, we will never get to the other clauses.

Mr. Stevens: Mr. Chairman, on the same point of order, I have had an opportunity to read my colleague's letter. I think if you heard him out you would see that it is quite relevant to clause 2 as it deals with administrative problems that will ensue from the $200 amount. He referred to the tax credit which, of course, is the meat of this clause. As far as relevance is concerned, I think all of us, and certainly we on this side, rather enjoyed having the parliamentary secretary once again outline some of our party policies. He took us through the $5,000 small business program and that sort of thing. Every time I hear it, it sounds better and better, so I have no objection to him doing that. But, of course, it was all under clause 2. I hope you can let the hon. member for St. Boniface go ahead and make his submission. Surely it does not matter too much whether he does it under clause 2 or clause 4.

The Chairman: If I tried to answer the question raised by the hon. member I think I would be getting into debate and I do not want to bring the Chair into debate. I have made my ruling. There will be opportunities for the hon. member for St. Boniface to make his intervention on any other clause, but I think we must restrict debate on clause 2 to consideration of indexation.

Shall clause 2 carry?

Some hon. Members: Carried.

Mr. Stevens: Now we have heard from the hon. member from Saskatoon who shouts out "carried". They do these things in total disregard of the—

Mr. Knowles (Winnipeg North Centre): He is from Yorkton-Melville.

Mr. Stevens: As long as we have him pinpointed. The irresponsibility of that party amazes me. My first question on clause 2 is to ask the parliamentary secretary to give us the figures for 1981 to 1984 that I have requested.

Mr. Martin: Mr. Chairman, in debates of this nature it has not been the practice to table schedules of projected expenditures or revenues for several years ahead. I think the Minister of Finance has made it abundantly clear in this case that there is no proposal to change the general rule. I have given the hon. member for York-Simcoe some figures that were calculated quickly and which relate to the year 1980-81, assuming that the factors of population, number of children, income distribution and so on, would be the same. It is not the intention of the government to change the manner in which such bills are handled in this House and to create a precedent by giving projections many years into the future.

Mr. Stevens: Mr. Chairman, I certainly do not blame the parliamentary secretary for not wanting to look too far into the future as far as his future is concerned. I tried to bring my question down to the most simplistic situation of one child getting a $240 allowance—or his mother getting it—and the $200 tax credit becoming operational, which means that there is a deferral of that revenue. Would the parliamentary secretary indicate whether I am correct in saying that in the year after the base year, as far as the tax credit is concerned, there would be an increased loss of revenue? We are then up to $218 in loss of revenue as far as the child is concerned, and as far as the $240 is concerned we are up by approximately $21 to $261. In current dollars this would mean approximately a deficiency of $40 to the treasury with respect to one child.

[The Chairman.]

Mr. Martin: Mr. Chairman, to the extent that the hon. member for York-Simcoe has indicated, the treasury will be spending more money for that one child in the year 1980 than they will spend in the year 1979. There is no argument about that. I have not worked out the exact figures, but the hon. member has probably indicated them correctly. The point to bear in mind is that, regardless of this bill passing, there would be a substantial increase in the outlay per child in 1980 over 1979.

A further point is that the total net outlay for all children in the country will be no greater in 1980 with this bill in place than it would otherwise have been. I indicated to the hon. member for York-Simcoe that the over-all saving would be $35 million in the first year and about $45 million in the second year. I reiterate that calculations would indicate that in years to come, if hon. members opposite will allow this bill to go through at some point so that Canadians may benefit from the useful measures in it, there will be no additional cost to the Canadian taxpayer.

Mr. Stevens: Mr. Chairman, we make progress so slowly, but at least the parliamentary secretary agrees that on the one child scenario there will be a $40 widening—

Miss Bégin: No. In comparison—put it in comparison. Relate it to current programs.

Mr. Stevens: Our point is that every year they cannot claim the same savings that they claimed in the last year. They just cannot do it.

We are willing to accept the net financial gain of $35 million for the first year. I know you understand this, Mr. Chairman. It is simple. The government arrives at the $35 million gain by reducing the $28 payment to $20. We agree with that, that is where some money is saved. But on the other hand, and this is significant, the government is offsetting that saving by dropping below the line and having a revenue loss. The net difference is a gain to the treasury of $35 million. What we are asking is the figures for the next year. We are satisfied about 1980 if their figures are accepted. But I would like to look at the figures for the years 1981 through 1984.

● (1652)

I would like this done without using mirrors or the "three card monte" type sleight of hand trick. Just tell us in simple language what happens when that difficult position is reached of indexing both ways. This is a situation where expenditures go up and revenues go down. Then there is an opening, a canyon if you like, which gets bigger and bigger, representing an ever increasing deficit. Government members will tell you

privately that they are already in trouble because, while revenues are indexed one way at the present time, expenditures which amount to something over 50 per cent of total expenditures, are indexed the other way. It does not take an Einstein to realize that if revenues are regularly plateaued and expenditures rise as fast as inflation, something falls in between. That is known as a deficit.

We are trying to avoid embarrassment in future years. We are asking them to tell us what is to be the net increase in the deficit as a result of putting into place family allowance on the basis of a tax credit.

I know you realize, Mr. Chairman, that the parliamentary secretary is most misleading when he says this has always been in place. It is not just $200 frozen in fiscal 1980, it is $200 indexed. That is what is new. And that is what I think should be better explained. We can all work out roughly what the on-going family allowance increase will be year by year. What is more difficult—and certainly it is unique to the family allowance system—is the negative income approach they are using. I want to know year by year based on their indexing how much expenditures will go up and how much expenditures will go down. I ask this simple question: will the parliamentary secretary tell us what the gross loss of revenue in the fiscal year 1981 will be as a result of this tax credit indexed for the 9 per cent?

Mr. Martin: Mr. Chairman, I am sure the hon. member for York-Simcoe is hoping his rhetoric will carry on sufficiently long that we will have to close out the day without even getting clause 2 passed. We have had endless debate on clause 2 as we did originally on clause 1. This question has been answered over and over again. I gave the hon. member the figures for 1980-81 a short while ago so that he could mark them down with his pencil against the figures he previously had for 1979-80. I indicated the net result was a $45 million saving. I honestly do not know what else we can do, or say. If it is the determined position of the official opposition to filibuster the bill—

Mr. McGrath: Oh, come on.

Mr. Martin: —I understood from a conversation I had some time ago with the hon. member for Winnipeg North Centre that one member could hold up the process for weeks. I do not know what other new information I can offer. I could repeat everything that has been said earlier this afternoon. It is very clear, and I repeat again that the cost of this program will not represent any additional outlay to the Canadian taxpayers over the existing program. That is the important point.

I emphasize that the indexing which is calculated on a substantially lower base, that is $20 versus $28, will have the effect of increasing the saving year by year. In other words, the first year it is $8. The second year, with an assumed 6 per cent inflation rate, the amount will be $8.48. And so it goes up all the way through. There is a continual saving. It is not just in that one year. We are starting off with family allowance payments at a new level. The indexing will start from that new level which is $8 lower than the old level. That particular saving in large part is providing the funds for the $200 tax credit. That is where the two major factors come in, and I do not know how we can say that any clearer.

Mr. Stevens: Mr. Chairman, if it is beyond the parliamentary secretary's grasp I hope his minister will come in and perhaps we can get the answer from him. I asked a very simple question. That question was, could the parliamentary secretary tell us for fiscal 1981 what the total gross loss revenue will be as a result of the tax credit being indexed. We have a figure for 1980, which is an estimate of $810 million—

Miss Bégin: We gave it to you. It is $858 million.

Mr. Stevens: Will he give it for 1981?

Miss Bégin: We gave it to you.

The Deputy Chairman: Order. It being five o'clock, it is my duty to leave the chair and report progress.

Progress reported.

PROCEEDINGS ON ADJOURNMENT MOTION

[*English*]

SUBJECT MATTER OF QUESTIONS TO BE DEBATED

The Acting Speaker (Mr. Turner): Order, please. It is my duty, pursuant to Standing Order 40, to inform the House that the questions to be raised tonight at the time of adjournment are as follows: the hon. member for Bonaventure-Îles-de-la-Madeleine (Mr. Béchard)—Administration of Justice—Firearms control program—Request for progress report; the hon. member for Swift Current-Maple Creek (Mr. Hamilton)—Canadian Wheat Board—Purchase of hopper cars by board—Consultation with railways; the hon. member for Brant (Mr. Blackburn)—Urban Affairs—Alleged failure of department to promote home insulation program.

It being five o'clock the House will now proceed to the consideration of private members' business as listed on today's order paper, namely, notices of motions (papers), private bills, public bills.

PRIVATE BILLS

[*English*]

J. H. POITRAS & SON LTD.

Mr. Jean-Robert Gauthier (Ottawa-Vanier) moved that Bill S-8, to revive J. H. Poitras & Son Ltd., be read the second

J. H. Poitras & Son Ltd.

time and referred to the Standing Committee on Miscellaneous Private Bills and Standing Orders.

He said: Mr. Speaker, first of all I wish to thank hon. members, and particularly the member for Vaudreuil (Mr. Herbert), for allowing me to proceed with Bill S-8 at this time. Since this bill was introduced in the other place by Senator McIlraith and has been studied by the Senate Standing Committee on Legal and Constitutional Affairs, my remarks will be brief and, I hope, to the point.

● (1702)

The purpose of this bill is to revive the company known as J. H. Poitras & Son Ltd. This company was incorporated in 1965 and had its principal place of business in the city of Hull, Quebec. The company sells, services, and instals fire protection equipment such as fire extinguishers, as well as fire and burglar alarm systems, in the Ottawa-Hull area.

In September, 1977, the present owner of the company decided to sell his shares to another company. In the course of completing the documentation arising from that sale, it was discovered by the lawyer that the company had been dissolved in 1968. The reason was failure to file with the Department of Consumer and Corporate Affairs, for three consecutive years, the annual information returns required under the Canada Corporations Act. It was discovered also that the notices from Consumer and Corporate Affairs requesting the filing of returns did not come to the attention of the company. These notices were sent not to the company's own address but to its lawyer.

The notices were of course published in the *Canada Gazette* but were apparently not read by the company. In any case, no returns were filed and the company was dissolved before the new owner, Normand St. James, acquired shares in it.

The petitioner, Normand St. James, and the original owner of the company were not aware of the dissolution of the business. Mr. St. James carried on his activities despite the fact that unknown to him no corporate body existed.

In the circumstances, this bill asks that the company be revived and that it be deemed not to have been dissolved. This would regularize the situation. If it is agreeable to the House, I would propose that if second reading is granted, the bill be referred to the Standing Committee on Miscellaneous Private Bills for study.

Mr. Walter Baker (Grenville-Carleton): Mr. Speaker, the hon. member for Ottawa-Vanier (Mr. Gauthier) has, indeed, consulted with respect to this matter. He was good enough to supply me with copies of minutes from the other place and a record of the debate in the Senate in respect of this bill.

It is really an astounding matter. It is not altogether surprising that a notice might not be referred to the company, but what is surprising to me is this: notwithstanding the fact that the company in question had died in law, and that its death had been duly noted in the records of the government through the Department of Consumer and Corporate Affairs, another department of the government, the Department of National Revenue, should continue to collect taxes from this corporate corpse. On the other hand, there is no reason why this House, or any member of it, ought not, in the circumstances, to deal appropriately with an agency or a citizen coming to parliament for relief.

I gather from the debate which took place elsewhere that if this House does not deal expeditiously with the matter, as the Senate did, an innocent party would be placed at considerable disadvantage. Thus, on behalf of my hon. friends I am prepared to let this matter go and consent to the reference to the committee as proposed by the hon. member.

I know that in referring to the *Canada Gazette* as a document which was not read by the proprietor of the company who was so innocently misled, he was not implying that the *Canada Gazette* was on the best-sellers list by any means—it is a publication which is not always read even by some members of the bar. I appreciate the detail which the hon. member has supplied other members of the House with regard to this matter, and we should certainly like to see the bill dealt with as expeditiously as possible.

Mr. Stanley Knowles (Winnipeg North Centre): Mr. Speaker, the hon. member for Ottawa-Vanier (Mr. Gauthier) certainly practises non-discrimination. He supplied me with the same information he apparently supplied to the hon. member for Grenville-Carleton (Mr. Baker).

I may say I do keep track, to a certain extent, of what is going on in the other place. It might not always be there, so one should keep track of it while it is. I noticed this bill when it was going through the Senate and it did strike me as reflecting an odd situation. One of the things that interested me when I read the debate in the other place, both in that House and in the committee, was that the Senators themselves, many of whom are lawyers, were shocked to discover that at least one of the culprits in the picture was the lawyer who made the sale, the lawyer who acted for both the parties concerned, the old company and the new company. The lawyer who made the sale was, in effect, selling his new client a decreased corporation. This was obviously a bad situation, and Mr. Normand St. James is the innocent party and should not suffer because of that.

Therefore, Mr. Speaker, we are prepared to let this bill be read the second time and go to the committee on miscellaneous private bills.

[*Translation*]

Mr. Adrien Lambert (Bellechasse): Mr. Speaker, I must confess I am astonished to see that businessmen can operate without knowing they are in business, or at least without knowing that they are operating under the name of a company that has been legally dissolved.

In any event, I received representations from the hon. member for Ottawa-Vanier (Mr. Gauthier) who was kind enough, I would say, to pilot this bill in the House of Commons, a bill that came to us from the Senate. I leafed through the report in the *Hansard* of the other place rather quickly.

Naturally I did not have the opportunity of checking the testimony of all witnesses before that committee. But, be that as it may, I trust people who seem honest like the hon. member for Ottawa-Vanier. I trust this bill will be deferred to committee where it will be looked into very seriously, because we must always be serious in our work when we pass bills, even private ones. That is why I feel it is my duty to give my approval to this bill, that it might be sent to committee where the matter can be settled once and for all, and at the same time to invite the new group that is operating under the name of the company, J. H. Poitras et Fils Ltée., to periodically have to look at the notices published in the *Canada Gazette*.

[*English*]

Motion, agreed to, bill read the second time and referred to the Standing Committee on Miscellaneous Private Bills and Standing Orders.

PRIVATE MEMBERS' PUBLIC BILLS

[*English*]

Mr. Pinard: On a point of order, Mr. Speaker, I believe there is unanimous consent to proceed with the public bill standing in the name of the hon. member for Vaudreuil (Mr. Herbert), Bill C-232.

May I ask that all the preceding bills be allowed to stand by unanimous consent?

The Acting Speaker (Mr. Turner): Is that agreed?

Some hon. Members: Agreed.

* * *

● (1712)

HOLIDAYS ACT

SUGGESTED REPLACEMENT OF DOMINION DAY BY CANADA DAY

Mr. Hal Herbert (Vaudreuil) moved that Bill C-232, to amend the Holidays Act, be read the second time and referred to the Standing Committee on Labour, Manpower and Immigration.

He said: Mr. Speaker, this bill, which I have introduced in every session of parliament since I came here, has been the subject of fairly lively discussion each time it has been brought forward. I must admit that I was somewhat surprised that it was called so early in this session. I note that there are about 25 private bills ahead of this one on the order paper, and I am concerned because 25 members who have put bills on the order paper are not prepared to discuss them at this time. However, that is their business. I am certainly ready to go ahead with any one of my bills, and this one happens to be the first on the list.

This bill was debated fairly fully in this House on March 14, 1975. At that time it was decided to refer the subject matter of the bill to the Standing Committee on Justice and Legal Affairs.

In my opinion, what this bill seeks to do is regularize a situation which for all practical purposes is a *fait accompli*. In most parts of the country the July 1 holiday is at the present time designated Canada Day. However, according to our statutes it is still Dominion Day. As soon as one talks about changing the name of the holiday from Dominion Day to Canada Day, there are some stalwart supporters of the word "dominion" who immediately rise and exclaim that we are trying to do away with old traditions and so forth.

As someone who was born in Great Britain, who came to this country as an immigrant, and who likes tradition, parades and so forth, I am not overawed by the suggestion that we should be respecting certain old traditions and guarding the word "dominion" in our statutes. Whether we change the name legally now is probably of very little consequence because for all practical purposes, as I have already said, from coast to coast we use the present terminology "Canada Day", and we use it with pride when we refer to the anniversary of the founding of our nation.

There has been some concern about this change among members of the Royal Canadian Legion. I am a member of the Royal Canadian Legion, an ex-serviceman, an ex-military man. I understand the concern of the Royal Canadian Legion. I understand its feeling about the word "dominion", but I suggest to the Royal Canadian Legion, and to everyone who is concerned about the use of the word "dominion", that in a country with the difficulties we are experiencing today it is a relatively minor matter to eliminate a word, despite all its history and ancient significance. Surely the name of the day which should be of major significance to all of us, July 1, should be acceptable to all Canadians. I say "all Canadians" advisedly, because even those people who speak against this change have not, at least to my knowledge, spoken against the terminology "Canada Day". They speak for retention of "Dominion" without speaking against the word "Canada".

I think there is little else to be said. I honestly believe that this bill is just a tidying up. There are few people left in this country who do not recognize that the connotation which is attached to the word "dominion" is divisive in itself. It is an ancient terminology. It has a significance which is certainly not helpful in uniting all parts of the country today.

In terms of importance perhaps the name "Canada Day" has little significance in that, as I have previously said, it is now a *fait accompli*. However, in terms of significance to a certain section of the population in this country which does not like the somewhat subservient nature of the word "dominion", it is important. For these reasons I strongly urge passage of Bill C-232, which would change the terminology "Dominion Day" to the popularly acclaimed and generally used "Canada Day".

Mr. J. R. Ellis (Hastings): Mr. Speaker, like the hon. member for Vaudreuil (Mr. Herbert), I am a little amazed that this bill came up as early on the agenda for the session as it did.

I want to take exception to one expression used by the hon. member twice, and that is that Canada Day is a *fait accompli*. I am not at all sure it is. To any Canadian, whether of British birth or, as I am, descended from parents of British birth, or who has been here eight or ten generations or who has just come off the boat from Europe or other countries, the word "Canada" has a very special meaning. I do not disagree that the expression "Canada Day" has been used a great deal, whether appropriately or not. However, I think this is important, particularly to the people I represent, many of whom are descendants of United Empire Loyalists.

I do not downgrade the hon. member at all, but I think that a matter of this significance should not be brought up in a private member's bill. The government has been using the expression "Canada Day" for the past few years. If the government wishes to use that name, it should bring in legislation changing the name of the holiday. This is an important matter. I was not here at the time, but we all know about the debates in this House on the flag. Many institutions debated long, hard, and sometimes bitterly about the flag.

The hon. member mentioned one institution, the Royal Canadian Legion, of which he is a member. I am proud to be an honorary member of Branch 99. I think perhaps you, Mr. Speaker, would remember the lengthy flag debate. I know others in the House remember. It was a very acrimonious debate, but because there was an act of parliament all Canadians are now prepared to accept the new flag. A few, of course, would like to have the old one, and I admit that in my heart there is a warm spot for it, but I think most Canadians now accept the new flag.

We have that new flag because of a debate in this House. There was a vote in this House. There was proper committee scrutiny and finally a decision of this House that Canada would have a new flag.

I do not think this matter is a party matter, but if this new name is to be accepted by all Canadians, it should be dealt with in this House as a matter of importance. I think there would be acceptance from many parts of the House and I think there would be considerable debate on the matter, but I do not think it should be taken lightly as a matter to be considered during private members' hour and to be given less than an hour of debate on a quiet Thursday afternoon, with just a few dozen of us in the House who are regularly here at this time of the day. I really do not think this is the time to slip a matter of this importance through the House. I think the matter deserves full debate.

● (1722)

I have to correct the hon. member on the slip that he made when he asked us to pass the bill. If we allowed it, it would be given second reading, approval in principle, and then would go to committee. But it would be wrong to send it to the committee without the full weight of a debate in parliament and without the weight of government support.

I have said virtually all I want to say on the matter. I will be interested to see, in fact, if members on the government benches are prepared to let this bill go through. If they are, then it would be a very interesting situation.

An hon. Member: Why not?

Mr. Ellis: In my view, if the matter is to be given any credence, it should be put forward by the government in the usual manner. I commend the hon. member for Vaudreuil for showing initiative in bringing this bill forth, but I think that on a matter of this importance and magnitude—it is of some magnitude for those Canadians who are concerned about this sort of thing—it is inappropriate for it to be brought forward in the private members' hour. I will let it go now. I do not know whether any of my colleagues will intervene on this bill, but I think it deserves the weight of government action.

Mr. Gilbert Parent (Parliamentary Secretary to Minister of Veterans Affairs): Mr. Speaker, I should like to make a few remarks concerning Bill C-232, an act to amend the Holidays Act, in order that July 1 be known as Canada Day. The hon. member opposite who spoke last pointed out that in his opinion it was inappropriate for this bill to be brought up in private members' hour. I beg to disagree with him. I do not think that good ideas come only out of cabinet. I think good ideas come from all sides of the House.

Some hon. Members: Hear, hear!

Mr. Parent: I believe that this act is a step in the right direction. However, I would point out that the hon. member is correct in assuming that if this bill is passed by us here today, it will go into committee, be debated there, and then will come back to the House and be debated here again. So there will be a great deal of discussion of the matter and, I hope, a great deal of deep thinking about it before the bill is passed and becomes a *fait accompli*.

Now, Mr. Speaker, I would like to say a few words about this bill in the context of my riding. The census of 1971 showed that 69 per cent of all the people whom I represent in St. Catharines list their home origin as the British Isles. Notwithstanding that fact and the great tie and great love they have for tradition and for things that are British, the majority of the people in my riding, I believe, would be in favour of calling Dominion Day on July 1, Canada Day.

As you know, this day is currently designated as Dominion Day in the act, but I think most hon. members would agree that over the past few years there has been a growing feeling that such a designation is no longer suitable or desirable. Indeed, throughout what is now almost a decade, it is on what is known to many as Canada Day, Canada Week, and Festival Canada, that millions of Canadians have celebrated the birthday of our nation. I submit that the official designation of July 1 as Canada Day would reflect accurately the feelings of Canadians.

The hon. member referred also to the flag debate. I make no apology for taking great pride in the fact that after 98 years we finally chose a flag that is uniquely our own. A great many debates took place across Canada in which people from all walks of life and from all regions had something to say about whether or not we wanted our very own flag. I am an honorary member of the Legion, Branch 24, in St. Catharines. When I went back to my riding on Remembrance Day to join the veterans of the two world wars who marched on that day, it seemed to me as if hundreds of years had passed since we had debated so vehemently whether or not we should have our own flag. As I travel around the world, I feel, as do other hon. members and other citizens of Canada, a great deal of pride when I see our very own flag raised.

Let me point out to you, Mr. Speaker, that on November 5 of this year I represented the Minister of Veterans Affairs (Mr. MacDonald) at the ceremony in Vimy marking the sixtieth anniversary of the end of World War I. During my stay in Europe I visited many Commonwealth war graves. These graves, where our soldiers, our fellow Canadians, our brothers and sisters of another year lay buried, had the maple leaf engraved on their headstones, an emblem of Canada which was chosen many years ago, the emblem which we display so proudly on our flag.

I know it may be argued that the designation "Dominion Day" is somehow related to the historical development of Canada and that it should be retained for reasons of tradition, nostalgia, and so on. However, I would like to think that Canada has undergone great and vital growth and has emerged from the colonial status and, in the process, has acquired strength, independence, and a sense of identity, and that therefore Dominion Day is no longer a suitable title for that day set aside for all Canadians, Canadians of all origins and from all regions, to celebrate Canada's birthday and to take pride and joy in being Canadian.

Some hon. Members: Hear, hear!

Mr. Parent: I suggest that giving that day the more appropriate name of Canada Day is only logical, and I agree 100 per cent with the hon. member for Vaudreuil (Mr. Herbert). Most of us think of the day as Canada Day, feel it to be Canada Day, refer to it as Canada Day, and celebrate it as Canada Day. I say we should therefore call it just that, that is, Canada Day. But I wish to make it clear that I am not belittling the importance of tradition. No, that is the furthest thing from my mind, because our roots run deep to all the great countries and cultures in Europe.

We have emerged with our own Canadian culture, and I think we must recognize that fact over and over again, if needs be, because it took us 111 years to become the Canadians we are today. We did not just happen in the last 12 years, notwithstanding the fact that we have had our very own flag only since 1965. I believe that without a tradition a nation cannot be said to exist. Indeed, I do not believe a nation can exist without the traditions and the roots we acknowledge here today.

I am sensitive to the concerns of those who, in perceiving the importance of tradition, question closely all proposed changes, however seemingly superficial. Without such questioning there would be no balance, there would be nothing to impede those more interested in change for the sake of change. Indeed, it has been due to the efforts of those who are convinced that tradition has an important role to play in the forging of national identity that much of our heritage has been preserved, many of our traditions retained.

That which makes Canada and Canadians unique will continue to play a role in the Canada of the future. I cannot lend support to any move which I consider to be detrimental to any part of the fabric of Canadian heritage. I do not endorse change for its own sake. However, dynamic change which comes in the course of growth and development or the evolution of a nation cannot be impeded, any more than the day when we wanted to have our own flag. I believe one day Canada will have a day on which to celebrate its birth. We will be able to rise and say that this is our day, our birthday, that this is "Canada Day".

• (1732)

Some hon. Members: Hear, hear!

Mr. Parent: The burgeoning of this nation from its origins to its current independence is an example of dynamic change. We have grown to a nation called Canada. I submit that the day on which we celebrate that growth should be called "Canada Day".

I endorse this bill 100 per cent. It should be considered for future debate and referred to the appropriate committee. We must have an opportunity for debate, input and contribution concerning the day which should be called our very own, that day being Canada Day.

[*Translation*]

Mr. Yvon Pinard (Parliamentary Secretary to President of Privy Council): Mr. Speaker, I did not expect to take part in this debate and I shall be very brief, but I would not have wanted to miss the opportunity to say a few words to congratulate the hon. member for Vaudreuil (Mr. Herbert) on presenting this bill. I am in complete agreement with the hon. member who spoke before me and who said that ordinary members can have excellent ideas, and the fact that a Liberal member of parliament, who is also a parliamentary secretary, thought it appropriate to introduce during this hour set aside for private members' measures a bill which concerns the whole country. That deserves to be emphasized and encouraged. For my part, I must consider his bill in the context of the major public debate on national unity.

Mr. Speaker, since in certain areas of the country we are much more aware of the importance and the urgency of solving the problem of Canadian unity, I want to take this opportunity in this national forum to give my opinion on all the initiatives, whether they be symbols or bills, which aim at strengthening our sense of belonging to this beautiful and

great country of Canada. Mr. Speaker, I support such initiatives. The fact of wanting to confirm the designation of Canada Day for July 1 instead of the name Dominion Day seems to me an initiative which aims precisely at strengthening our sense of belonging to Canada in the present context of Canadian unity problems.

In my opinion, the fact of being able once a year on July 1 to celebrate the day of a country called Canada reminds me of the importance of living in total harmony and also in strict equality among the two great founding peoples of this country, that is the French and the English. We have a very vast country where many cultures co-exist in what is commonly called multiculturalism, but two great peoples have contributed to build a society inspired on the one hand by French humanism and on the other hand by British parliamentarianism. This is a very rich heritage that we have been given by two great founding peoples whose languages are French and English, and in my opinion, Mr. Speaker, the fact of celebrating each year a national holiday which would be called Canada Day could make us more aware of the wealth of this great country, not only on a material level, but in terms of its origins and of that need to consider the great importance once again of living not only in mutual respect for each other, Mr. Speaker, but also of living together in the strictest equality. And that is what justifies our role as members of parliament from Quebec here in Ottawa in trying to make this country a truly united country in that context. And when we have before us such a legislation to change the name of Dominion Day for Canada Day, we feel more at home, we feel more pride in being Canadians, we feel more authenticity, and we feel better prepared to live in harmony and on equal terms in this land of ours.

Mr. Speaker, I think we must not overdo traditions. There is a right balance to keep, and I always have had much respect for the saying *In medio stat virtus*, virtue stands between extremes, and I feel that traditions in certain instances, I imagine, have to be respected, but one has also to be realistic and try to present and support measures which make us live according to the reality. Yesterday is gone, Mr. Speaker, tomorrow is yet to come, the present is today. I suggest that we should forget the past somewhat more easily to avoid nostalgia, that we should not live too much in the future to avoid anxiety and that we should be practical and live in the present and in the reality.

And today, Mr. Speaker, when we just had federal-provincial conferences, whether on the constitution or the economy, and that we realize a tendency to hoard a bigger share of the pie, to monopolize, to be selfish, we realize, I think, the importance of having a Canadian government, a federal government, a central government really representative of our two great funding nations and strong enough to maintain unity at the constitutional level and to make sure that our two great linguistic communities will live together with equal opportunities and that, at the economic level, there will be a fair distribution of our wealth in all areas of the country.

I think that the recent federal-provincial conferences emphasized the need to have, first, a central government with a minimum of power to create that balance, to maintain it and to keep the country united. They also make us realize the need to avoid an over-decentralization which might cause some prejudice to the needy provinces like the maritimes and the province of Quebec.

In conclusion, Mr. Speaker, again I commend the hon. member for Vaudreuil who took the initiative to introduce Bill C-232 urging us to call Canada Day the July 1 holiday. I for one support his initiative and I hope that hon. members will make sure that his bill will be enacted as soon as possible.

[*English*]

Mr. Robert Daudlin (Parliamentary Secretary to Secretary of State): Mr. Speaker, I should like to join with my colleagues on this side of the House in thanking the hon. member for Vaudreuil (Mr. Herbert) for bringing this bill before us. I would like to address a few remarks to the subject of the bill before us today.

• (1742)

Before getting to the subject matter, I want to address myself to the remarks made by the hon. member for Hastings (Mr. Ellis). I could hardly believe my ears when he suggested that because this matter was coming before the House at this time it was being taken lightly. I could not believe that this came from the same side of the House after hearing the catcalls, cries, demands and pleas from the other side that certain matters should be allowed to go forward, that they were important and should not be taken lightly by this House and talked out.

That side of the House has spoken about this government's not respecting the rights of individual members and has said that not just the government should be coming up with ideas, that all members of parliament should have the right to bring forward ideas and see them achieve fruition. They now suggest that we throw out that principle and that only the government should bring forward ideas at this time. I cannot believe this either, and I wonder what it is they really believe.

I think the Leader of the Opposition (Mr. Clark) suggested at one time that we should be giving credence to the committee system and that there should be a role for committees. I can understand why he would be seeking a greater role for committees because members of his party do not understand the committee system as it exists now. They believe that any subject matter that goes to committee is an indication that it is being taken lightly, and robbing hon. members of the opportunity of debate. My understanding of the committee system is that it gives hon. members an opportunity to debate.

The hon. member for Vaudreuil indicated that this matter is not something that was drawn up and put into the House yesterday. It has been before this House on many occasions and has even gone to committee before. It has been the subject

of much debate. To say that it has been foisted upon us quickly, not affording an opportunity for debate or quiet contemplation, is a total misunderstanding and misconception of what has in fact taken place. This matter has come up before and it has been approved and disapproved of by members.

It is important that we understand some of the basic concepts behind this bill. Unfortunately there are Canadians who in the word "dominion" sense something more than sovereignty, that they are being subjugated, put under thumb or throttled. I would like to disabuse those people, along with the hon. member for Hastings, of the idea that the words "dominion" and "monarchy" are linked.

Mr. Hnatyshyn: He didn't say that.

Mr. Daudlin: I agree that he did not use those words, but if there is to be any rationale at all for the concern he has when he raises the argument of the United Empire Loyalists, many of whom are in his riding, he must mistakenly conceive that to remove the word "dominion" somehow emasculates the monarchy. I do not understand how a person could arrive at that reasoning and at the same time say that that must be the kind of rationale behind the hon. member's argument about the United Empire Loyalists.

In my particular area of the country there are a number of people who trace their roots to the British Isles and the French-speaking countries of Europe, and they have a deep tie to the Queen and to the concept of the dominion of Canada. There are those, however, who have difficulty with change, but I find that most people are able to understand change and accept it. I find very few people who stand steadfast and resist change regardless of reason.

I challenge the hon. member for Hastings to go back to his riding and ask the youth there whether they see themselves as United Empire Loyalists. I suggest that the hon. member will find they do not, that they see themselves as Canadians. The youth in my riding, their parents, their grandparents—who, admittedly, link themselves to their origins more strongly than do the youth—the people of my generation and those after me have the idea that in fact they are Canadians and want to see the indicium of Canadianism. They want to see names like "Canada Day" instead of "Dominion Day". They want to be able to stand up, when they are abroad or indeed in other parts of Canada, and share with other Canadians and say "Canada Day! Canada is my country and yours."

What it takes, Mr. Speaker, is understanding on the part of those people who see subjugation in the word "dominion" and who see a strong attachment between the words "monarchy" and "dominion". Both I think are wrong. There are dissenting voices, and we heard one today from the other side. There is no doubt that there will be—

Mr. Nystrom: You're worse than he is.

Mr. Daudlin: I must be touching some soft spots because there is more noise coming from the other side. I must have awakened them. I regret that my time is being used like this because I have but a few moments to speak, and I assure hon. members that I intend not to go the full length of time. If they will allow me to complete my remarks they will be pleasantly surprised to see that the matter will proceed forward.

As I was saying, while there will no doubt be dissenting voices and while no doubt much will be made of it by a few, I perceive this bill as being a sensible piece of housekeeping that will bring the statutes up to date in order that reality be accurately portrayed therein. The hon. member is to be congratulated for his good sense, and while we in the past have been back and forth on this issue many times, unofficially we have been celebrating July 1 for many years now as Canada Day. Let us have the common sense to change the statute so that it can reflect the facts as they are.

[*Translation*]

Mr. Dennis Dawson (Louis-Hébert): Mr. Speaker, I too rise in support of the bill introduced by my colleague because I believe that if we cannot find causes for the weak Canadian political situation in Quebec at this time, it is probably because we have not been able to identify with Canadian symbols. Take examples in history, for instance, when Quebeckers were calling themselves "Canayens" while the majority of English Canadians in other provinces were calling themselves "British subjects" or "British citizens". Quebeckers got tired of calling themselves "Canayens". They then called themselves French Canadians and now, to a certain point, feeling alone as Canadians, they decided that if no one else wanted to get in the boat, they would call themselves Quebeckers. Talk about Calixa Lavallée who decided to write the anthem "O Canada" in the beautiful riding of Louis-Hébert in Quebec—

An hon. Member: Hear, hear!

Mr. Dawson: —with words and music coming from Quebeckers. English Canadians continued to sing "God Save the Queen" or "God Save the King" when we, French Canadians—this has improved over the past several years—were the only ones at the time singing "O Canada", the others were singing "God Save the Queen" or "God Save the King", as I just said. Here is another example where Quebeckers not feeling part of a group decided that perhaps they are not in the right boat. Take the example of the flag, the famous debate on the flag in 1964 when once again, perhaps, I believe, a majority of members from Quebec, who were Liberal members to boot, and the Liberal caucus were fighting to have a Canadian flag so Quebeckers would be able to identify with something else than a fleur-de-lys, the fleur-de-lys which basically all Quebeckers respect but which was adopted in the 1950s only to fill a void because French Canadians could not face a flag called the Union Jack or the Red Ensign. They were looking for something Canadian. They were looking for something they could feel they belonged to. They could not find that feeling in a flag that for them was the flag of colonizers. They fought within Mr. Pearson's caucus, they

fought within the government, so we would have a flag, and today all Canadians everywhere, with a few rare exceptions—

Some hon. Members: Everywhere. Everywhere.

Mr. Dawson: —in a few groups a bit too much on the extreme right, I think that all Canadians are proud of their flag—

An hon. Member: Hear, hear!

Mr. Dawson: —all Canadians rise with pride at the sight of their flag. For the same reasons, I believe that today the motion of the hon. member for Vaudreuil (Mr. Herbert) is something entirely natural. Why Dominion Day? That is going to frustrate monarchists who are afraid that the word Dominion, if it is taken out of the vocabulary, will mean that we are against the monarchy. I think it is not being against the monarchy to want to identify with Canada Day, it is not being against the monarchy, it is being realistic, identifying with something you belong to, and not something you belonged to in the past.

• (1752)

I would like to add another point, especially in view of the statements made by the hon. member of the opposition. I am surprised, after a year and a half in the House, to see that we are being blamed for introducing a bill which in effect encourages the "Canadianization" of our institutions. I think that Quebeckers would surely be astounded to be told that Canada Day is improper, that what we must have is a Dominion Day. The present political tension which exists in Quebec—and one need only look at the latest polls on sovereignty-association—and the fact that Quebeckers are wondering if they should continue to belong to this country are probably due to such acts and symbols, it is because of the failures of the past that Quebeckers, French Canadians can no longer believe in the future. It is indeed up to us, as a political party, as government, as militants, as members of a political force to try and identify ourselves as Canadians.

There are several other symbols, one could refer, for example, to this summer's famous debate on the patriation of the constitution. That is yet another symbol which for the past hundred years should have been the property of Quebeckers, of Canadians, but those who oppose changes and evolution have decided against the patriation of our constitution, saying: "Let us leave this famous document in England. After all, this is nothing but a piece of paper. We all know that the real power is in the hands of the Canadian parliament".

It is a fact that we are those who are governing, but as a symbol, it is very bad, because it gives the people the feeling that they belong to something for which they cannot find any reference point. Canadians of British descent or born in English-speaking countries may find there a certain relation, but we cannot expect the same from Quebeckers or other French-speaking Canadians. If we want to maintain unity among Canadians and develop a feeling of belonging within the limits of this political entity called Canada, we shall have to make sure that they identify more and more with purely Canadian symbols. We must look for these new symbols within our own institutions, and I suggest we could find some in this very hall which are historical memorabilia, for which we have a sort of attraction because they remind us of our roots. However, those who are in a position of power may sometimes give the impression of a lack of will on the part of Canadians to identify with their own geography and characteristics. Be that as it may, Mr. Speaker, I support the bill introduced by the hon. member for Vaudreuil (Mr. Herbert).

[*English*]

Mr. S. Victor Railton (Welland): Mr. Speaker, I would like to add just a few words to this debate. I was touched by some allusions to what Canadians did in 1944. I remember some of the things that happened on June Beach in 1944.

I feel there has been a fair amount of emotional outpouring today which is sometimes worth while on subjects like this. It is always nice to think of our ancestors, whether they were United Empire Loyalists, whether they have been in the Annapolis Valley or Quebec for 300 years or more, or whether they arrived across the Aleutian Islands 25,000 years ago. They all became Canadians whether they came from central Europe in the last generation or, more recently, from Viet Nam.

I believe Canada Day is a more appropriate designation than Dominion Day which really has outworn itself. It refers to part of our history of which we are all proud but which has passed by. Canada Day embraces everyone who is a Canadian and is the name that should apply to the holiday on July 1. That is all I have to say, Mr. Speaker.

The Acting Speaker (Mr. Turner): Is it the pleasure of the House to adopt the said motion?

Some hon. Members: Agreed.

Motion agreed to, bill read the second time and referred to the Standing Committee on Labour, Manpower and Immigration.

The Acting Speaker (Mr. Turner): Order, please. The hour provided for consideration of private members' business has now expired. Perhaps the House would permit us to go back into committee of the whole before the Chair calls it six o'clock?

Some hon. Members: Agreed.

GOVERNMENT ORDERS

[*English*]

INCOME TAX ACT

AMENDMENT TO PROVIDE FOR CHILD TAX CREDIT

The House resumed consideration in committee of Bill C-10, to amend the Income Tax Act to provide for a child tax credit and to amend the Family Allowances Act—Mr. Chrétien—Mr. Turner in the chair.

The Deputy Chairman: It being six o'clock, I do now leave the chair until eight o'clock this evening.

At six o'clock the committee took recess.

● (2002)

AFTER RECESS

The committee resumed at 8 p.m.

Mr. Stevens: Mr. Chairman, I can see by the expression on the parliamentary secretary's face, that after a good meal he has now come back to the chamber ready to give us the information which I have been requesting. Perhaps in order to expedite this matter I could put my question again. Will the parliamentary secretary now give us the 1981 fiscal figures? In short, we have the refundable tax credit amount of $858 million for 1981. Would he tell us what the total expenditure would be for the family allowances in 1981? Specifically, how much will those family allowances go up compared to fiscal 1980?

Mr. Martin: Mr. Chairman, I would be quite happy to repeat a series of figures that I gave to the hon. member a little earlier. As I indicated at the time, he could pencil them in on the table that he has. These figures that we have calculated for 1980-81 would correspond with the figures on his table for the fiscal year 1979-80. He has read out the first figure, the refundable tax credit, which moves from $810 million to $858 million. As I mentioned, I am putting these figures on the record for a second time today. He may not have heard me in the first instance.

The reduction in the family allowance figure moves from $690 million to $731 million. The offsetting figure from the lost income tax is $138 million, as compared to $130 million in 1979-80. The figure for the elimination of the $50 child tax credit remains at $260 million. The modification in the exemptions for 16 and 17-year old children moves to $50 million from $25 million, being the second year of the phase in process. Incidentally, these calculations are worked out assuming a rate of 6 per cent inflation and would vary depending on what assumptions one uses. This has the net effect of a $45 million benefit to the government in the second year.

Mr. Stevens: Mr. Chairman, if we could take those individual figures, we could arrive at the point I am trying to reach.

When the parliamentary secretary says that expenditures will be down $731 million with respect to the family allowances, could he give us the basis on which he is figuring that? What is the total family allowance payment anticipated for fiscal 1980? As the parliamentary secretary knows, all that we have before us is by how much the figure is reduced. In order to arrive at the base, we need this information and then we can figure out the 6 per cent from there.

Mr. Martin: Mr. Chairman, I am somewhat hesitant to get into a dicussion regarding the total amount of family allowance payments on clause 2 of a bill that deals only with certain changes in the method of paying these benefits when we have indicated there is no over-all net effect. I am told by the officials that family allowance payments for the year 1980-81—I think that is the year we are talking about—would have been in the neighbourhood of $2.3 billion. This figure would now be in the neighbourhood of $1.6 billion, from which the $731 million flows.

Mr. Stevens: Mr. Chairman, I think we are making a little progress, I am pleased to say. I think part of the confusion that has arisen has been caused because the government is working backwards. They are telling us what they are saving. That may be the way the Liberals like to express things. Normally I think the other way. We know presumably what the government will anticipate spending in 1980. After there is a reduction of $690 million in fiscal 1980, could you tell me what you anticipate to be the family allowance pay-out in that year?

Mr. Martin: Mr. Chairman, again I defer to your ruling, but we are dealing with a clause in the bill that talks specifically about indexing the figures of $200 and $18,000. If you feel that it is in order for us to continue having a discussion on the over-all concept of family allowance payment, we can continue. The latest question which the hon. member for York-Simcoe is asking relates to the total family allowance payments for—

The Deputy Chairman: Order, please. I regret to inform the hon. member that his allotted time has expired.

● (2012)

Mr. Smith (Churchill): Mr. Chairman, yesterday I was talking about the effect this bill would have upon the status Indians. I am sure this question comes under clause 2 which we are presently discussing and that this is a suitable point at which to make my comments.

The Indian people of Canada have been given little time to review the implications of Bill C-10, not having been invited to comment on it until the meeting between the minister and the National Indian Brotherhood on November 14, 1978. In spite of the brief time for consultation among Indian people, there are a number of concerns about the bill that they would like to raise, as well as to offer two amendments to the bill that would help resolve these difficulties.

For many reasons, Indians in Canada historically and traditionally have not been and should not be part of the process of

taxation of income. Freedom from taxation is one of the fundamental rights the original occupants of this land possessed, this being but a partial compensation for the land originally occupied by them. This relationship was and still is an understood condition of the treaties, and of the establishment of the reserve system. Parliament recognized tax exemption of Indians in the Indian Act itself.

In spite of these previous understandings, the Indian exemption status has been subjected to what appears to be a planned, progressive erosion by government forces. The government, through its Ministry of National Revenue and that ministry's departmental bureaucrats, has been using tax questions as a form of unjustified harassment of Indian people, both at the Indian organizational level and the individual level. This harassment is on the increase, and the department is expanding its attempts to collect income tax from Indians engaged in their traditional pursuits, especially trapping.

The Indian people of Canada have no choice, therefore, but to view Bill C-10 as yet another surreptitious attempt by government to establish a mechanism for taxation of Indian people on Indian lands, this time by arbitrarily indexing all Indian mothers into the tax system through mandatory acquisition of social insurance numbers and the filing of income tax returns prior to receiving the child tax credit.

Is it fair and just to ask the mothers of the most impoverished and disadvantaged group of this country to forgo the very much needed financial benefits offered by this bill in order to protect the Indian people from the bill's inbuilt potential for violation of their traditional and historical rights?

The National Indian Brotherhood has another great concern. The requirements for receiving the tax credit—those of acquiring a social insurance number and filing an income tax return—would prove quite complicated to many thousands of Indian mothers who have relatively negligible experience in matters of business and paperwork when compared to their non-Indian counterparts. I mentioned this in my remarks yesterday, Mr. Chairman. There is a strong likelihood that as a result of this requirement a significant number of Indian mothers will not receive the tax credit to which they are entitled.

Reports from departmental officials indicate that between 15 per cent to 25 per cent of pensioners eligible for the guaranteed income supplement do not receive it. We expect that the percentage of Indian mothers not receiving the child tax credit will be at least as high. Suppose that 20 per cent of the qualified mothers were not receiving child tax credit because the forms had not been completed or because they did not understand how to obtain it. A large sum is involved here. Twenty per cent of the $14 million which, we are told, would go to the status Indian mothers on reserves amounts to about $2.8 million.

The government has offered a small amount of assistance to Indian mothers as far as the paperwork is concerned, but the National Indian Brotherhood strongly feels that this will not be adequate to ensure that the tax credit will be distributed as planned.

[Mr. Smith (Churchill).]

A further concern is that the payment of the credit in one lump sum annually will likely lead to unwise spending of the money by families unused to handling such large amounts at one time. We discussed this yesterday. I brought up this question of the lump sum payment to Indian mothers and pointed out the difficulty they would experience in cashing these cheques. Further, it might not be easy for the mothers concerned to understand that, because of the $8 increase in family allowance per child and the nature of the lump sum payment, they would have to distribute it over a seven or eight month period. If this is not well understood, perhaps the money will be spent unwisely. I am glad to have this opinion confirmed by the National Indian Brotherhood. Unwise use of this money by people unused to receiving money in lump sums could have harmful consequences, including even family breakdown.

The National Indian Brotherhood suggests that the department should be considering putting out a special form distinct from the income tax return form and devised especially for use by status Indian mothers. They suggest that this form be considered complete with the use of the mother's band number, and that a social insurance number should not be required. It is well known that all status Indians have a number. They keep this number from birth until death and they refer to it frequently. I cannot understand why Indian mothers should be required to have a social insurance number in order to qualify for the child tax credit. Status Indians living on reserves do not have to pay income tax. I ask the minister to pay particular attention to this request.

The second suggestion the National Indian Brotherhood made is that the child tax credit be paid in quarterly instalments rather than in a single annual payment at the option of the mother.

● (2022)

The Deputy Chairman: Order, please. I suggest to the hon. member that clause 2 refers to indexing, and the statement he has been making does not.

Mr. Smith (Churchill): Mr. Chairman, I mentioned indexing as I was going through this, and I thought this pertained to this clause. I will just finish up and then sit down. I will refer to this again when we come to the appropriate clause, if the Chair feels that way. The National Indian Brotherhood concludes as follows:

> That payment of the child tax credit in quarterly instalments, rather than in a single annual payment, be allowed at the option of the mother, and that this option be allowed for the year 1979.

Yesterday the minister gave us a run-down of the various forms mothers will have to fill out merely to qualify for this child tax credit. If she would consider quarterly payments to mothers who opt to have quarterly payments, a part could be added to one of the many forms mothers will have to fill out so that they could indicate whether they want quarterly payments.

I will finish my remarks, Mr. Chairman, when we get to the appropriate clause, if you will alert me.

Mr. Martin: Mr. Chairman, in future discussion on this clause I hope it will be possible for us to direct our attention to the provisions of the clause, bearing in mind that there has been a great deal of discussion in the committee on clause 1, which is the clause under which general discussions of this nature are more appropriate.

The Deputy Chairman: I suggest to all hon. members that we should get back to clause 2, which refers to indexing.

Mr. Smith (Churchill): Mr. Chairman, I rise on a point of order. The Parliamentary Secretary to the Minister of Finance says that we should get back to the bill and that we had lots of time to make statements like this when we were considering clause 1. There has been so little consultation with the people this measure will affect that they are only now beginning to understand what this bill means. Much information is now coming to us, and we feel we should put it on the record.

The Deputy Chairman: I suggest to the hon. member for Churchill that third reading is coming up and that he can participate in all the discussions he wants to at that time.

Mr. McGrath: Mr. Chairman, I rise on a point of order with respect to your ruling. Of course, I am not going to challenge it, but the fact of the matter is that the hon. member for Churchill has just put on the record a communication which came to him subsequent to the second reading stage of this bill. That communication has to do with one of the subjects dealt with in clause 2, namely, the indexing of the $200 credit.

What the hon. member has asked on behalf of the National Indian Brotherhood is whether the government is prepared to consider making the payments on a quarterly basis. The minister cannot ignore the question; it has to be dealt with. If we are going to be treated this way, hon. members opposite will get themselves a filibuster. I say to the minister that the hon. member for Churchill has raised a very important matter on behalf of the National Indian Brotherhood. This is the only time he can do so. With respect, he cannot raise it on third reading because that stage does not allow for the kind of detailed discussion this matter would entail. The third reading stage does not allow for questions and answers.

The hon. member has laid the very serious reservations expressed by the National Indian Brotherhood on the record of this committee. He has framed a very legitimate question to the minister, namely, given the potential socialogical consequences of this lump sum payment to native peoples, is the government prepared to consider paying it out on a quarterly basis? That is a simple, straightforward but serious question. The hon. member is entitled to an answer.

Miss Bégin: Mr. Chairman, to use an English expression, I am in your hands, but clause 8 would be the proper clause under which we should be discussing instalments.

With regard to the form prescribed for the transmittal of this credit, that should be dealt with under clause 4. I do not know what to do. I could very easily answer, provided this game will not be played when we are dealing with clauses 4 and 8. I answered this very question last night. It was answered in October and early in November. I am sorry that I do not have researchers with me to refer me to the pages of *Hansard* where the answer is very clearly set out.

Our tax machinery is being used for this purpose for the first time. The tax system has never sent payments to people except for income tax refunds. Those refunds are made once a year. For the first year of operation of this program there is no way we can arrange for several instalments. There will be one lump sum payment. If the hon. member persists in using Indian mothers in this way, at some point people in this House who are close to children and family budgeting will tell him that Indian mothers are like other mothers. They know how to operate their family budgets. I do not know what the hon. member is suggesting. At one point last night he made a Freudian slip: he spoke of illegitimate children. I did not like that at all.

Mr. McGrath: You are out to lunch.

Mr. Smith (Churchill): Foul ball.

Miss Bégin: I do not want to go on like this.

Mr. Smith (Churchill): Mr. Chairman, the minister has her head in the sand. The National Indian Brotherhood, which represents Indian people, brought this to my attention today, November 30, at 3.15, because the minister did not have the courtesy to meet with the National Indian Brotherhood until November 14, after this bill was already in committee of the whole.

Miss Bégin: Mr. Chairman, again this has nothing to do with this clause; clearly it should be discussed when we are dealing with clause 4. Perhaps the hon. member did not hear me last night or did not understand me. He can check *Hansard*, but I told him that yesterday at lunch time that I suggested to the National Indian Brotherhood we should explore this. I asked the Minister of Indian Affairs and Northern Development to do that. That is confirmed by letter. There is a possibility that officials of the Department of Indian Affairs and Northern Development will help Indian mothers with the paperwork. Did I not say that last night? Did the hon. member not listen? Did he not read *Hansard*? I said that. We think it is very important to help all mothers overcome the paper burden which, unfortunately, big governments sometimes impose. I said that before and we are looking into it.

It is important to arrive at solutions and to make the system as simple as possible. Surely we should not create barriers for mothers who will need this money. One barrier is wasting the time of the House, not passing this bill and therefore stopping us from preparing these forms and working with groups for the best possible implementation.

Mr. Stevens: Mr. Chairman—

Mr. Boulanger: Mr. Chairman—

Mr. Stevens: Mr. Chairman—

Mr. Boulanger: Not him again. Don't be too long.

Mr. Stevens: Mr. Chairman, if my hon. friend opposite wants to ask a question, I am prepared to let him.

Mr. Boulanger: That is very nice of the hon. member. I appreciate that, but I was getting up on a point of order. In any event, I thank the hon. member. At least once he has remembered to be a gentleman toward me. I appreciate that.

My point of order, Mr. Chairman, is that twice you have said that we should stick to clause 2. The hon. member for Churchill rose on a point of order which turned out to be a question to the minister. Now the debate begins again. If hon. members in the official opposition have made up their minds to filibuster, they should at least respect the authority of the Chair and the rules. I think hon. members opposite are playing a game, and that is very wrong.

Some hon. Members: Hear, hear!

● (2032)

Mr. Stevens: I know we do not have to tell you again, Mr. Chairman: we are dead on clause 2. We are dealing with indexing of the $200 tax credit. What I am trying to establish with the parliamentary secretary—and this is the important thing—is what will be the net impact in 1981, 1982 and 1983 of the indexing on family allowance increases. As you know, Mr. Chairman, we must relate this to clause 10 because the two clauses are joined together. In clause 10 the indexing which otherwise would have applied to the $20 family allowance payment is reduced. The last time I questioned the parliamentary secretary, when my time ran out, I think he was just about to give me that information. My question is: What will the budget pay-out for family allowances be in 1980, after the $690 million will have been saved as a result of the reduction in clause 10?

Mr. Martin: Mr. Chairman, once again I say that I do not think we should be discussing total family allowance pay-outs in relation to this bill because, as I said before for the record, the net effect of this bill on the total cost of the family allowances program is virtually nil. As we have pointed out, in the first year it will save the Treasury $35 million. We have given figures to the hon. member for York-Simcoe indicating that in the second year we would save $45 million, and the amounts would be of a similar nature in the following years. So it is not clear to me why we are continuing to talk about the total cost of the family allowance program. I did give the hon. member for York-Simcoe a figure for 1981; now he is coming back to 1980. I am not sure whether or not we have that figure.

Mr. Boulanger: It does not matter. He does not need it.

Mr. Martin: We do not have it at the moment. I suggest that it is simply not related to this clause.

Mr. Boulanger: Mr. Chairman, on the same point of order—

[Mr. Stevens.]

The Deputy Chairman: We are not on a point of order.

Mr. Boulanger: Mr. Chairman, you know I was chairman before. It is very easy to see that the hon. member does not wish to respect your ruling. If you do not show that you are running the House of Commons—

Some hon. Members: Oh, oh!

Mr. Boulanger: —he will show no respect for your ruling.

The Deputy Chairman: Order, please. The hon. member for York-Simcoe.

Mr. Nielsen: Maybe the hon. member opposite should run a school.

Mr. Stevens: Certainly it is not my wish to delay this committee.

Some hon. Members: Oh, oh!

Mr. Stevens: I mean that, Mr. Chairman, but I think we are entitled to certain information. Frankly, if you check what the parliamentary secretary said in reply to me in his last answer, you will find it is still pretty incomprehensible. He is saying that the government cannot tell us what will be the fiscal 1980 pay-out for family allowances, notwithstanding the fact they can tell us by how much it has been reduced. That cannot be so; they must have a gross figure. They subtracted $690 million and that amount gives us the figure they anticipate to be the amount paid out in family allowances in 1980.

To show that I have no desire to belabour this point if I can get the facts, may I ask whether we could possibly stand clause 2 and go on to some of the other clauses. If the parliamentary secretary is upset that I should be asking about family allowances under clause 2, then let us stand clause 2 and we will deal with clause 2 and 10 at the same time. If that suits his neat little mind a little better, it is fine with me. But I emphasize again that even the hon. member for Winnipeg North Centre understood the first time around about what I was getting at, and if he can understand it I do not see why the parliamentary secretary, supported by a minister and three officials, still cannot understand my elementary question.

Mr. Knowles (Winnipeg North Centre): What does that make me?

Miss Bégin: He is slow, but he will understand.

Mr. Martin: I do not see any rational for standing clause 2. I think we have answered all reasonable questions quite adequately. As a matter of fact, some of the answers are on the record at least 12 times.

Mr. Nielsen: Not this one.

Mr. Martin: I gave the hon. member a figure a little while ago for family allowances for one year which indicated how the $731 million was arrived at. It seems to me that he has this table, he has figures for each of the two years, 1979-80 and

1980-81, which indicate the net savings of the various aspects associated with this problem and which support the contention made over and over again by the Minister of Finance, by myself and by others in this committee, that the net cost of the program will not cost the taxpayers of Canada any additional amount.

Mr. Stevens: Mr. Chairman, let me put this into perspective. This is literally what has happened. In response to my question about fiscal 1980-81 we were told, first, that the net reduction in family allowance was $731 million. That was established. We were also told that the gross amount was $2.3 billion, and that leaves a net amount of $1.6 billion for 1981. The parliamentary secretary is agreeing with me. They gave me the figures for which I was looking. Now I ask: Would you please give me those figures for 1980, and I am being refused. That does not make sense. I will bring out later why I think I am being refused these figures. I ask the parliamentary secretary again: Can he furnish us with the 1980 figure comparable to the 1981 figure he gave me?

Mr. Martin: Mr. Chairman, we did give the hon. member for York-Simcoe the figure he wanted for 1980-81 because he was looking for some support for a previous figure, for the $731 million. There is no reason why we should put ourselves in the position of having to give supporting schedules for each of the figures which have been tabled during the course of the discussion in this committee. That is why I am resisting at present going into the background of these various figures. The figures are there and they speak for themselves.

Mr. Stevens: Mr. Chairman, perhaps this will put it into perspective. What the parliamentary secretary is trying to get away with is similar to a woman who goes into a store, buys a fur coat, comes home and tells her husband that she saved him $2,000 because, although she spent $2,000, there was another coat there for $4,000.

Some hon. Members: Sexist.

Miss Bégin: Why can't you talk about a man? Do you agree with that garbage, Flora?

An hon. Member: Male chauvinist pig.

Mr. Stevens: I think it is fundamental for us, in continuing to study this bill, to get this figure, and I am surprised at the resistance we are encountering. I realize this is embarrassing to the government. They will finally have to admit that there will be a widening deficit, but I think members of parliament are entitled to hear those facts before getting on with this bill.

In view of the frustration we are experiencing, Mr. Chairman, I move, seconded by the hon. member for St. John's East:

That the committee rise, report progress and ask leave to sit again.

An hon. Member: This motion is not debatable.

Some hon. Members: Question.

• (2042)

Motion (Mr. Stevens) negatived: Yeas, 14; nays, 27.

Mr. Stevens: Mr. Chairman, I will try again with the parliamentary secretary. Can he explain why they will not give us the figures for fiscal 1980 respecting the total family allowances pay-out expected in that year, bearing in mind that they were set out in gross terms in the budget presented on November 16? Why can those figures not be given to the committee tonight?

Mr. Martin: Mr. Chairman, it is really not part of the bill under discussion to come up with the total amount of family allowance payments. A lot of factors go into that calculation, including the rate of inflation.

Mr. Stevens: I am asking for the 1980 figures.

Mr. Martin: One could take into account various rates of inflation and come up with various numbers.

An hon. Member: Give us the numbers.

Mr. Martin: There is no relationship between the request being made by the hon. member for York-Simcoe and the specifics of clause 2.

Mr. Stevens: Is the parliamentary secretary serious in what he is saying? How was he able to give the figures for 1981? Why are the figures for 1981 clearer to him than those for 1980?

Mr. Martin: When I gave the figures to the hon. member for York-Simcoe, I indicated to him that the officials were attempting to meet some of his numerous requests which were unrelated to the clause under consideration. In attempting to do this, they came up with a quick calculation of what the family allowance pay-out would be in 1981, making a certain assumption as to the rate of inflation. Those figures can be varied, depending on whatever rate of inflation one wishes to use. In this particular case, I think they used an inflation rate of 4 per cent.

Mr. Stevens: Hopefully we are reaching a point where we will receive this information.

Miss Bégin: What does the hon. member want?

Mr. Stevens: Presumably the 4 per cent inflation rate can be taken off in order to arrive at the base figure for 1980. Can he tell us what base was used for 1980?

Mr. Martin: There is an assumed growth in the payments of 4 per cent. The officials do not have the 1980 payments with them at the present time. Once again, those figures are not related to the particular clause under discussion. I do not intend to put any further hypothetical figures on the record without substantiating them or having the officials do a very careful calculation.

Mr. Stevens: Mr. Chairman, the mystery grows. Why is it hypothetical to talk about 1980 when presumably it was not hypothetical to give the figures for 1981? A 4 per cent inflation figure was used by the parliamentary secretary. I would ask him to check the record in this regard. Before dinner we were told that a 6 per cent inflation factor was used; now we are told that it was a 4 per cent inflation factor. Be that as it may, I do not understand how officials can come to the point of giving us apparently non-hypothetical projection forecasts for 1981, yet when we ask for the base for 1980, they say that is hypothetical and cannot be given. Can the parliamentary secretary explain this?

Mr. Martin: The hon. member for York-Simcoe has given as very good explanation why we should not put any more figures on the record which do not basically relate to clause 2. As soon as we attempt to come up with a quick or rough calculation, it is used by the hon. member as a substantive figure from which he can move forward and say, "All right, given that, what is the next figure", and on and on we go.

Basically these figures are not related to clause 2. They were read into the record in an attempt to help the hon. member get to the bottom of his question. I believe he is having trouble comprehending his own question, as he carries on with the rhetoric. The figures we gave him were examples containing very many assumptions. The 1981 figures referring to the costs and savings in the new program were based on a 6 per cent inflation rate, with an assumption that all other factors would remain the same.

Mr. Stevens: Was it 6 per cent or 4 per cent?

Mr. Martin: There were very many assumptions. Basically the hon. member has given his own explanation why I am very reluctant to place any more background figures on the record. It is because he will turn them around to serve his own purposes.

Mr. Stevens: Mr. Chairman, I am not using these figures to serve my own purposes. I am attempting to serve the House and the committee.

Some hon. Members: Oh, oh!

Mr. Stevens: We have received a budget for fiscal 1980. Surely the parliamentary secretary has not forgotten that. It came in just two weeks ago. It included estimates for expenditures for 1980 and also figures for 1979. An estimate had to be included in those expenditures as to how much the family allowance payments would be in fiscal 1980. We are in the ludicrous position where his officials, on some basis, tell us what 1981 will look like, and when I request the assumption for 1980 in order to perform my own calculation, I am told that those figures are hypothetical and that I cannot have them.

The parliamentary secretary has refused my request once. In all fairness, and in view of the type of confusion we are facing, can he not agree to stand clause 2? If he likes, I can speak with one of his officials in an attempt to explain exactly what I want. If we can save half an hour, so much the better. There is no mystery about what I am asking. I do not want to prolong the debate in committee, but the committee is entitled to the information. I cannot understand why it is not forthcoming. Can we stand clause 2?

Miss Bégin: No.

Mr. Martin: Mr. Chairman, I am not agreeable to standing clause 2. The information the hon. member for York-Simcoe is seeking is not directly related to the clause at hand. There are various computations, calculations and figures which could be produced. I am sure that if the hon. member had the opportunity, he would ask for each one of them individually. That would assist him in further prolonging the passage of Bill C-10. We have given him some background information additional to the table submitted earlier in this debate. I do not see any reasonable purpose being served at this time by furnishing additional background information which is unrelated to the particular clause at hand.

• (2052)

Mr. Stevens: Mr. Chairman, the parliamentary secretary keeps referring to the fact that I am not relating my remarks to clause 2. I suggest they could not be more clearly related to that clause. Clause 2 deals with indexing of the tax credit amounting to $200. We had it established that in the fiscal year 1980 it is estimated this will mean a diversion of revenue in the amount of $810 million. The parliamentary secretary gave us a figure for 1981 based on a 6 per cent inflation rate. He said he thought it would then be $858 million. What I am trying to determine is whether in fact that is going to be the scenario in which we have a widening—or dropping, if you like—of revenue to the extent of that $200 indexed and, on the family allowance side, an increase in expenditure to the extent it is indexed. If that is so I would like the figures, and my point is as simple as that.

Let me come back to this point and perhaps I can accomplish what I am after in this way. As the parliamentary secretary will recall, during a previous occasion he gave me the schedule showing how he arrived at a net benefit of $35 million or, as he has said, a self-financing mechanism which occurs between the tax credit and the family allowance. Included in that schedule, and it is now a part of *Hansard*, was reference to the reduction in family allowance of $690 million. Can the parliamentary secretary tell me what the gross figure was that they used to arrive at that reduction of $690 million?

Miss Bégin: Mr. Chairman, what I think is very important and what is at stake here is a bill creating a new child tax credit using several sources of funds; a reduction in family allowances this year and the freezing of the indexation of family allowances for this year as well. We gave members the figures for both 1979-80 and 1980-81 in respect of the refundable tax credit, the reduction in family allowance, the elimination of the current $50 child exemption and so on. That is a modification of the fiscal exemption for 16 and 17-year olds.

We gave all those tables, and this afternoon they were given again at great length. We concluded from those that in the fiscal year 1979-80 the government will be, if I may use the expression, saving $35 million on a 6 per cent inflation assumption. Next year there will be a saving of $45 million based on the same assumption. I explained, as did the Parliamentary Secretary to the Minister of Finance and the Minister of Finance, my co-sponsor of the bill, when he was in the House, that the concept of the refundable child tax credit was based on a self-financing proposal which is slightly in favour of the public purse in the sense that there is a small savings now.

I think the hon. member was very sexist and very stupid in using the example a few minutes ago of the woman going to buy a fur coat. We can see the kind of people he goes with. There are no fur coats in my riding. I want to remind him that the very easy and bad imagery he is spreading around I do not think is shared at all by the hon. member for Kingston and the Islands.

Miss MacDonald: Don't worry; I don't agree with what you are saying either.

Miss Bégin: I think that by using this imagery he is making a profound mistake. This afternoon he was in the Grand Canyon using other imagery which misleads the public. He is assuming, which is the mistake behind all his apparently learned calculations, that if we were not today putting to this House clause 2 relating to the child tax credit we would be cancelling family allowances. He is making an obvious mistake.

The public finance of this country functions on forecasts. He regrets that we do not have the exact mechanism the Americans use, which is a five-year plan. That is another question which has nothing to do with this bill. It is a theory of public financing. He regrets that our forecast is different. We still operate on forecasts, and in next year's budget and the budgets of years after, family allowances of today with full indexation at a rate higher than $20 were forecast. When I came in with the proposal, which the Minister of Finance endorsed, regarding the creation of a new child tax credit the total arithmetic in this proposal was offset against future forecasts of what the total bill for the children of Canada would have been. Because of the nature of the proposal it has to be self-financing. He has not gotten that into his head yet, but I think it is pretty obvious.

We gave details and more details to prove that. He wants to make us look stupid by saying that by proposing a new credit we are increasing the expenditures of the country. He has forgotten that today on the statute books there is family allowances legislation which would cost much more than the plan of today, the indexed one. There is a child tax credit of $50 in the tax system for upper middle class and wealthy people which is worth a lot of money. That provision is on the books today and has not yet been cancelled. It is, therefore, included in public finance forecasts.

The hon. member does not want to accept that. He wants to suggest that we are going to bring the country to bankruptcy. This is a profound mistake and I do not think we should continue to play the game he wants to drag us into. We have given all the facts and figures for the two coming fiscal years showing, based on an assumption—and we gave him the points of reference—the order of magnitude of the proposal, what it is all about, with all of its components. I think that should satisfy more than reasonably his need to understand clause 2.

Mr. Stevens: Mr. Chairman, my question to the hon. minister, who we know is a very bright minister, is a very simple one. She has referred to some figures including a reduction in family allowances of $690 million for the fiscal year 1980. Will she please tell us what the gross figure was from which that $690 million was subtracted?

Mr. Nielsen: "We haven't got it."

Mr. Martin: No, I did not say that. As the minister has indicated, we have indeed co-operated far beyond what really would be required by reasonable people in terms of answering questions on clause 2 of this bill. However, to show how co-operative we are attempting to be in trying to get this bill passed for the benefit of Canadians who are going to receive some money as a result of this bill, as opposed to members of the official opposition who seem to be doing all they can to retard the passage of the bill and slow down the effectiveness of this new benefit program, let me say that in 1979-80 the old system would have produced an amount of $2.4 billion in total payments. The new system will produce a figure of $1.71 billion.

At this time I would again go back to the fact that those figures are being drawn out specifically to serve the requests of the hon. member for York-Simcoe and are fast calculations made by the officials.

Let me refer back to the 1980-81 figure I gave the hon. member earlier. I think I mentioned that it was based on a 4 per cent rate. Here is a figure worked out on a 6 per cent rate. At 6 per cent for that same year, instead of being 2.3 million and 1.6 million, the earlier figures I gave him based on 4 per cent, it would be 2.45 million and 1.81 million, again producing a difference of $730 million.

• (2102)

Mr. Ellis: Mr. Chairman, I have been sitting back here minding my own business and not paying a great deal of attention, because my family are all beyond the family allowance limit. The Parliamentary Secretary to the Minister of Finance has spent a great deal of time evading a very simple question and now he magnanimously tells my colleague what are the figures after trying to hide them for three hours.

I want to go back to a comment made by the Minister of Health and Welfare a few moments ago. She pontificated, called the hon. member for York-Simcoe a sexist so-and-so, and that sort of thing. The implication of giving parables has been around for almost 2,000 years, and sometimes making a parable is a way of getting a message across, but I wonder if I heard the minister correctly. Did she say in her remarks that if

we do not go along with her proposals she would cancel the entire family allowances plan? That is what I heard her say, and I am anxious to know whether or not she actually meant it.

Miss Bégin: Mr. Chairman, I knew that I was the female Jean Chrétien with my bad English, but I did not think that it was that bad. Nobody has said that, and I think the hon. member has been imagining things. I see that he is also signing his Christmas cards as he is sitting there, so perhaps he did not listen carefully enough.

I am the minister in charge of family allowances. I am not interested in cancelling them at all. That is the interest of the hon. member for York-Simcoe. I see that the hon. member for Hastings is signing his Christmas cards again. He will not understand the answer if he does not listen and will be up again five minutes from now. The hon. member for York-Simcoe, who just asked the hon. member for Hastings to buy some time for him, does not understand this clause very well. He would like the public to believe that this child tax credit is a new expenditure and would not have existed were it not for Bill C-10. I can tell him that identical expenditures would have been brought in through the actual fiscal exemptions for some children and the actual rate of the family allowances.

Mr. Ellis: Mr. Chairman, I am delighted to hear the minister say that she in fact did not mean that she would withdraw the family allowance.

An hon. Member: She didn't say it either.

Mr. Ellis: The little seals over there are starting to make a lot of noise, but it does not bother me at all. I will take a quick look tomorrow morning at *Hansard*. Certainly the inference was, as far as I am concerned, that if this bill did not go through she was interested in perhaps cancelling the family allowances plan.

An hon. Member: Get serious.

Mr. Ellis: I have all night. I thank the minister for her reply. She is bound to make slams at any member who stands up and speaks, no matter where they come from, whether Churchill or York-Simcoe. I am quite capable of signing this material in front of me and paying full attention to the minister. It does not take that much attention.

Mr. Stevens: Mr. Chairman, it would be wise for the committee in a very sober sense to realize what has happened here tonight. We are told—and it is on the record in *Hansard*—that the 1981 figure is $2.3 billion and that after the reduction and certain allowances it will be $1.6 billion. After my pressing to find out exactly what figures they are using for 1980, we finally got it established that the figures were to be $2.4 billion and $1.71 billion. That is the gross figure less the $690 million.

Before I had a chance to ask for an explanation as to why the 1981 figures were actually lower than the 1980 figures, I think they realized that they had bombed on the 1981 figures and they quickly gave us the revised 1981 figures which are $2,540 million gross and $1,810 million net. These figures are significant because they substantiate the point I was trying to make earlier, that expenditures on family allowances according to their own figures based on 1980 will go up $100 million. If the parliamentary secretary disagrees with that, I would like to hear his comments.

Mr. Martin: Mr. Chairman, the hon. member for York-Simcoe has made a mathematical calculation that is quite accurate; 6 per cent of $2.4 billion is approximately $100 million.

Mr. Stevens: Mr. Chairman, will the parliamentary secretary also be as frank about telling us that the revenue loss between 1980 and 1981 will be $48 million as compared to the base year 1980? Is that not correct?

Mr. Martin: Mr. Chairman, again using 6 per cent calculation figures, the hon. member for York-Simcoe has done a correct mathematical calculation.

Mr. Stevens: Mr. Chairman, the parliamentary secretary agrees when I use 6 per cent, but it is 9 per cent that we should be using. That is the indexing figure for September 30, 1978, and the indexing figure that will be used for income tax purposes. I hope all hon. members will realize when the government suggests that this is a self-financing mechanism that they are overlooking the fact that it is self-financing in the base year 1980 only. From that year on the expenditure will go up, on the one hand, as we have said, using the figure of 6 per cent, by $100 million. On the other hand, on the revenue loss side, again using the 6 per cent figure we will have a loss of $48 million.

If we project that ahead to 1984—and I will not delay the committee to do it—we can see the colossal deficit that will fall in between those two lines. What is so serious about this misrepresentation is that the parliamentary secretary and the minister are using mirrors and trying to confuse us by saying that the figure could have gone up or could have gone down by x amount, so they subtract that, and then they net out the two subtractions, ending up with this figure that they talk about.

The point that I am trying to make is that the only year where they can gain an advantage in the family allowance write-off is in the base year. From then on, if they index both ways their expenditures will go up and their revenues will go down. I hope before we deal fully with this bill that all hon. members will realize this.

Mr. Martin: Mr. Chairman, I cannot believe what I am hearing from the hon. member, who is the official financial critic as for the official opposition. Presumably people look upon him some day—many years hence, and I doubt it will ever happen—being minister of finance.

An hon. Member: No, it will be de Cotret.

Mr. Martin: I do not know how to explain the situation any more simply. We have two figures. Going back to his 1979-80

figures, the two main figures are $810 million, and $690 million on the other side. If the indexing rate goes up, both those figures go up, not just one. Using his own figures, the $240 annual payment for one child will grow by $21.60 in the following year at the present rate. That is on the outgoing side. On the saving side, as a result of the lower base, those payments would have gone up by $30 from a level of $336. As indexing goes on year by year, we are bringing in additional funds as well as paying out additional funds.

• (2112)

I am sure the hon. member for York-Simcoe understands that. I could not conceive that he would seriously hold himself out as the official finance critic of the official opposition if he did not understand that there are two sides to this matter.

Mr. Stevens: Mr. Chairman, after over an hour I have the figures established. I think we have demonstrated that, contrary to the rather unfair presentation the government has been trying to get away with, in fact the family allowances expenditure will go up from the base year. The parliamentary secretary agrees that it is about $100 million even at a 6 per cent index rate. Revenues will fall by $48 million, again based on a 6 per cent indexation, which is well below the 9 per cent the government has used as far as income tax figures are concerned.

Before we vote on the bill I hope that all hon. members project ahead on the basis of the figures now in *Hansard* to see what the impact will be as far as future budgetary deficits are concerned. That is, if the bill passes in its present form. The time is long past when we should accept ministers of finance coming in after the event and telling us they miscalculated, or whatever reason they like to state, and that we now have a billion dollar deficit. The government has stumbled us into a $25 billion deficit for the coming year and they are now putting into position a widening deficit by this plan.

The final question I should like to put to the parliamentary secretary concerns clause 2 which refers to subsection 117.1(1) of the act and suggests adding a subsection (b), which in part reads as follows:

—the consumer price index for the 12-month period that ended on the 30th day of September next before that year bears to the consumer price index for the 12-month period that ended on the 30th day of September, 1977.

As the parliamentary secretary knows, the basis of the CPI has been changed and this month we got new figures. May I ask him if he has some assurance from Statistics Canada that they will furnish comparable figures to allow the base to be taken as September, 1977. Because as I understand it, the comparable figures will not be forthcoming on a month by month basis.

Mr. Martin: Mr. Chairman, I know the hon. member would not want me to leave one comment on the record without responding to it. We have pointed out that it is not the case that this particular bill is going to have any net effect on over-all government expenditures and widening the deficit, as he has continually attempted to suggest. That is not the case. As a result of passage of this bill, there will be a net saving to the over-all cost of the family allowances program in the first year of $35 million, and in the second year of some $45 million.

On the specifics of his question, the inflation rate to apply for next year was indicated in the budget; it will be 9 per cent. I believe subparagraph (*b*) gives the Minister of Finance discretion to establish the appropriate CPI applicable in subsequent years.

Mr. Stevens: This could go on all night, Mr. Chairman. One thing I want clearly understood is that the parliamentary secretary's interpretation of the effect of the bill in 1981 and ensuing years is totally wrong. I have taken the pains to try to demonstrate that, from their base year of 1980, in the first year there was going to be an expenditure of $100 million and a loss of $48 million. I hope that will clear up the record for most members, if not for the parliamentary secretary.

Clause 2 agreed to.

Clause 3 agreed to.

On clause 4—*Amount deemed paid in prescribed manner.*

Miss MacDonald: Mr. Chairman, I listened to much of the debate today with a great deal of interest and watched the minister act indignant from time to time as she threw out charges and countercharges. I have a particular interest in this clause. Of all the things that upset me about this bill, nothing upsets me more than the sexist language in which this clause is written. I am absolutely aghast at the minister saying she is the co-sponsor of a bill written in language such as this.

Let me just read one or two phrases from clause 4 into the record. Dealing with definitions, when talking about family income subclause (2)(*b*) reads as follows:

"income of the individual's family" for a taxation year means the aggregate of all amounts each of which is

(i) the income for the year of the individual, and

(ii) the income for the year of his spouse while married, if the individual resided with his spouse at the end of December of the year.

I will come back to this later in discussing the whole clause. In the phrase "income for the year of the individual", for the word "individual" read "male". And in the second part where it says "income for the year of his spouse", it does not even specify the "other" spouse—not anything of that nature. The minister then gets up and puts on a great sham show of sexist charges. There was a time in this House when the former member for Vancouver-Kingsway would have raised the subject time and again on behalf of the party to my left, but I am not at all sure where that party stands on questions of this nature any more.

• (2122)

This clause embodies not just a repugnant kind of language written, into a bill of this importance, but also, and even more significant, there is a basic philosophical difference here. Certainly there seems to be between the minister and myself. That basic philosophical difference is embodied in very clear lan-

guage. The difference between the minister and myself, in the interpretation of this clause and in the general approach of this bill is the way in which she views the rights and responsibilities of women as individuals and the way I view them.

I am sorry that the minister has not been able to see the point I have been trying to make over and over again during the course of the debate on this bill. Income of women cannot be looked upon as appendages to their husbands' income, any more than they can be looked upon as appendages to their husbands. They are individuals in their own right. That is the way any kind of a change to the tax system should be discussed.

I raise this point because I am extremely concerned as to the way in which the government has been looking at the role of Canadian women in society over the last few months. I am concerned because I see a pattern emerging. This pattern is here again in this clause where the Minister of Finance makes the statement that women are taking jobs away from men. By insinuation he implies that women going into the labour force and increasing their participation in it are the cause of mounting unemployment.

An hon. Member: He said he has nothing against that.

Miss MacDonald: If he has nothing against that, why does he not stop saying it?

Bill C-14 is now being discussed in committee, and the adverse impact of that bill will fall heavier on women than it will on men. We have had group after group come before us who have made that point. We have seen this kind of legislation recently with the changes to the spouse's allowance and in the niggardly approach the minister took toward elderly women.

As I say, this seems to be a pattern that is emerging, and it is seen more clearly than ever as set out in this particular clause. Embodied in this clause is the principle of family income. It is a new principle as far as the Income Tax Act is concerned. The principle of family income has not been written into the Income Tax Act before. It is the first time a provision is being put into the Income Tax Act based on the joint income of spouses.

The minister refuses to acknowledge any connection between the joint income provision in this bill and the principle of joint filing. She has discounted it on a number of occasions. Whether there is a single sheet of paper on which both incomes are added together or whether there is a joint, complex tax form is quite beside the point. It is important to point out that the filing unit for the purpose of the child tax credit is the husband and wife, if both are working. This is very clearly stated in this clause.

I refer the minister to a document that was put out by the Minister of Finance on November 16, the night of the budget. This is a document which dealt with filing units. The document is called "Integration of Social Program Payments into the Income Tax System". In this booklet the Minister of Finance deals with four options of filing units for the purposes of the income-tested refundable tax credits. The four options include (1) the individual; (2) the primary earner—this is the spouse with the higher income; (3) the primary earner plus spouse; and (4) the family, including children. This clause that the minister has before us clearly uses the third option that the Minister of Finance presented in his integration of social program payments into the income tax system. In this document the minister speaks about this particular option; that is, the primary earner plus spouse; the husband plus the secondary earner, which is the wife. At page 14 of this document he says:

> However, a move to any type of "joint filing" for purposes of the Income Tax Act would be very significant, both conceptually and in terms of administrative complexity.

The Minister of Finance recognizes that there is a connection between the two. He considers it very significant. At page 19 of this document, under the heading "Family-Based Benefit and Income-Testing", the statement appears:

> Since supplementation is intended to assist low-income families, it would be appropriate to adopt a filing unit which included both spouses. . . . As noted under general features, any move to "joint" or "family" filing for purposes of calculating a tax credit would involve major changes to the present tax system.

That is the point I want to underline, that the Minister of Finance said it would involve major changes to the present tax system. However, the Minister of National Health and Welfare when she was responding to me earlier in this debate passed it off as having very little meaning whatsoever. I was glad to read that the Minister of Finance recognized that the introduction of the concept of family income into the Income Tax Act is a very major step. On the other hand, the Minister of National Health and Welfare denies there is anything new in the family income provision. It is just the same old thing, she said; all the other programs are based on it.

This is the first time it is built into the income tax provisions. That is what is new. That is what is different, and that is what is major about it. I ask the minister, does she disagree with the Minister of Finance on the significance of this step that is being taken in introducing the family income provision into the Income Tax Act? Does she agree with him that it is a major step or doesn't she? The other night she dismissed it and said that it was already in practice. I would like to ask her as well if she disagrees—and I quote the Minister of Finance—if this step comes under any move to joint or family filing for purposes of calculating a tax credit. The other night the minister dismissed that as well. I hope that she will not answer as she did the other night, when she said that the income tax form used is "just a slip of paper".

I have attempted previously to express to the minister my concern about the concept of family income based, as it is in this bill, on marital status. I have expressed my concern that it is a regressive step to put such a principle in the Income Tax Act at a time when the human rights commissioner is looking into all legislation, but especially if he is looking into the Income Tax Act for discriminatory clauses. This is also a time when society is in transition, a time when a more complex analysis of household units and income would make much better sense.

● (2132)

I have raised this matter, as the minister knows, on several occasions. The family income provision in this bill is discriminatory since it is based on the marital status of the individuals concerned. I have read the particular portion of this clause which sets this out clearly. The commissioner of human rights has written to the Minister of Finance expressing his concern about assessing family income as a basis for taxation and social policy. Perhaps the Parliamentary Secretary to the Minister of Finance could tell me whether the Minister of Finance has responded to the concern shown by the human rights commissioner. The commissioner wrote:

We would like to be assured that the government does not intend to base its future taxation and social policies on the joint income of two spouses, which is not an adequate definition of family income.

That is the definition we find in the bill. The commissioner goes on to state in his letter of November 2, 1978:

The basic principle of using the income of the total family or living group will require extensive examination before its implications are fully appreciated.

I should like to know what views the Minister of Finance expressed in response to his letter.

Aside from the fact that the family income provision discriminates against couples who are married, the principle falls back on the notion of dependency against which women have been fighting for many years. I would have expected the minister to have recognized this. The assumption inherent in the bill is that a man who earns $5,000 or $20,000 or $50,000 shares that income equitably with his family. We all know that in law a wife has no claim on her husband's salary. She may be entitled to half the house should the marriage dissolve, but she is not entitled to half the monthly pay cheque as long as the marriage holds together. The family income provision in this bill presumes that married people pool their income and share it. I hope that is true in many cases but I am sure that in many other cases it is not. Large numbers of married women go out to work to improve their economic status and that of their children. They may need an individual income because they do not get a fair share of the husband's income.

That is the reality of the world we live in, yet this clause proposes to lock into legislation a presumption that the husband automatically shares his income with the wife. The wife becomes a dependant who is looked after by the husband at all times. The family income provision lumps the income of the wife with that of the husband and assumes it to be one income. As a result, many thousands of married working women will be deprived of the child tax credit. As long as women on the whole make significantly less money than men, and as long as they have no claim in law to their husband's income, the family income provision as set out in this clause will hurt them. As long as married working women are looked upon as an excuse for high unemployment figures, as long as their income is regarded as secondary income, any kind of family income provisions will work against their attempt at equality in the work force and in the home.

I should also like to ask the minister what kind of study went into the family income provision as set out in this clause. I would like to ask her how much consideration was given to the other options listed in the background paper put out by the Department of Finance. Did she, for example, consider option number four which talks of taking total family income into account rather than just the income of the spouses? Did she consider a total "household income" option? Did she give consideration to any options dealing with individual income? Or did she choose the joint income route just because it was easiest from an administrative point of view? Is that the real reason we find this proposal before us today, one which will, indeed, hurt women?

I should like the minister to tell us as well whether she intends to have those sexist clauses redrafted—

The Assistant Deputy Chairman: Order, please. I regret to interrupt the hon. member but her time has expired.

Miss Bégin: First, two corrections to statements made by the hon. member for Kingston and The Islands. When she referred to the study carried out under the Minister of Finance, she made a mistake. The book is entitled "Integration of Social Program Payments into the Income Tax System." It is a paper written by officials of the Department of National Revenue, the Department of Finance and the Department of National Health and Welfare. This document—it is particularly boring to read, I must say—studies the avenues existing within the income tax system for the delivery of social payments. Two different task forces from the three departments considered what could be done and which of the four avenues listed in this report would be the best and most equitable. This work was carried out over two years. The last report was submitted to me in March, if my memory serves me well. We did the work at my level and then within the cabinet committee system. So the question has been well studied.

I wish to correct the hon. member further. She suggests the bill is sexist. Bills are boring, as far as I am concerned, in their jargon but the French version, the one with which I am most familiar, is absolutely neutral if there is such a way of referring to men and women. The English version could be improved upon as far as I can see. If there is a discrimination in this bill it is that the cheque goes to the mothers in the vast majority of cases, except where fathers have legal custody.

● (2142)

I am very proud of that feature of the bill. It is a discrimination. It could go to fathers, but it is going to mothers. That is something of which I am particularly proud. That means $120 million more net money—after compensating in my calculation for the slight reductions in the family allowances—in the hands of women in Canada who are at the low end of the middle class and at the low end of the social and economic class of the country. This amounts to economic independence in the hands of women. It is exactly what I wanted, and I am very pleased about it. It is money for children, but it must go through the hands of adults. We had to choose which adults. After much discussion we on this side of the House chose women. This money will be good money. There were opposite

viewpoints on that question. We chose women. It is a discrimination, I acknowledge that, and I am very proud of it. I have waited and waited, but again this morning in the *Globe and Mail* there was a long article tending to depict this bill as being discriminatory against women. I cannot accept that, because that is not true.

I would like to point out a few truths to the hon. member for Kingston and The Islands. She knows and I know very well that ideologies at times carry us away from a few realities. I suggest to my hon. colleague that she is becoming impractical when she pushes an ideology to the ultimate. She loses track of the realities of families and of life. In fact, she is attaching her name and her credibility to a very elitist argument. In lower middle class and poor families women and husbands work together. Each knows what the other earns. Their money is put together. There never is enough money. The economic autonomy which is the symbol of some women's movements happens only in rich social classes. In those classes wives do not work outside, and husbands do not give their wives enough of their salaries. That is not what happens in poor families and in the lower middle classes.

The view being pushed by the hon. member for Kingston and The Islands is a mistake. The arguments she is putting forward are clearly not applicable here, and she has taken an elitist view regarding the economic independence of women. By equipping mothers in the poor classes with $120 million more, we are equipping them with economic autonomy. That is very important. That is not discrimination.

I would like to remind the hon. member that numerous women's groups are supporting this bill. Native Indian women are supporting this bill. The National Advisory Council on the Status of Women is supporting this bill.

Miss MacDonald: A Liberal patsy group.

[*Translation*]

Miss Bégin: The Quebec Women's Federation supports that bill. I repeat it.

[*English*]

The Quebec Women's Federation, of which I am a co-founder, supports this bill. That federation has told us so. We have documents. The National Action Committee on the Status of Women supports this bill. The Liberal Women's Commission supports this bill.

[*Translation*]

The Quebec Action and Information System for Women, the AISW of Quebec—

[*English*]

—supports this bill as well. I could go on and on. In order to be just and fair, I said earlier that women's groups in this country regret that to do what we have done we had to reduce family allowances. I appreciate that. It is about time women fought for their share of government programs. I regret that too, but this tax credit is supported by women. The opposite is not the case.

I would like to remind my hon. colleague of two other dimensions. I mentioned briefly native women's associations. I want to tell the hon. member that there will be $90 million more for native women in 1979. Is that good or bad? As far as I am concerned, it is good. It is cash. It is economic autonomy. Of course, it is for children. When people have relatively limited budgets, it is always for children, but it goes to mothers. That is important. Mothers are very good at making decisions regarding families and often are family ministers of finance. I think 90 per cent of single parent families are headed by women, and $30 million more is going to them. From all angles this measure benefits women above men, and in that respect it may be discriminatory. I do not apologize for that; I am very pleased about it.

With regard to the philosophical basis for asking mothers to declare their incomes—and the incomes of their husbands in two-parent families—I want to say to my friend the hon. member for Kingston and the Islands, who has been my friend in the women's movement until this bill came under study, when she became carried away by ideology, that for years women have been fighting to get fathers to assume parenthood with them jointly. They do not want to be left alone to solve problems, to provide care and to take responsibility for their children.

If that is what the women's movement has wanted, and rightly so, why does the hon. member suddenly want to have it both ways? It is impossible to have it both ways. Both parents are usually responsible for their children. It is impossible to put that responsibility on the shoulders of one of the two. It is wrong and unfair, and the imbalance now existing by which mothers have almost the sole responsibility, for all practical purposes, should be corrected. Women have fought to have fathers assume parenthood with them. This bill has nothing to do with implementing joint filing for tax purposes in Canada.

Miss MacDonald: Not according to the Minister of Finance.

Miss Bégin: I have often tried to explain this. I should have brought with me a draft of the single page which will be sent with all family allowance cheques in the month of January. In that draft we discuss a form which will be used to establish the number of children and the incomes of their parents. This bill makes provision for children in poor families and in lower middle classes. It provides more money.

When it comes to children we cannot speak of autonomy of women as opposed to men. This is not the forum for that. We want two parents to be responsible for their children and to exercise their responsibility jointly. When there are two parents and two sources of income—or one, depending on the choices of the families involved—we have to know what amount of money is available for the children. We will ask about that on a simple one-page form. That form will have space for the identification of the mother. There will be a space for her social insurance number, her address and so forth. In the second part we ask for the arithmetic of the family, which means the take-home pay. The form asks for a

declaration of take-home pay and the number of children. This will tell us how much is requested in the form of child tax credits.

Then there is a certification. There is space for two signatures stating that this is the truth, the only truth and the whole truth. Those signatures are the signatures of the mother and the father. If there is no father, only the signature of the mother is required. In cases of separation, divorce and so forth only the mother's signature is required. Of course, she will declare, whenever it applies, all moneys or other payments she receives on behalf of her children because those are forms of family income.

• (2152)

This is no discrimination. If there was need for proof, and that is the ultimate proof—I regret it in a sense because it means an additional paper burden on women in the country—each partner in a family will have to file an income tax form separately. So individual taxation, which is the key to the taxation system in Canada, is totally respected here. I hope that next year we will be able to have only one form for the 1.5 million mothers who do not file an income tax return. I cannot repeat more clearly that this bill reflects the reality that children depend on parental resources and that parents are jointly responsible for their children. Nothing is more basic to our society or to any society, and that is what the women's movement has strived for.

I could speak and speak on this subject because it is one of my favourite topics. It happens that I want to do things that will help women take their full place in society and get what they are entitled to. Today I am sponsoring a bill which discriminates in their favour, and I am proud of it. I ask: Is the hon. member opposed to the GIS procedure by which every month both partners in a marriage put their income together and declare it so as to get the supplement? What is wrong with that?

Some hon. Members: Hear, hear!

Mr. Rae: Mr. Chairman, in the short time remaining I want simply to point out to the hon. member for Kingston and the Islands that no party has a monopoly on fighting discrimination. Certainly if you look at the statements I have made—I admit I am not the kind of member to whom one would instantly refer while reading *Hansard*—you would find that on November 7 I raised this matter with the minister and with her colleague. We were sitting in almost the same places and we discussed precisely this isssue which was raised at that time by Mr. Fairweather of the human rights commission. So I do not think she can say that this party has been either silent or unconcerned about whether or not there are discriminatory elements in this aspect of the bill.

However, I think the issue is a little more complex than the hon. member has allowed, for the very simple reason that what we are trying to do in this bill, as I understand it—we support it, I want to make that perfectly clear, but I am certainly not sure where the hon. member for York-Simcoe stands on the bill after having heard him this evening—is not simply to deal with whether a woman or a husband can file separately. That is not the only issue.

The other question is, what is the income of the household unit, of the family unit which is supporting a child or children. It is a middle class illusion of the worst kind to think that we cannot take into account the income of the family unit because it would give rise to all kinds of other discrimination of an economic nature that is much more profound.

What will you do in a situation where a middle-class lawyer or doctor is earning $40,000, $50,000 or $60,000 a year, his wife is not working because she has children and they have decided that that is the way they want to do things, so she is not making any money? That is a household unit supporting a family. It would be highly inequitable if the poorer members of this population were to support the children of that family because we were allowed to carry out a bourgeois illusion—if I may use that word in the House—that the woman was independent in that situation.

In this situation we are looking at the whole family unit, and we have to ask ourselves not only whether there is discrimination against women, but whether there is discrimination of an economic kind and the money is getting to the people who really need it. That seems to be the critical question.

I have some concerns, which I have already expressed to the minister and to the parliamentary secretary, in that I am not sure that the wording in section 121.1(a) as it now stands really addresses itself to the reality. The reality is that a family unit today is much more broadly defined. Here I agree with the hon. member for Kingston and the Islands, who brought out the same point. Today, the family unit is much more complex than this bill allows for.

I do not wish to put forward an amendment tonight, so I will give the minister notice of the amendment which I propose to bring forward on Tuesday. It will take into account the fact that we have to deal with common law relationships where people are not necessarily married but nevertheless are providing a joint income for the support of the child, and it will deal with a form which will be quite separate from the income tax form, as the minister has already said—and I was delighted to hear it. There is no reason why we cannot have the concept of a family income or household income, and a definition of a household which will ensure that there are no inequities in this system. I gave an example on November 7 but I will give it again. If you have two common law spouses living together and, let us say, they have been separated from their previous marriages, and they have children from those marriages to support but they do not happen to be married, and both happen to have a sizeable income, it would be discriminatory to give that upper middle-class family with a high standard of living a benefit to which they are not entitled in economic or social terms.

I want to say on behalf of my party that the real discrimination with which we are concerned—we have expressed our concern for women, youth and the unemployment problem yesterday and today in committee and in the House and we

will continue to do that—is the fact that we want to be certain that under the bill the money will go to those households and families where there is a need for it; and we want to ensure that we keep intact the redistributive effects of this bill. We congratulate the government on the redistributive intent in the bill and we want to see it preserved.

The Assistant Deputy Chairman: Order, please. It being ten o'clock, it is my duty to rise, report progress and request leave to consider the bill again at the next sitting of the House.

Progress reported.

PROCEEDINGS ON ADJOURNMENT MOTION

[*Translation*]

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

ADMINISTRATION OF JUSTICE—FIREARMS CONTROL PROGRAM—REQUEST FOR PROGRESS REPORT

Mr. Albert Béchard (Bonaventure-Îles-de-la-Madeleine): Mr. Speaker, on November 14 a Montreal newpaper, *The Gazette*, published in its daily edition a disturbing article, under the circumstances, about the restricted firearms recall campaign undertaken by the Canadian government. With your leave, Mr. Speaker, I would like to quote a few excerpts of that article entitled:

● (2202)

[*English*]

Guns amnesty may misfire, police fear.

Operation Exchange—the two week old amnesty campaign started by the federal government to encourage people to hand over illegal or restricted firearms—appears headed for failure in Quebec.

Police believe there are about 10,000 illegal firearms in Quebec but say this year's program will fail unless the government steps up its publicity campaign.

"Many people aren't aware of the amnesty program because of poor publicity," said Quebec Police Force Constable Marcel Bélanger.

[*Translation*]

Such are the comments of Mr. Steven Kowch, if my pronunciation is correct, which led me on the following day to direct to the Solicitor General a question which appears on page 1149 of *Hansard* and which was stated as follows:

With regard to the restricted firearms recall campaign undertaken by the Canadian government and more particularly by his department, could the minister tell the House and the Canadian public whether it is true that this campaign has had disappointing results in the province of Quebec? At the same time, could he indicate whether this campaign is having encouraging results in other parts of Canada?

[Mr. Rae.]

If, in his answer, the Solicitor General said he was satisfied and very much encouraged by the results of that campaign among the general public, he was far from answering my concern about the results of that operation in Quebec, which arose from the statements made by Mr. Kowch. If encouraging, an accurate answer would have enabled me to ignore the statements published in the *Gazette*, and consequently to regard them as a reinstatement of the frequent regard and absolutely political criticism of the relations between the Government of Canada and the province of Quebec. The people of my province want only to feel as completely secure as possible, and consequently they would have also welcomed a clear answer with some relief. As a result of this incomplete reply by the minister, the concern which Steven Kowch's remarks had raised in me, instead of being dispelled or reduced, increased.

You are certainly aware, Mr. Speaker, that this campaign—which by the way is supposed to end today, unless it was extended—is part of a process initiated by the Solicitor General of Canada to encourage Canadians to register their restricted weapons or get rid of them if they want to. The public must also understand that this service was set up to protect individuals from a possible accusation of simple possession of illegal weapons as provided under the act. Hon. members, needless to say, need not being reminded that the government, in order to maintain law and order in this era of violence which began several years ago, had come to the conclusion that it was necessary to reinforce the Canadian statutes dealing with gun control and introduced a legislation which was adopted by parliament in 1977 and entered into force on January 1, 1978.

We should consider that over a five year period before the adoption of this gun control act, the number of casualties due to firearms increased constantly every year. For instance, the number of suicides which account for the greater part of these casualties increased by 17.12 per cent, the numbers of murders or homicides increased by 27.10 per cent, while, accidents decreased by 19.82 per cent. There is no longer any need to prove the relevance of this measure passed in 1977. That is why, Mr. Speaker, the article I referred to at the beginning of my remarks has created some concern in my mind and among a large sector of the people in Quebec. In the hope of obtaining tonight a clear and precise answer, I will again put this question to the Parliamentary Secretary to the Solicitor General: With regard to the restricted firearms recall campaign undertaken by the Canadian government and more particularly by his department, could he tell the House and the Canadian public whether it is true that this campaign has had disappointing results in the province of Quebec? At the same time, could he tell us whether this campaign is having more encouraging results in other parts of Canada?

● (2207)

[*English*]

Mr. Roger Young (Parliamentary Secretary to Solicitor General): Mr. Speaker, when the hon. member last queried the

Solicitor General (Mr. Blais) on the results of the firearms amnesty program in Quebec and other regions of Canada, the program was only at its halfway mark and results were available only for the first ten days. It was, therefore, difficult at that point to make an accurate forecast of the final outcome.

Today at midnight the program comes to an end. Figures released today by the Solicitor General make it clear that the program has in fact been a resounding success. With statistics only up to November 24, the national total stands at 23,331; that is, firearms of all types brought forward for registration or disposal. I am confident that by the time the results of the last six days are tallied we will be very comfortably over the 30,000 mark for the entire month. That is 1,000 guns a day, most of them illegally held guns now made legal, but large numbers also being unwanted guns turned in in the interest of safety. This demonstrates a tremendous vote of confidence in the gun control program on the part of the public.

I also wish to stress that, based on figures available to date, the program has been a success in all parts of Canada, including Quebec, where for years the authorities have been actively encouraging owners of illegal weapons to bring them forward to police for legalization or disposal.

It has been said that the Quebec figures were too low. Indeed, if one judges only by the rough statistics, of the more than 23,000 guns received to date, Quebec was responsible for only 1,300 or so, while Ontario accounted for over 10,000, over 80 per cent of the guns in all cases being handguns.

In fact, those figures should be analysed in relation to the gun ownership pattern across the country. Quebec, for instance, holds only 8.1 per cent of all the handguns in Canada, according to an extensive gun survey done in 1976 by Statistics Canada. Under amnesty, they account for 5.2 per cent of all handguns brought in across Canada. Although this is slightly below their share of the national stock, the discrepancy is probably more than offset by the fact that under its unofficial amnesty policy, Quebec received about 2,500 such weapons in 1977 alone. It is fair to say that most of those guns would otherwise have quite probably turned up this year. This parallel holds true for other regions, none of which is very far above or below its share of the national stock.

Our Quebec figures are a little bit light due to difficulties in obtaining returns from certain districts. Full figures for all regions will be available next week and I am sure they will confirm that the program has been totally successful in all parts of the country.

CANADIAN WHEAT BOARD—PURCHASE OF HOPPER CARS BY BOARD—CONSULTATION WITH RAILWAYS

Mr. Frank Hamilton (Swift Current-Maple Creek): Mr. Speaker, I am taking part in the debate tonight because of a three-part question I put on November 28 to the minister responsible for the Canadian Wheat Board. My question was inspired by an announcement that the Canadian Wheat Board was tendering for 2,000 hopper cars to be purchased out of the proceeds of the sale of producers' grain, and the government was using as its authority section 4(4)(d) of the Canadian Wheat Board Act which gives the board the power:

—to acquire, hold and dispose of real and personal property, but the board shall not acquire or dispose of any real property without the approval of the governor in council;

The first part of my question asked if there was a need for these cars. The minister presently has a study costing $650,000 under way on this very subject. The second part of the question asked if producer groups had been consulted. Despite what the minister says, Mr. Speaker, no farm groups were consulted. The advisory committee to the Canadian Wheat Board, however, was consulted, but this group ceases its functions very soon when their terms expire, and a new committee is about to be elected.

The third part of my question asked if any new or innovative ideas were forthcoming to improve the situation at Vancouver, to which the minister replied no, there were no new ideas.

● (2212)

We see this move as a breach of the spirit of the National Transportation Act. In effect, what it does is change the statutory freight rates on grain without consulting parliament. It is unprecedented in the 40 years of Canadian Wheat Board operations. On this side of the House we feel that the Canadian Wheat Board has been an outstanding example of the implementation of government in action on behalf of the individual producers. It must be assisted by the national government, and we want to keep it that way.

I fear, because the present minister has let things slide so badly, that the board probably had no alternative but to take this unprecedented action in order to focus national attention on transportation problems. This government has a responsibility to act and to act now. The situation at present is that we have greater markets overseas than the Canadian Wheat Board can serve, and there is greater productive capacity on the prairies than our producers have used. The tragedy is that unless this changes there will be no incentive to use the modern technology that is available. It is easier to sell grain now than to transport it to tidewater.

Lost sales, deferred sales, interest and demurrage claims will total well over $500 million this year, something over $4,000 for every permit holder in western Canada. We are sold out right through 1979 and will not be in the market in a meaningful way until after that time. So the story is, lost sales, deferred sales, boats waiting and customers waiting out there.

The question is, how can we make better and more effective use of the system we have? This fall the railways claim that they have unused capacity. If, as they contend they have unused rail capacity in the summer when weather is good, then surely we should be looking at stockpiling or positioning our grain in overseas terminals during that period. It seems to me that in a great port such as Rotterdam there should be a terminal elevator with "Canada" written on it, and a Canadian inspector stationed there so that when a miller sends his barge down the Rhine he will be assured he will be getting the proper

grade. We have never allowed one bushel of Canadian wheat to leave this country unsold. I know the old argument, that if you put us in a long position it will force the price down, but in 1978 I cannot buy that.

We have unused capacity at Pacific seaboard in the form of the bulk handling terminals, Canadian Pacific at Port Moodie, Neptune Terminals and Vancouver wharves. These could be used to supplement the existing terminal system at no additional cost. Put the wheat through the terminals, but let us put our feed barley through the bulk handling facilities. Certainly farm run feed barley is equally as good as our export grade. It seems to me that the fastest way to get the price of this grain up is to get rid of it; but instead we continually advertise to the world that we have a tremendous carryover here in Canada of half a billion bushels. Nothing could be more depressing to the world price than a statement like that.

We could have given special over quota privileges at the interior government elevators which would have helped shorten the turnaround time required for the railways. This method was tried in Lethbridge and was found to be very successful. All we needed in Prince Rupert was a commitment by the Canadian Wheat Board and this government that grain would move through there. If this commitment had been given the grain companies themselves would have had terminal facilities at Prince Rupert years ago.

Our western grain farmers go about the business each year of producing wealth for this nation, and I believe that they deserve a better shake than this. It is time for new and innovative ideas as we get ready to move into the 1980s.

[*Translation*]

Mr. Hal Herbert (Parliamentary Secretary to Minister of State for Urban Affairs): Mr. Speaker, the question relating to the number of cars we might need is a complex one because we have to know how many times they are turned around between the prairies and Thunder Bay or the west coast. We also have to know if we have a minimum number of cars to meet the needs in ordinary times or peak periods, when necessary, even though it be for only five or six weeks.

Railway companies have argued that the number of cars required would be available but it is still difficult to determine how many cars are required. The Canadian Wheat Board and the Minister of Transport (Mr. Lang), as he stated this afternoon, are convinced we will need more cars in the very near future.

The Canadian Wheat Board may have a different view from the railways as to what constitutes an adequate number of cars. The board must be concerned with the fact that it might have to pay demurrage charges. Consequently the cars that the Board is planning to buy might enable it to avoid demurrage charges in the future during peak periods of market demand.

Producers have the same concerns as the board and when they were consulted they accepted in principle the proposed purchase. These past few days, the minister supported the steps taken by the Canadian Wheat Board. However, I must also emphasize the other steps taken by the minister. The branch line upgrading program being over, greater and more efficient use will be made of the cars now available and all those the board might acquire later on. In order to ensure better use of the whole system, the minister announced this afternoon the appointment of an analyst to study grain handling and transportation operations and make suggestions for improvements.

The recently released Snavely report indicates that major improvements have already been made with respect to the use of cars. Nevertheless we have to determine whether it is possible to do more and make further improvements as soon as possible. In concluding, I will say that we can prove that the government took a benevolent attitude towards the handling and transportation problems this country is facing.

[Mr. Hamilton (Swift Current-Maple Creek).]

• (2217)

[*English*]

URBAN AFFAIRS—ALLEGED FAILURE OF DEPARTMENT TO PROMOTE HOME INSULATION PROGRAM

Mr. Derek Blackburn (Brant): Mr. Speaker, on October 23 I addressed questions to the Minister of Energy, Mines and Resources (Mr. Gillespie) and the Minister of State for Urban Affairs (Mr. Ouellet) regarding cutbacks amounting to $116 million in the Canadian home insulation program. At that time I did not receive satisfactory or substantive answers from either minister.

When the program was unveiled last year it was described by the Minister of Energy, Mines and Resources as the "key item" in a campaign to reduce the rate of growth of energy use to zero per cent per person by 1985. I do not think anyone would dispute the aims of this program particularly at a time when the conservation of our non-renewable resources is recognized as being more important than ever before. The minister envisioned that CHIP would save this country 50 million barrels of oil a year, which would amount to a saving of $1 billion on the annual cost of imported oil. What is more, the average Canadian who took full advantage of the insulation program could expect to cut his heating bill by 37 per cent. According to the minister, that would amount to a saving of $140 a year for the average family.

After such ambitious beginnings, it was difficult to believe the government announcement that CHIP, barely a year old, would become a victim of this government's misguided restraint program. But it did. The Minister of Energy, Mines and Resources has announced that the CHIP budget has been cut in half, leaving only $116 million to continue the program over the next two years. When I asked the minister if the cutbacks mean the government is abandoning its commitment

to help home owners reduce their energy consumption, he replied that it was not. In fact, he suggested he was satisfied with the success of the program and said it would go forward on a much less ambitious scale in future.

Mr. Speaker, I maintain the government is indeed abandoning its energy saving conservation objectives. With funds for the "key item" in its energy conservation program cut in half to $56 million this year and $60 million next year, that conclusion is obvious. These cutbacks in home insulation grants are going to mean a long, cold winter for thousands of homeowners who will be disqualified from the program.

Under CHIP, owners of homes built before 1946 can apply for a grant of up to $350 to cover the cost of insulation materials. As it was originally conceived, the program was to be advanced so that by 1984 all homes built before 1977 would be eligible for grants. The cutbacks mean that the qualifying date for CHIP grants will be held at 1946. This completely disregards the fact that by far the majority of Canadian homes were built after the second world war. Because of the restrictions imposed by the cutbacks, only 20 per cent of Canadian home owners will be able to participate in what is—or was—a very important and beneficial program.

I addressed my supplementary question to the minister of urban affairs, who was responsible for the administration of the Canadian home insulation program through Central Mortgage and Housing Corporation. I regret his answer was no more informative than that supplied by his colleague.

● (2222)

It is a sad fact that only 50,000 of the 1.2 million owners of single unit dwellings eligible for insulation grants have taken advantage of CHIP. I suggested to the minister that the reason for this poor showing was his own department's failure to promote the aims and objectives of the program. The minister preferred to turn this around and he blamed the public for being slow to respond.

The minister's department optimistically claims that more than 100,000 home owners will take advantage of the program next year, which will fulfil all the demand there is. I maintain, Mr. Speaker, that if this program was better promoted, and if eligibility was not limited by budget cutbacks to less than 20 per cent of the home owners in Canada, demand for this program would be increased tenfold.

Energy conservation is no less important today than it was a year ago when CHIP was first introduced. In the process of reducing energy consumption, this program has created jobs and boosted industry. This is not the time to cut back. It will also cut out the creation of jobs in the Canada Works phase 2 for senior citizens and those eligible under the CHIP program. That is another problem that we will have to face this winter. It will add to unemployment.

All in all I was not satisfied with the answer to my questions. I hope the parliamentary secretary will have some good news in his brief remarks.

Mr. Hal Herbert (Parliamentary Secretary to Minister of State for Urban Affairs): Mr. Speaker, this subject was discussed in committee just this afternoon. It is not a question of budget cuts but of utilization of the funds that have been made available. It is true the requests that have been coming have not been coming fast enough to use up the available funds.

When the Canadian Home Insulation Program was first introduced there was concern over the possible impact of such an incentive on the supply and price of insulation materials. As a construction man I was concerned because at that time there was a shortage of insulation materials in the province of Quebec. Even when the program was introduced in Prince Edward Island and another maritime province I was concerned that this would create a further shortage of insulation materials. There was a belief that the manufacturing capacity had not yet been put in place to meet the extra demand that would be stimulated. This was true.

During the preceding summer, manufacturers had not been utilizing their full manufacturing capacity. There was a fear that consumer protection mechanisms had not been sufficiently developed. The government wanted to provide an incentive for people to insulate their homes but it did not want to do so in a way that would result in dislocation of the new housing industry, or put inflationary pressures on materials and cause problems of faulty insulation. Obviously if there had been a bigger demand for insulation materials, it would have had some effect on new house construction.

The nature and amount of grant offered needed to be tailored to a deliberate and responsible introduction of this new factor into the market. Now we have more than a year's experience and it is clear that if the Canadian Home Insulation Program is to meet its targets, some additional inducements will be needed. Obviously the first effort must be to have the older houses well insulated. These are the houses which have the poorest insulation as a general rule. The program has been structured so that these changes can be brought in with a minimum of complication. Central Mortgage and Housing Corporation staff have been studying through sample surveys and other means what advice to give to the minister on this matter. He should be in a position to make an announcement within a few weeks.

The home insulation program staff have worked hard and conscientiously to promote the program. Over 272,000 Canadians have been sent application kits, and requests are coming in at the rate of more than 1,500 each week. I have no doubt that ultimately the program can and will achieve its objectives.

In conclusion, I was personally concerned that the demand would be such that the construction market for insulation

products would be disrupted by the program. I expressed that concern to the minister at the time, and I was not then occupying my present position. I feel that the way the program has been introduced is the best way to proceed, and as time progresses I have no doubt whatever that the moneys allowed for this program will be utilized to the full.

• (2227)

The Acting Speaker (Mr. Ethier): The motion to adjourn the House is now deemed to have been adopted. Accordingly, this House stands adjourned until eleven o'clock a.m. tomorrow.

Motion agreed to and the House adjourned at 10.27 p.m., without question put, pursuant to Standing Order.

HOUSE OF COMMONS

Friday, December 1, 1978

The House met at 11 a.m.

• (1107)

ROUTINE PROCEEDINGS

[*English*]

EXTERNAL AFFAIRS

REQUEST FOR STATEMENT REGARDING RETURN TO CANADA OF FORMER FLQ MEMBERS—MOTION UNDER S.O. 43

Mr. Geoff Scott (Hamilton-Wentworth): Mr. Speaker, I rise, under the provisions of Standing Order 43, on a matter of urgency to many Canadians, namely, concern about the imminent return to this country of two FLQ terrorists exiled from Canada in 1970.

Since the feeling persists that some preconditions may be attached to the return of these people, while they retain their Canadian citizenship, I move, seconded by the hon. member for Eglinton (Mr. Parker):

That this House requests the appropriate minister to make a full statement on motions as to what the original deal was when the terrorists were exiled in 1970, was it verbal or in writing, and to confirm or deny whether any discussions have taken place with any authorities at any level of government to allow these people back on to Canadian soil in time for Christmas.

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

Some hon. Members: Agreed.

Some hon. Members: No.

* * *

PENITENTIARIES

CALL FOR CHANGES WITHIN PENITENTIARY SYSTEM—MOTION UNDER S.O. 43

Mr. Otto Jelinek (High Park-Humber Valley): Mr. Speaker, I rise on an urgent and serious matter, under Standing Order 43, dealing with the lack of safety within our penitentiary system. My motion, therefore, does not require a lengthy preamble as members are well aware of the necessity to improve the system in this regard, as underlined once again in the recent tragic events at Millhaven and Collins Bay penitentiaries. Therefore I move, seconded by the hon. member for Huron-Middlesex (Mr. McKinley):

That this House instruct the Solicitor General to implement forthwith measures dealing with changes related to the safety within the Canadian penitentiary system as outlined in the parliamentary subcommittee report on the penitentiary system in Canada, currently collecting dust and, further, introduce legislation outlining a return to capital punishment for first degree, premeditated murders.

Mr. Speaker: The presentation of such a motion for debate at this time can be done only with the unanimous consent of the House. Is there unanimous consent?

Some hon. Members: Agreed.

Some hon. Members: No.

* * *

ENVIRONMENTAL AFFAIRS

INVESTIGATION INTO OIL SPILL IN ARCTIC WATERS—MOTION UNDER S.O. 43

Mr. T. C. Douglas (Nanaimo-Cowichan-The Islands): Mr. Speaker, under the provisions of Standing Order 43 I wish to raise a matter of urgent and pressing necessity.

In view of the fact that a gash in the hull of the *John A. Macdonald,* an icebreaker currently on lease to Dome Petroleum, has resulted in a 70,000 gallon oil spill in the Beaufort Sea, and in view of the fact that the oil has not been located, arising from the fact that there was no knowledge of the spill at the time it occurred, I move, seconded by the hon. member for Winnipeg North Centre (Mr. Knowles):

That this House calls upon the government to undertake a full investigation into the circumstances surrounding one of the largest oil spills in Arctic waters, a spill which has confirmed the fears of many northerners.

Mr. Speaker: Such a motion can be introduced for debate at this time, pursuant to Standing Order 43, only with unanimous agreement. Is there unanimous agreement?

Some hon. Members: Agreed.

Some hon. Members: No.

* * *

[*Translation*]

SCIENCE AND TECHNOLOGY

REQUEST FOR INCREASED ASSISTANCE IN RESEARCH AND DEVELOPMENT—MOTION UNDER S.O. 43

Mr. C.-A. Gauthier (Roberval): Mr. Speaker, under the provisions of Standing Order 43, I ask for the unanimous consent of the House to introduce a motion concerning a

matter of pressing and urgent necessity dealing with research and development.

Following a statement made last June in this House by the minister then responsible for science and technology to the effect that the Government of Canada would use science and technology to strengthen the Canadian economy, increasing public and private contribution to that sector by 1.5 per cent of the gross national product up to 1983, in view of the fact that this national priority has been jeopardized by cuts of over $200 million in that sector, announced on September 8 last by Treasury Board, I move, seconded by the hon. member for Abitibi (Mr. Laprise):

That the government put an end to its irresponsible and unilateral action in the field of science and research, which violates the commitments taken by its department last June.

Mr. Speaker: Under Standing Order 43, this motion requires the unanimous consent of the House. Is there unanimous consent?

Some hon. Members: Agreed.

Some hon. Members: No.

* * *

[*English*]

SEARCH AND RESCUE

EQUITABLE DISTRIBUTION OF PROGRAM FUNDS—MOTION UNDER S.O. 43

Mr. Thomas Siddon (Burnaby-Richmond-Delta): Mr. Speaker, I rise, under the provisions of Standing Order 43, on a matter of urgent and pressing necessity.

In view of the fact that Treasury Board is currently deliberating next year's budget for the Canadian search and rescue service, and recognizing that 60 per cent of search and rescue incidents during 1977 occurred on Canada's Pacific coast, whereas only 30 per cent of the search and rescue vessels operate on the west coast, and because the 1978-79 search and rescue plan does not significantly alter this disproportionate situation, thereby putting the lives of west coast seafarers at risk, I move, seconded by the hon. member for Esquimalt-Saanich (Mr. Munro):

• (1112)

That the government move immediately to distribute the resources of the search and rescue program in a more equitable fashion, bearing in mind the disproportionately larger number of rescue calls on the west coast.

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

Some hon. Members: Agreed.

Some hon. Members: No.

[Mr. Gauthier (Roberval).]

PENSIONS

PENSIONS FOR HOMEMAKER SPOUSES—MOTION UNDER S.O. 43

Mr. Stanley Knowles (Winnipeg North Centre): Mr. Speaker, under the provisions of Standing Order 43, and seconded by the hon. member for Nanaimo-Cowichan-The Islands (Mr. Douglas), I move:

That this House urges the government, in view of its contention that it recognizes the role of spouses working in the home, to bring before the House, at an early date, legislation to provide pensions for all homemaker spouses, in their own right, equivalent to those earned by contributors to the Canada Pension Plan, thus recognizing in full, for pension purposes, the contribution to our society made by those who work in the home.

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

Some hon. Members: Agreed.

Some hon. Members: No.

ORAL QUESTION PERIOD

[*English*]

NORTHERN AFFAIRS

AUDITOR GENERAL'S CRITICISM OF ACCOUNTING PROCEDURES OF DIAND

Mr. Cecil Smith (Churchill): Mr. Speaker, in view of the absence of the Minister of Indian Affairs and Northern Development and his parliamentary secretary, I will direct my questions to the right hon. Prime Minister.

The Auditor General's report pointed out very clearly that the Department of Indian Affairs and Northern Development does not have any management or control whatsoever. In pointing out some of the cost discrepancies, especially in school construction, the Auditor General indicated that no monitoring whatsoever was done on several projects. The ones he pointed out very clearly were school construction projects, with an estimated cost of $5.6 million and the actual cost ending up being $12.8 million. What is being put in place to ensure that these cost overruns will not occur in the schools, projects already committed for this year?

Right Hon. P. E. Trudeau (Prime Minister): Mr. Speaker, I would be very happy to take notice of the question and confer with the relevant minister. I think he will be in the House today.

PHASING OUT OF INDIAN ARTS AND CRAFTS PROGRAM

Mr. Cecil Smith (Churchill): Mr. Speaker, my supplementary question is directed to the Prime Minister. In the Auditor General's reports for 1977 and 1978, the Auditor General pointed out that the Indian arts and crafts central marketing

revolving fund system will be phased out on December 31, 1978, mainly due to mismanagement of the fund.

In view of the fact that $1 million was paid out to Indian people for arts and crafts and that a number of people across the country operate the fund, what action is being taken to supplement this particular fund to ensure a marketing system for native peoples?

Right Hon. P. E. Trudeau (Prime Minister): Mr. Speaker, I would be happy to take notice of that question as well. I should remind the hon. member that the Auditor General's report will be discussed in the normal manner in the committee and the hon. member will have a chance to go into detail on all these questions there. Of course, it is his privilege to raise them in the House if he wants, but since I cannot be expected to have answers to every item in the Auditor General's report, it would be useful if I could receive notice of his questions in advance.

Mr. Smith (Churchill): Mr. Speaker, I should like to direct my first question, or portions of it, to the Minister of Indian Affairs and Northern Development. Because of the mismanagement and lack of control in his department, the Auditor General pointed out very clearly that major school construction programs across the country in five particular locations had an estimated cost of $5.6 million and the actual cost ended up at $12.8 million. He pointed out very clearly that this is through lack of management and control within the department. We have—

● (1117)

An hon. Member: "Suspected."

Mr. Smith (Churchill): —suspected this for quite some time. I wanted to use another word, but I just could not get it out, Mr. Speaker.

I should like to ask the minister what controls he will put in place to ensure that the schools which are now under construction for this year will not have these outrageous cost overruns.

Hon. James Hugh Faulkner (Minister of Indian Affairs and Northern Development): Mr. Speaker, I think it is probably worthwhile to point out that all these questions were asked and answered at the parliamentary committee during the course of the last two weeks, which suggests to me that maybe the hon. member is getting at a broader question of principle. I should like to address myself to that, particularly in terms of building schools involving Indian labour.

What the hon. member is suggesting is not a matter of controls; he is suggesting that what we should do in terms of reserves is to get a company from outside the reserves to come in and build the schools as cheaply as possible. That is what he is really suggesting and that is what that party stands for. I am saying, on the other hand, that if that party is at all interested in socio economic development on reservations, it must be prepared to use Indian labour, Indian craftsmen and people like that. I am saying that may be more expensive in the short term, but it is the only way we can get at these chronic problems.

Some hon. Members: Hear, hear!

* * *

POST OFFICE

AUDITOR GENERAL'S CRITICISM OF METHOD OF LETTING CONTRACTS

Mr. Perrin Beatty (Wellington-Grey-Dufferin-Waterloo): Mr. Speaker, I have a question for the Prime Minister arising out of the Auditor General's report.

As the Prime Minister will be aware, the Auditor General audited some 67 contracts which were given out by the Post Office to a value of some $132 million of taxpayers' money. One of the findings of the Auditor General was that the Post Office made a practice of splitting up larger contracts into a series of smaller ones so that the dollar value of those contracts was lower than the amount whereby Treasury Board approval would have to be sought.

Can the Prime Minister assure the House that in future the Post Office will be instructed to avoid trying to circumvent Treasury Board guidelines, and that in future the approval of Treasury Board will be sought for contracts of this nature?

Right Hon. P. E. Trudeau (Prime Minister): Mr. Speaker, I can only repeat my previous answer, in the absence of the Postmaster General—

An hon. Member: Where is he?

Mr. Trudeau: Mr. Speaker, if the hon. member is really interested in answers to these questions, this matter is being debated in the parliamentary committee. I understand he will not be on television as much there, but he will get the facts and he will then be able to make up his mind whether he wants to advocate a change in policy.

Mr. Beatty: Mr. Speaker, the Prime Minister is quite testy today.

An hon. Member: You should know.

Mr. Beatty: In view of the fact that he is apparently incapable of getting the President of the Treasury Board or the Postmaster General into the House to answer questions—we received word from the Postmaster General's office only 15 minutes before question period that he would not be present—we have no choice but to question the Prime Minister on the activities of his government.

Some hon. Members: Hear, hear!

Mr. Trudeau: Mr. Speaker—

Mr. Beatty: Mr. Speaker, I wonder if the Prime Minister would answer the question after I have asked it. I want to ask the Prime Minister about a further finding of the Auditor

General, namely, that it was the practice of the Post Office Department, in instances where contracts had expired, to continue to pay for services being provided by contractors without going back to Treasury Board to get new contracts signed or the approval of Treasury Board.

Will the Prime Minister give Canadian taxpayers the assurance that in future this practice will be discontinued and that Treasury Board approval will be sought in instances where the Post Office intends to go ahead after contracts have expired?

Mr. Trudeau: Mr. Speaker, regarding the presence or the absence of ministers, I think we have a very full attendance of ministers here this morning. They have departmental duties and duties in other parts of the country. If hon. members are really interested in getting information, as provided by the rules, a simple notice would be the way by which the minister could either provide the answer or make sure an acting minister would be present.

An hon. Member: Their offices will not even tell us whether they will be here.

Some hon. Members: Hear, hear!

An hon. Member: The Postmaster General's office did not know where he was.

Mr. Trudeau: I understand that he was home all morning.

Mr. Beatty: When I phoned, his office did not even know where he was and did not know whether he would be here.

Some hon. Members: Oh, oh!

Mr. Trudeau: Did you hear that, Mr. Speaker?

An hon. Member: The Speaker cannot answer.

Mr. Trudeau: Of course he cannot. That is why I suggest these questions should not be asked of him in the form of conversation. Ministers have duties about the country—

An hon. Member: Where is Joe?

Some hon. Members: Oh, oh!

Mr. Trudeau: Yes, where is the Leader of the Opposition?

An hon. Member: He is in your riding, in Mount Royal.

Mr. Knowles (Winnipeg North Centre): Who is on television now?

Mr. Trudeau: I am not at all sure that anybody phoned him this morning to find out where he was, but if—

Mr. Stevens: Did you want to question him?

Some hon. Members: Oh, oh!

[Mr. Beatty.]

Mr. Beatty: Who is running the government?

• (1122)

Mr. Trudeau: I try to be helpful to the House. If the opposition wants the answer to a question—

Mr. Baker (Grenville-Carleton): This is the Gong show.

An hon. Member: Will somebody hit the gong?

Mr. Trudeau: I see the Speaker reaching for the hook, but he is looking in that direction.

Some hon. Members: Hear, hear!

Mr. Speaker: Order. I have certainly been cast in many different roles over the years, but I think the relationship between television here and television elsewhere can be happily left alone.

* * *

CONSUMER AFFAIRS

REMOVAL OF SUBSIDY ON DOMESTICALLY CONSUMED WHEAT—ALLEGED BREACH OF FAITH WITH CONSUMERS

Mr. T. C. Douglas (Nanaimo-Cowichan-The Islands): Mr. Speaker, since this is the Prime Minister's day for being helpful in the House, I would like to direct a question to him. Some five years ago the Prime Minister's government made a commitment to the Canadian people, as enshrined in the Two-Price Wheat Act, that wheat used for human consumption in Canada would be subsidized by the government paying the difference between the floor price and the world price. That legislation was to operate for seven years.

Today, on the order paper, there is a bill from the minister in charge of the Wheat Board which will remove that subsidy, thereby adding some $30 a year to the grocery bill of every family in Canada. Does the Prime Minister not consider that this is a breach of faith and that his government is breaking its word to the Canadian people by terminating this commitment two years before it was due to expire?

Right Hon. P. E. Trudeau (Prime Minister): Mr. Speaker, obviously this is an argument that the hon. member will want to put forward when the bill is debated in the House. We have presented this bill in the expectation that the results would be better, generally, for Canadian farmers and consumers in the long run.

I would remind the hon. member that during this period of seven years there have been many measures, including some adopted just last week, and currently before the House, which have transferred to Canadian consumers—particularly the less favoured ones in our nation—various forms of assistance including indexation of pensions, increased pensions, family allowances, and so on. One cannot discuss this subject in the abstract without looking at the total picture and the general assistance given to those consumers in Canada who need

assistance. The government will be very happy to discuss this matter with the hon. member when the bill is called for second reading.

Mr. Douglas (Nanaimo-Cowichan-The Islands): Mr. Speaker, I understand the Scriptures to say that the Lord giveth and the Lord taketh away, but I did not know that it applied to the Prime Minister. He is telling us that the government has given us certain legislation to help the less fortunate people in Canada, and this piece of legislation takes it away. It seems to me that that is no argument at all.

Would the Prime Minister tell the House why it is that a subsidy which at the present time amounts to about 3.3 cents per loaf is to be removed, when it is estimated by the Bakery Council of Canada that as a result the increase in the price of bread will be seven cents, plus another five cents for increased energy, labour and transportation costs? It seems to me that for the government to save 3.3 cents per loaf, and for consumers to have to pay seven cents extra per loaf, is not very good economics: it is not carrying out the program to which the government claims it is committed, namely, to hold down inflation at this critical time.

Mr. Trudeau: Mr. Speaker, the hon. member is bringing forth figures of which I and, I believe, the government have no substantial knowledge. It is probably a hypothetical calculation. If the hon. member wants to give notice of that question, I will draw it to the attention of our statisticians, who will find out whether it has any foundation.

• (1127)

Mr. Douglas (Nanaimo-Cowichan-The Islands): Mr. Speaker, the figures were produced by the Bakery Council of Canada and they have been drawn to the attention of the minister in charge of the Wheat Board already by my colleague, the hon. member for Yorkton-Melville; so the government are fully aware of the facts, if they would take the trouble to look into the matter.

I have a final supplementary question to the Prime Minister. Every time there is an increase in price at the source of a commodity, every person who handles that commodity adds their mark-up, with the result that a 3.3 cent increase in the price of the wheat that goes into a loaf of bread winds up as at least seven cents to the consumer, and perhaps much more.

Would the Prime Minister commit himself to seeing to it personally that the minister responsible sets up the machinery to properly monitor this matter as it has not been monitored in the past and see that the Canadian people are not gouged as a result of the removal of this subsidy on domestically-consumed wheat?

Mr. Trudeau: Mr. Speaker, as with the very substantial reduction in sales tax announced in the budget, and as with this particular measure, the Minister of Consumer and Corporate Affairs did his best to make sure the system works and that savings or non-savings are adequately accounted for.

Once again, after the third question from the hon. member, it becomes obvious there is a difference of approach between the two parties on this particular matter. It is a basic difference. The hon. member would like the Canadian government to subsidize everybody who consumes bread: him, me, the poor, the rich, and everybody else. Our approach is that we should help those who are really needy in Canada. That is why we are increasing the old age pension following our August announcement and subsequent legislation: parliament will increase old age pensions by $240 per year. That is why families with children who are in the medium or lower income classes will receive an additional $140 per child, per year.

This is our approach to help those in Canada who are in need of help, rather than subsidizing all Canadians everywhere, all the time, for everything. It is a different approach between the parties.

* * *

[*Translation*]

RESEARCH AND DEVELOPMENT

DEFINITION OF "RESEARCH AND DEVELOPMENT"

Mr. C.-A. Gauthier (Roberval): Mr. Speaker, I want to put a question to the Minister of Energy, Mines and Resources. Is the minister aware of a report of the Toronto *Star* to the effect that in 1977 the General Motors Corporation spent $1.4 billion worldwide for research and development and that the company has stated it cannot say how much has been invested in Canada because the federal government has yet to explain what it means by research and development?

Could the minister tell the House right now what he means by research and development?

[*English*]

Hon. Alastair Gillespie (Minister of Energy, Mines and Resources and Minister of State for Science and Technology): Mr. Speaker, I believe a long discussion about the definition of "research and development" is too general to be dealt with in question period.

Perhaps I could respond to the substance of the hon. member's question by saying that, while I have not seen the article in the Toronto *Star*, I can assure him the government is most interested in persuading automobile manufacturers, through incentives or other methods, to do more research and development in this country. That was very much the line my predecessor took with the automobile companies. We have not yet succeeded, but I can assure the hon. member we are going to redouble our efforts.

[*Translation*]

GENERAL MOTORS—INQUIRY AS TO INVESTMENT IN CANADA FOR RESEARCH

Mr. C.-A. Gauthier (Roberval): A supplementary question, Mr. Speaker. While waiting for the minister to read that

article, I would ask him whether he or any official in his department has contacted General Motors to determine what amount the company has invested in Canada in 1977 in the field of research.

[*English*]

Hon. Alastair Gillespie (Minister of Energy, Mines and Resources and Minister of State for Science and Technology): Mr. Speaker, I will be very pleased to make inquiries either through my officials or directly myself to senior officials of General Motors to find out the numbers.

* * *

● (1132)

EXTERNAL AFFAIRS

PART PLAYED BY GOVERNMENT IN RETURN TO CANADA OF FORMER FLQ MEMBERS

Mr. Eldon M. Woolliams (Calgary North): Mr. Speaker, I would like to ask the Prime Minister a question: it deals with questions that were asked yesterday and the day before with reference to the FLQ and particularly national security.

As the original deal made between the federal government and Jacques Cossette-Trudel and his wife Louise Lanctot, whereby they agreed to go into exile in return for the safe release of Mr. Cross, the British diplomat who was kidnapped, all took place in an atmosphere where civil rights were set aside and the War Measures Act was in full force—there were 497 arrested, 62 charged and only 2 convicted—has the Prime Minister, any member of the Trudeau government, any federal agency, the Department of External Affairs, or any embassy, had a discussion with any members of the Quebec government of late with reference to this matter, inparticular with the minister of justice for the province of Quebec, as to the return of these two people so they can enjoy Christmas at home, rather than away; and if not, why not? Why has the government shirked its responsibility?

Right Hon. P. E. Trudeau (Prime Minister): Mr. Speaker, since the hon. member has given a bit of the background, I might remind him that in the days and years preceding the special measures of October there had been a succession of more than 100 kidnappings, murders, derailing of trains, raiding of arsenals, bombings, blowings-up and everything else.

An hon. Member: Will you answer the question?

Mr. Trudeau: The hon. member gave some background and I would like him to be reminded of these facts. Since the government responded with firm action to prevent any parallel power from exercising authority of a political nature in this country and getting the release of prisoners as was asked, with great ransoms, none of these things happened. As a matter of fact—

Some hon. Members: Hear, hear!

[Mr. Gauthier (Roberval).]

Mr. Trudeau: —most countries which had accepted other ways of dealing with violence either before or after 1970, and tried to deal more leniently with outbreaks of violence, have since learned that the Canadian way is the proper way of doing it. They have followed our approach.

Some hon. Members: Hear, hear!

Mr. Trudeau: In so far as the question is concerned, Mr. Speaker, I cannot understand, for the life of me, why this hon. member is interested in the government doing something to get these people back for Christmas.

Mr. Woolliams: Mr. Speaker, I am not sure about getting them back for Christmas: I hope they are over there at New Year's. I am asking questions in reference to this government's responsibility, because yesterday the Prime Minister—who wanted to make a speech today, and he accomplished that—said—

Some hon. Members: Oh, oh!

Mr. Woolliams: —in answer to a question put by the Leader of the Opposition:

They were to the effect that if ever they returned, they would be prosecuted with the full force of the law.

I ask this question: was the deal in writing? Did the Quebec government at the time agree with the deal? How can the Prime Minister say they will be subject to due process of the law, if he has refused to talk to any ministers of Quebec, although the headlines in the paper say that they will be home for Christmas? He has refused to discuss it with the minister of justice of Quebec, or the Premier of Quebec, and he has no information for the House. It was his government that made a deal to put these people in exile, and he is making fun about the situation as to Christmas. I ask him, how can he assure this country that if they return they will be subject to due process of the law, if he leaves it to the provincial government without having any conservation or discussion with them? It is beyond anyone's imagination or comprehension.

Mr. Trudeau: Mr. Speaker, the hon. member uses the words that we have refused to discuss this with the legitimate authorities of Quebec. We have not refused; we have not been asked. I just say that it is passing strange to me that the hon. member suggests it is our duty to approach the Quebec government and initiate discussions on this matter. We have no knowledge that the Cossette-Trudels want to come back. They have not informed us. We have taken no initiatives. I repeat, it is strange to me that a member of the Tory opposition would suggest it is our responsibility to take the initiative to ensure that they do come back.

Mr. Woolliams: Mr. Speaker, quoting from a newspaper, it says "The Canadian embassy"—

Some hon. Members: Oh, oh!

Mr. Woolliams: —"in Paris"—

An hon. Member: Do you have to read the press?

Mr. Woolliams: I do not know why members are so excited, if they have nothing to hide.

Some hon. Members: Oh, oh!

Mr. Woolliams: The article says that the Canadian embassy in Paris told the *Journal* that the Cossette-Trudels had not applied for renewal of their passports, but the officials of that embassy will give them travelling permits to come back to Canada. That is the Prime Minister's own embassy. I thought the ambassador from France, who is now with us, was probably advising the Prime Minister on his dangerous domestic affairs and might have discussed this matter.

Mr. Trudeau: Mr. Speaker, I cannot be responsible for what is written in the press. I hope the hon. member will discuss it with these people and find out what questions were asked and what answers were given. I cannot really answer for what the press writes and what the hon. member chooses to believe.

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COMMUNICATIONS

TELEVISING OF HOUSE PROCEEDINGS

Mr. Jim Fleming (York West): Mr. Speaker, my question is for the Minister of Communications: in her absence I will address it to the parliamentary secretary.

The hon. member for Eglinton was ruled out of order a day or so ago after posing a rather ham-handed question to the minister on a very important issue to some 200,000 Toronto households and this House of Commons. Would the parliamentary secretary ask the minister to intercede with the Canadian Radio-Television Commission to see if the regulation wise, common sense foolish CRTC attitude which has led to the removal of the question period live daily from the community channel of Rogers Cable TV in Toronto can be changed and this service re-established pending more long-term decisions on the broadcasting of proceedings of this House?

Mr. C. Douglas (Parliamentary Secretary to Minister of Communications): Mr. Speaker, I would like to tell the hon. member that I have seen the editorial referred to by him, but I would advise him that it is not totally accurate. Rogers Telecommunications in Toronto have been providing coverage of the question period, via a community channel, on a temporary basis only in compliance with the CRTC public ruling announced in February, 1978. That announcement stipulated that the cable company should do so on a special programming channel, but if alternate channel space was not available they would allow them to broadcast the proceedings of the House via the community channel, on a temporary basis.

There has been no new ruling by the CRTC on the subject since that time. The Toronto firm is simply complying with the ruling made by the CRTC in February of this year. I will certainly pass on the representation to the minister so that she may answer it more fully at a later time.

PUBLIC WORKS

DESTRUCTION OF USABLE LIGHT BULBS

Mr. R. E. McKinley (Huron-Middlesex): Mr. Speaker, in the absence of the Minister of Public Works I would like to ask the acting minister if he could tell the House what happened in that department to cause an employee to smash $8,000 worth of usable light bulbs, as reported in the *Globe and Mail* this morning? It seems to me rather strange that a picture would be taken if there was not some motive behind this incident.

[*Translation*]

Hon. Marcel Lessard (Acting Minister of Public Works): Mr. Speaker, I will report the incident to my colleague and I am sure he will order an inquiry to find out the reasons for it.

[*English*]

Mr. McKinley: Mr. Speaker, while that investigation is going on, if it is undertaken, will the department try to discover whether or not this damage was done in retaliation for the minister's recent announcement that 100 positions in his department will become surplus, in light of the fact that the department continues to hire many outside consultants at considerable cost?

Mr. Lessard: Mr. Speaker, I am quite sure my colleague will want that investigation to encompass all aspects of the question.

* * *

FISHERIES

REQUESTED REDUCTION IN NUMBER OF LICENCES ISSUED TO FOREIGN TRAWLERS

Mr. Lloyd R. Crouse (South Shore): Mr. Speaker, my question is for the Minister of Fisheries. The minister has announced a six months' freeze as of November 7, 1978, on new entries to the inshore ground fishery for all of Atlantic Canada except Labrador, giving as an explanation for his action the need for a better form of control because of the tremendous increase in effort in the inshore fishery in the past few years.

Since Canada is still licensing hundreds of large foreign trawlers within our 200-mile economic zone, whose operations are still depleting offshore and inshore fishery resources, has the minister considered decreasing the number of foreign fishing permits to be issued next year, rather than imposing further restrictions on Canadian fishermen?

Hon. Roméo LeBlanc (Minister of Fisheries and the Environment): Mr. Speaker, I am quite surprised that the hon. member, who is familiar with the fishery, would put this type of question seriously. He knows very well that the alternative to a greater fishing effort by the inshore fishermen for traditional species is not to reduce the effort of foreign nations for

non-utilized and non-traditional species. It really does not make sense.

● (1142)

I may say to the hon. member that the arithmetic is very simple: inside and outside the 200-mile zone we catch 76 per cent of the traditional species for which we have markets and in which our industry is interested. If the hon. member advocates a policy of moving all the foreign fishing effort outside the 200-mile zone, I have to ask him three questions. First, how would he guarantee Canadian interests outside 200 miles? Second, what currency would he use for access to foreign markets? Third, how would he protect Canadian salmon on the west coast and the east coast which is away offshore on the high seas?

Mr. Crouse: Mr. Speaker, I will be pleased to give the Minister of Fisheries a private briefing when we have more time, so that he will be aware of the true facts. We have restricted entry into our deep sea scallop fishery, restricted entry into our lobster fishery, and now restricted entry into the inshore groundfish fishery, which makes the minister the czar or comptroller general of all fishing in Canada.

Since the declaration of a 200-mile limit was supposed to provide new opportunities for Canadian fishermen, both inshore and offshore and I remind the minister of that—when can we expect an announcement from him which will indicate that Canadians can plan to take advantage of our fisheries resources and expand their fisheries operations, rather than restrict them, which appears to be the only program this government has to offer?

Mr. LeBlanc (Westmorland-Kent): Mr. Speaker, if the hon. member would read the statement that I made to the first ministers' conference, especially the appendix attached to it, he would see that the opportunities are very much in the pockets of Canadian fishermen, whose income has risen 50 per cent since 1974 and whose return in the present year is really quite dramatic. That is one issue.

The issue of development for under-utilized species—under-utilized indicates that our industry has had no interest in those species in the past—is another issue. On this matter, I repeat what I have said many times in this House and in newspaper articles that have been published. If Canadians want to apply for licences for under-utilized species only—that is, if they do not want to compete with the existing fleet that is now finally getting a decent return—I am willing to look at their applications. I might add, however, that I am not going to mortgage the benefits of a 200-mile zone for only three or four large companies on the east coast.

[Mr. LeBlanc (Westmorland-Kent).]

NATIONAL DEFENCE

MILITARY AIRCRAFT CAUSING DAMAGE TO RESIDENTIAL PROPERTIES

Mr. Lorne Nystrom (Yorkton-Melville): Mr. Speaker, my question is to the Minister of National Defence. I have here a copy of a transcript of the November 17 hearing of the People's Food Commission in Alberta which points out that farmers in the Cold Lake, Alberta, area have been troubled with bombs falling from Canadian military aircraft at the nearby base, damaging fields and some farm buildings. There is one incident of a military jet crashing within 500 feet of a farmer's home.

In view of the obvious concern about safety which these farmers have for themselves and their farmsteads, can the minister assure us that planes with bombs from this base will not fly near or over residential property, thus threatening the lives and safety of the farmers involved?

Hon. Barney Danson (Minister of National Defence): Mr. Speaker, certainly all safety precautions are taken. The only accident I am aware of was one practice bomb going through a grain silo, I believe it was, where compensation was offered. It was not a bomb that exploded. In 1974, I believe, there was a crash in a farmer's field. There is aviation training there that is obviously a hazard. But every possible precaution is taken to minimize those dangers.

Mr. Nystrom: At the same commission hearing, a military officer from the base said:

> Mufflers fall off cars—you can't expect perfection when you're attaching bombs to a plane.

Surely the minister and his department can do better than that. Since these planes fly at about 650 miles an hour, at some 250 feet, over farm buildings and farmsteads, can the minister assure the farmers there will be safety precautions taken and that adequate compensation will be paid, as there are some cases where farmers have not been compensated at all for damage caused by bombs or aircraft that crash within 500 feet of a farmer's house?

Mr. Danson: Certainly I can give the assurance that every possible safety precaution has been taken. If there has not been compensation, it is because there probably has not been a compensation claim. Whenever damage is done, compensation is offered. I know of cases where the compensation has not even been accepted, and other cases where it has not been questioned at all.

* * *

ENERGY

AGREEMENT WITH ALBERTA ON DISCOUNTING PRICE OF NATURAL GAS

Mr. Allan Lawrence (Northumberland-Durham): Mr. Speaker, my question is for the Minister of Energy, Mines and Resources. There have been widespread reports that the Gov-

ernment of Canada has reached agreement with the government of Alberta—or agreement in principle, in any event—to discount the price of Alberta natural gas to be paid by new customers east of Alberta.

Can the minister confirm that agreement has been reached in principle? If so, what are the main outlines of the agreement? Alternatively, if agreement has not yet been reached in principle, is the Government of Canada seeking such agreement? If so, why? What are the policy reasons for it? What details are there in respect of the agreement that the minister can tell the House this morning?

Hon. Alastair Gillespie (Minister of Energy, Mines and Resources and Minister of State for Science and Technology): Mr. Speaker, I can confirm that an agreement was reached with the government of Alberta with respect to discount pricing or incentive pricing of natural gas. That was made clear by my statement and the response of the Premier of Alberta at the first ministers' conference earlier this week. The elements of it were to provide an incentive or discount with regard to natural gas going into new markets in eastern Canada, for a fixed duration.

There were other provisions in terms of principles with respect to rolling in at the Alberta border. That would apply to all markets east of the Alberta border. The reason, of course, is to maximize in Canada the market for a Canadian resource and, in the process, to displace foreign crude oil; in other words, to pursue as aggressively as we can our objective of self-reliance for Canada.

Mr. Lawrence: Will the minister tell us if this agreement is linked in any way to the over-all question of the export of natural gas? What sort of term is involved with regard to this agreement? Is there a phase-out? When the minister speaks of new markets east of Alberta, is he talking about the residential as well as the industrial market?

Mr. Gillespie: Mr. Speaker, there was no linking of this set of principles in the decision to set up a joint task force between the Government of Canada and the government of Alberta with regard to exports of natural gas. At no time did we trade or negotiate on the basis of additional exports of natural gas. The agreement was addressing itself exclusively to the maximization of the Canadian market for natural gas.

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NORTHERN AFFAIRS

NATIVE LAND CLAIMS—STATE OF NEGOTIATIONS

Mr. Erik Nielsen (Yukon): Mr. Speaker, I have a question for the Minister of Indian Affairs and Northern Development. Is the government coming close to an agreement in principle with the Inuit Tapirisat? If so, when does he expect he might be completing that agreement in principle?

Hon. James Hugh Faulkner (Minister of Indian Affairs and Northern Development): Mr. Speaker, I take it the hon. member is referring to land claims with respect to the eastern Arctic. No, I do not believe I can say, today, that we are close to an agreement in principle.

Mr. Nielsen: Can the minister assure the people of the Northwest Territories that he will not perpetuate the bad example he set in coming to an agreement with COPE by not consulting the elected representatives of the people before reaching that agreement? Will he assure us that he will consult the elected members of the Northwest Territories Council before coming to that agreement in principle with the Inuit Tapirisat?

Mr. Faulkner: Mr. Speaker, there were consultations with the council. I think it is fair to say—the hon. member is making this point—the levels of consultation were not adequate from the point of view of some members of the council. I think I can give the hon. member a history of the levels of consultation and when they had the documents prior to a decision being taken.

● (1152)

Allowing for that, I can say that in principle we are involving the government of the Northwest Territories in the land claims discussion. A member of the council has been designated to be a claims person, and I am working very closely with those who are involved to ensure that when we get to the point of an agreement in principle, all parties to the agreement in principle in the Northwest Territories, are supportive. I think it is important to note that with respect to the settlement with the Inuvialuit, the mayor of Inuvik recently said he thought it was a very good settlement. I am sure his decision and judgment are respected by the hon. member.

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ENERGY

INCREASE IN PRICE OF CRUDE OIL—EFFECT ON EQUALIZATION PAYMENTS TO ATLANTIC PROVINCES

Mr. Maurice A. Dionne (Northumberland-Miramichi): Mr. Speaker, my question is supplementary to the questions asked by the hon. member for Northumberland-Durham: it is directed to the Minister of Energy, Mines and Resources.

My question concerns the continuing controversy surrounding the price of domestic crude oil. Will the minister tell the House what effect a $1 a barrel increase in the price of oil would have on equalization payments to the Atlantic provinces, and what collective effect such an increase would have on consumers in those provinces? In other words, are some premiers supporting an increase in the price in order to increase their equalization grants, at the expense of consumers?

Mr. Speaker: Order, please. It seems to me that the question suffers from two distinct disabilities. First, it would require a very long exposé by the minister. The second matter about the

provincial premiers introduces an element of argument. The minister may be able to make a brief answer; I do not know.

Hon. Alastair Gillespie (Minister of Energy, Mines and Resources and Minister of State for Science and Technology): Mr. Speaker, I think I can deal with the question very quickly. As I understand the question, there are three points. Yes, there would be an effect on equalization payments, the transfer from the federal government to the provincial governments, if the increase did not go forward. The provincial governments would receive less, just as the federal government would receive less.

The second point is that there would be about four times as much benefit to consumers in the provinces. The third point I would like to make is that this affects more than just consumers; there is the whole question of a region, and that involves workers as well as consumers.

Mr. Speaker: The hon. member for Okanagan-Kootenay.

Mr. Howard Johnston (Okanagan-Kootenay): Mr. Speaker, as neither the minister nor the parliamentary secretary are in the House today, and after the fatuous remarks of the Prime Minister, I would like to reserve my question until some time when the minister is present, at which time I would like to raise a point of order.

Mr. Speaker: Order, please. The hon. member for Fraser Valley East.

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NARCOTICS

BRITISH COLUMBIA—FINANCIAL ASSISTANCE TO REDUCE HEROIN ABUSE

Mr. Alex Patterson (Fraser Valley East): Mr. Speaker, I would like to direct a question to the Minister of National Health and Welfare. This past summer the British Columbia government submitted a proposal for cost-sharing in the health entry plan for heroin users. I would like to ask the minister if the federal government has decided on the level of support for that British Columbia program.

Hon. Monique Bégin (Minister of National Health and Welfare): Mr. Speaker, the B.C. health entry plan has been discussed for months between the B.C. provincial government and the federal government. There have been numerous meetings of various federal ministers and the B.C. government. If B.C. wants to isolate one health problem and identify it as a special problem in that province, in order to get more money for health services, we cannot accept that because every other province could then identify special problems. Such problems might be with regard to industrial health factors, and so forth. I do not have with me the exact amount, but B.C. is receiving in this current fiscal year about $586 million under the established finance plan—EFP—which pays for health services.

[Mr. Speaker.]

British Columbia also receives a large sum of money for cost-sharing in social services. All that together should cover every need for assistance with regard to facilities that B.C. wants to develop for the treatment of drug addicts. I have given the B.C. government a commitment regarding my demonstration program called "Alternatives", which is a great success although carried on a small scale. We have funded that program for three years and an additional $100,000 will be allocated to it.

BRITISH COLUMBIA—SIZE OF RCMP DRUG SQUAD

Mr. Alex Patterson (Fraser Valley East): Mr. Speaker, I would like to direct a supplementary question to the Solicitor General. Given the fact that 60 per cent of drug-related crime in Canada is committed in British Columbia, and that only 25 per cent of the RCMP's drug squad manpower is assigned to British Columbia, does the minister intend to increase the RCMP commitment in British Columbia so that drug offences can be dealt with more effectively in the future?

Hon. J.-J. Blais (Solicitor General): Mr. Speaker, a demand has been made by provincial authorities that there be an increase in the complement of the RCMP, and that matter is under consideration.

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REGIONAL ECONOMIC EXPANSION

DREE PROGRAM FOR CENTRAL ONTARIO

Mr. W. C. Scott (Victoria-Haliburton): Mr. Speaker, my question is for the Minister of Regional Economic Expansion: it is in relation to my continuing efforts to have his department take a realistic look at applying the DREE formula to central Ontario.

Has the minister looked into this matter, and when will his department start applying the DREE formula on the basis of need, rather than on the basis of other considerations?

[*Translation*]

Hon. Marcel Lessard (Minister of Regional Economic Expansion): Mr. Speaker, we are indeed looking into the economic situation of all the regions within the provinces. As to the many representations made by the hon. member that his region be declared a designated area and as such become entitled to direct assistance to industries, I do not think that I am ready to do that yet. At the same time, we are looking into possible ways to implement a new program. Just now, we are having discussions with the Ontario government, with a view to assisting with the economic development of a number of peripheral regions in that province. We have signed an agreement recently and we hope that, within the next few months, we can conclude the current discussions and hopefully provide solutions to some of the problems the hon. member has mentioned.

[*English*]

EXTERNAL AFFAIRS

GOVERNMENT ACTION TO OBTAIN RELEASE OF DANYLO SHUMUK FROM U.S.S.R.

Mr. Thomas Siddon (Burnaby-Richmond-Delta): Mr. Speaker, in the absence of the Secretary of State for External Affairs I will direct my question to the Prime Minister.

As the matter of the ailing Soviet dissident, Danylo Shumuk, has been raised in this House many times in recent months, and recognizing that an official plea was made to Soviet authorities some four weeks ago today at the unanimous request of this House, will the Prime Minister inform this House whether a reply has been received from the Soviet government and what further action he will take to pursue the prompt release of Danylo Shumuk?

[*Translation*]

Mr. Louis Duclos (Parliamentary Secretary to Secretary of State for External Affairs): Mr. Speaker, I thank the hon. member for providing me with my first opportunity to reply in the House. Early in October, we were advised that Mr. Shumuk's health had greatly deteriorated. On the strength of that report, the government expressed to the Soviet authorities its deep concern and asked that Mr. Shumuk's case be reconsidered on humanitarian grounds, in order to allow him to leave Russia and come to Canada. The External Affairs department was then informed by the Soviet authorities that Mr. Shumuk's state of health, although poor, was not as critical as it had been reported, something of which his parents here in Canada have now been informed. While it is true that we have no way of verifying this information, it is of some comfort to know that Mr. Shumuk's state of health is improving and we hope that the Soviet authorities will eventually allow him to join his relatives in Canada.

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[*English*]

FINANCE

REQUEST BANK PROFITS BE REDUCED

Mr. Bob Rae (Broadview): Mr. Speaker, my question is addressed to the Minister of Finance. I know he wants to get away, but I want to ask him this question. It arises out of the announcement yesterday that bank profits are up 33 per cent to a whopping $1 billion. The minister is asking Canadian workers to keep their wage demands to increases of 6 per cent and 7 per cent. Can the minister tell us what action he plans to take to see that bank profits are controlled and even reduced?

Hon. Jean Chrétien (Minister of Finance): Mr. Speaker, I think the law applies to banks as it does to any other institution. Banks pay taxes like any other corporation. In the budget I decided to change some of the rules because I felt that in some cases there was too much income and that taxes were not

being paid on that income. I hope the hon. member will help me to speed up passage of legislation in this regard.

Mr. Rae: Mr. Speaker, the difference between what banks charge and the prime rate has gone up from 1.49 per cent last year to 1.8 per cent this year as a direct result of the increases in the interest rate which the government has brought about.

● (1202)

Could the minister tell us whether he does not think it is time to introduce measures to see that these excess bank profits are used in such a way that we can guarantee low interest rates for mortgages and small businesses?

Mr. Chrétien: Mr. Speaker, I think we will have an occasion to debate that matter in committee, because the Bank Act is in front of the committee at this moment. Of course, one way to make sure that there is a better rate of return, or more competition in the system, is to pass the Bank Act amendments under which we will be providing more competition to the banking system in this land.

Mr. Gillies: Through foreign banks.

Mr. Chrétien: I am not doctrinaire about foreign banks or our banks. I think the hon. member should talk to his seatmate and to other members of his party who are in favour of having more competition, even from foreign banks. If you are in agreement, you should discuss that amongst yourselves, since your party supports our proposition.

Mr. Gillies: Why do you downgrade Canadians?

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POINTS OF ORDER

MR. SMITH—STATEMENT MADE BY MINISTER OF INDIAN AFFAIRS AND NORTHERN DEVELOPMENT DURING QUESTION PERIOD

Mr. Cecil Smith (Churchill): Mr. Speaker, most probably I would not have had to rise on this point of order had the Minister of Indian Affairs and Northern Development (Mr. Faulkner) been in his seat at the proper time this morning. I did not have a chance to put another supplementary question to him, so in response to the minister's reply to the question I feel I should rise at this time on a point of order.

In my question I dealt with the Auditor General's report. I will read one short passage—

Mr. Speaker: The hon. member will have to persuade me first that he has a procedural point.

Mr. Smith (Churchill): My procedural point is that the Minister of Indian Affairs and Northern Development actually insulted this side of the House and misrepresented facts when he said we were more in favour of taking contractors from outside the Indian communities to construct schools than we

were of employing local Indian people in the community. This is false, Mr. Speaker.

Mr. Speaker: Order, please. The hon. member has had the occasion to put that on the record, which is a small benefit he gained by way of a point of order. However, I am sure he will recognize, there is no surprise here, that his side of the House disagrees with the minister's assessment, and essentially it remains a disagreement, which I am sure will be pursued vigorously through the other vehicles available. I do not think I could begin to consider that, on a procedural basis, as a point of order.

MR. JOHNSTON (OKANAGAN-KOOTENAY)—RECOGNITION BY CHAIR DURING QUESTION PERIOD

Mr. Howard Johnston (Okanagan-Kootenay): Mr. Speaker, I would refer to my point of order in terms of the right to reserve a question and also as the dilemma of a member who, almost without exception, has to wait three days before gaining recognition. Since this is the second day of rising, I did not really expect to be recognized by you, Mr. Speaker, today. I know, for example, that the hon. member for Burnaby-Seymour (Mr. Raines) has risen on many more days than I have and has not been recognized either. I was not anticipating being recognized today and I was laying the groundwork for recognition early next week.

The question I have raised in the House before is one on which I have sent a written notice to the Minister of Transport (Mr. Lang) some months ago. It has to do with the urban transportation assistance program and the signing of the master agreement on that program. I have asked about it repeatedly, and was caught in this position previously on a Friday when I was recognized but only the parliamentary secretary was here, and he said he would bring it to the minister's attention. That did not work. Today the Prime Minister (Mr. Trudeau) indicated again that all he could do with that sort of question was to bring it to the minister's attention. I would like very much to be recognized on a day when the minister is here, but I know of no way to assure myself of that possibility save by trying to be recognized this day, in the hope you would ignore me, Mr. Speaker, until Monday, Tuesday or Wednesday.

An hon. Member: Now he will.

Mr. Johnston: That is the danger one runs, as has been pointed out very clearly by somebody on the other side. For me, as a backbencher who represents a constituency with a most serious problem because the entire community lives in dread of repeated accidents on a level crossing, which is the only access to and egress from that community, it is an extremely important matter. I hear that the treaty is sitting on the minister's desk. People in my riding wonder why it has not been signed. I would like to hear from the minister on it, and I request, in all sincerity, the right to reserve this question and to be recognized next week.

[Mr. Smith (Churchill).]

Mr. Speaker: Order, please. Does the hon. member really feel he is being fair to the House? Today, his colleagues, the hon. member for Fraser Valley East (Mr. Patterson), the hon. member for Victoria-Haliburton (Mr. Scott), and particularly the hon. member for Burnaby-Richmond-Delta (Mr. Siddon), as he has seen, have all been attempting to seek the floor on earlier days.

There are obvious constraints under which we operate. I do not know if the hon. member is seriously suggesting that he should be able to put in a request to be recognized on a specific day. If he would, I am sure all of his colleagues would want to join him in that and make reservations to be recognized during the question period. It would be a wonderful idea and would certainly take a great deal of strain from my position, but if he thinks he can make a feasible arrangement of custom-made invitations to members to be recognized in specific circumstances in the question period, I would invite him to organize that with his caucus and see how far it would get.

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PRIVILEGE

MR. BAKER (GRENVILLE-CARLETON)—ANSWERS GIVEN BY PRIME MINISTER DURING QUESTION PERIOD

Mr. Walter Baker (Grenville-Carleton): Mr. Speaker, the Prime Minister (Mr. Trudeau) is still in the House and I am pleased about that because the question of privilege I want to raise involves him and the answers he gave today to the hon. member for Calgary North (Mr. Woolliams). The question of privilege relates to those questions and to an intervention by the Secretary of State for External Affairs (Mr. Jamieson) the other day with respect to Cossette-Trudel and Lanctot, and whether or not there had been any contact with the Canadian embassy. At that time there were stories in the newspapers, as the Prime Minister will recall.

Mr. Trudeau: Is that a point of order?

Mr. Baker (Grenville-Carleton): No, a question of privilege.

As the Prime Minister will recall, there were stories in the newspapers. The Secretary of State for External Affairs was asked specifically by the Leader of the Opposition (Mr. Clark) whether there had been any contact by those two with the Canadian embassy with a view to their return to Canada.

I want to allay any suspicion the Prime Minister may have with respect to this party's position on it. We would be delighted if they would never come back to Canada and would stay away. In any event, the answer given by the Secretary of State for External Affairs was to the effect that there had been no such contact, and I recollect that the minister was quite emphatic with respect to that.

We are now faced with stories in the press, which might or might not be true—I do not know. The purport of the question put by the hon. member for Calgary North today was with respect to the substance to the stories. Also there was a question to the Prime Minister of whether or not there had

been any contact with the embassy, as reported in the newspapers only incidentally.

The Prime Minister, by skating around the question, trying to turn it, making it into some form of comic relief with respect to a matter that is quite serious to the Canadian public, has left the impression with the House that he really does not know. His ambassador in France is in town today, I do not know for what purpose, but I think it would be important, if there is a change from the answer given previously by the Secretary of State for External Affairs, that the House be advised of it.

The question really is—and I think the House and the country are entitled to know—whether Cossette-Trudel and Lanctot made contact with the Canadian embassy with respect to their return to Canada and, if so, when, and any other particulars asked by the hon. member, because the position may very well have changed. That was the purport of the question.

Second, and this is a thing that does concern me, I am worried that the Prime Minister—who had such great interest, understandably, at the time of the FLQ incidents in Quebec and the release of Mr. Cross, with respect to negotiating, discussing and perhaps initiating discussions with the provincial government at that time—should be so disinterested now in initiating those discussions.

Mr. Speaker: Order, please. Whether or not the hon. member has an interest in that, it has no basis in procedure. I do not know if the Prime Minister (Mr. Trudeau) wants to take this opportunity to respond, but this is not a procedural point in any way.

• (1212)

Right Hon. P. E. Trudeau (Prime Minister): I agree with Your Honour. It is a complete abuse of procedure. There is no question of privilege involved, and you recognize it, except that the hon. member has now put on the record things which presumably should have come during the question period, since it is a repetition of a question. I can only but answer that question again, lest the impression be gained that the answer has not been given.

A question was asked of me by the hon. Leader of the Opposition (Mr. Clark) yesterday. I believe it was asked of the Secretary of State for External Affairs (Mr. Jamieson) a few days before that. We gave a very clear, unequivocal and unambiguous answer: no, there had been no contact between the Canadian government and the Cossette-Trudels, or the embassy and the Cossette-Trudels. There had been no contact with the Quebec government, which was the question asked this morning by the hon. member for Calgary North (Mr. Woolliams). The answer was very clear; there have been none.

I do not know why the hon. member is getting up and saying that somehow we were ambiguous, and that he is puzzled because we had been interested in Mr. Cross' fate in 1970 and we were not following up the goings-on of the Cossette-Trudels, or any of the others who are abroad and who might have been involved in the FLQ. I do not know why the suggestion was made.

In so far as turning the question, I made very clear to the hon. member for Calgary North, saying that it was the government's responsibility to contact the Quebec government in the whole matter of getting the Cossette-Trudels back to Canada before Christmas—

Some hon. Members: He did not say that.

Mr. Trudeau: I do not say that it is our responsibility. We went over that. The question was very clear.

An hon. Member: Don't mislead the House.

Mr. Trudeau: It was very clear. Perhaps he did not ask it the way he intended to ask, but there is no duty on the part of the government to contact either the Quebec authorities or the Cossette-Trudels. We have not done that, and we say that there is no responsibility on our part to do that. The hon. member for Calgary North suggested that there was a responsibility on our part.

Mr. Eldon M. Woolliams (Calgary North): Mr. Speaker, I see the Prime Minister (Mr. Trudeau) is leaving. At no time—I am glad to see the Prime Minister returning. At no time did I make any suggestion, either in the preamble or the question, that my party or myself wanted any of these FLQ people back to Canada.

I suggest to the Prime Minister that he is hiding the facts. He made a deal, sir.

Some hon. Members: Oh, oh!

Mr. Woolliams: He made a deal.

Mr. Speaker: Order, please. This is a point which began without a basis in procedure and, as always, whenever the House permits itself to drift along on bad procedural grounds, it gets into greater and greater problems.

The hon. member for Calgary North (Mr. Woolliams) was entitled to the opportunity he just had to straighten the record, because some reference was made to his own intent in the language which he used in his questions. I should like him to take a brief opportunity to straighten the record, and that will be the end of this procedural matter.

Mr. Woolliams: Thank you very much for your graciousness. At no time did I suggest, either in my question or my preamble—and the record will show that—that I wanted, or my party wanted them home at any time, whether it was Christmas, New Year's or Thanksgiving. I suggested that it was in the newspaper they were going to be home for Christmas, that there had been discussions with the Canadian embassy in Paris, and that members of the Quebec government made that suggestion, from the newspaper article. I wanted to find out from the Prime Minister if that was correct.

An hon. Member: And he said, no.

Mr. Woolliams: He made the deal, his government, to send these people out of the country. Was it in writing or was it verbally? What were the ramifications of that agreement? That is what I want to know, and the onus and responsibility are on the Prime Minister and the government in the manner in which they have handled the case.

Mr. Trudeau: Mr. Speaker, the hon. member has just stated very clearly that I was hiding the facts. I should like him to withdraw that accusation.

Some hon. Members: Hear, hear!

Mr. Boulanger: Shame, shame!

Mr. Speaker: The exact language used in terms of hiding facts is one which comes very close to an unparliamentary expression. It is not an expression of deceiving or misleading the House, lying, or anything of that nature, but it comes very close. Again it points out the difficulty that once beginning on a point which is not in fact based on procedure, the subsequent contributions to it become more and more dangerous in terms of the procedures of the House. This is the risk which has arisen.

I wonder if the hon. member for Calgary North (Mr. Woolliams) at this time would reconsider the force of the expression he used, or whether he would prefer to reflect on it and examine the record to see himself how it conforms with precedents. It is acceptable to me either way. I simply point out to the House the danger we get into the minute we embark upon a point which, in the first place, did not have a proper basis in procedure.

A question has been raised respecting the propriety of that language. As usual, I think the hon. member ought to have an opportunity, as the Chair will, to examine the record to see whether, on precedent, it is the kind of remark that I must insist upon him withdrawing. The hon. member may want to have the same reflection over the weekend.

[*Translation*]

Mr. Yvon Pinard (Parliamentary Secretary to President of Privy Council): Mr. Speaker, I would like the hon. member for Calgary North (Mr. Woolliams) to have the courage to say if he intends to follow your instructions or to withdraw.

[*English*]

Mr. Speaker: I have dealt with that point, and I think it should stay that way.

[Mr. Woolliams.]

ROUTINE PROCEEDINGS

[*English*]

TWO-PRICE WHEAT ACT

MEASURE TO AMEND

Hon. Robert K. Andras (for the Minister of Transport) moved for leave to introduce Bill C-24, to amend the Two-Price Wheat Act.

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

* * *

[*Translation*]

QUESTIONS ON THE ORDER PAPER

(Questions answered orally are indicated by an asterisk.)

Mr. Yvon Pinard (Parliamentary Secretary to President of Privy Council): Mr. Speaker, the following questions will be answered today: Nos. 163, 167, 217, 245, 273 and 277.

I ask that the remaining questions be allowed to stand.

[*Text*]

ROGER LEBLANC AVIATION LTD.

Question No. 163—**Mr. Roche:**

Is CIDA purchasing a Cessna 310 11 Turbo Aircraft from Roger LeBlanc Aviation Ltd., St. Jean, Québec, at a total contract value of $236,800 and, if so, for what purpose?

Mr. Louis Duclos (Parliamentary Secretary to Secretary of State for External Affairs): Yes, CIDA purchased such an aircraft from Roger LeBlanc Ltd., St-Jean, Québec, to replace the one employed in a civil aviation project in Madagascar and which crashed three years ago.

EVACUATION OF SOUTHERN LEBANON—UNIFIL

Question No. 167—**Mr. Roche:**

Is it the position of the Government that Israel acted in accordance with the spirit of UN Security Council Resolution 425 in turning over the areas of southernmost Lebanon which it evacuated on June 13, 1978 to Christian militia units rather than to UNIFIL?

Mr. Louis Duclos (Parliamentary Secretary to Secretary of State for External Affairs): UNIFIL was established under UN Security Council Resolution 425 to confirm the withdrawal of Israeli forces, restore international peace and security and assist the government of Lebanon in ensuring the return of its effective authority in southern Lebanon. The first of UNIFIL's tasks was accomplished June 13, 1978 when Israeli forces withdrew from Lebanon. UNIFIL confirmed this to the secretary-general who thereupon informed the security council. Nevertheless, the inability of the force to deploy fully within its active area of operations due to the reluctance of some local armed groups to co-operate with it is a continuing source of difficulty. The full co-operation and influence of all

the parties concerned is essential in creating the conditions under which that deployment can take place.

REVOLVING CREDIT FACILITY—NEW YORK

Question No. 217—**Mr. Jones:**

1. What was the dollar value of the revolving credit facility which was signed in New York by Canada's Minister of Finance on June 23, 1978? How long is this credit available? Is it available in descending amounts as the term of the loan expires?

2. What is the interest rate being charged? Is there a charge made even if the credit is not used and if so, what is it?

3. What is the total amount of money which Canada has available as international credit currently? What is the daily rate of interest which is being paid on this money?

Mr. Alan Martin (Parliamentary Secretary to Minister of Finance): 1. U.S. $3 billion; eight years; yes.

2. The average of the three lowest Prime Rates of a group of reference banks on the first day of each interest period; yes; a standby fee of one-quarter of one per cent per annum on the daily unused portion.

3. Canada has a standby credit with the Canadian banks for U.S. $2.5 billion and a similar credit with Citicorp and other international banks for U.S. $3 billion. Canada has drawn down U.S. $1.4 billion from the Canadian banks and U.S. $1 billion from the Citicorp Syndicate. Therefore the amount of money available as international credit, from these two sources, is U.S. $3.1 billion. The daily rate of interest being paid on this amount is one-quarter of one per cent.

TORNADO DAMAGE

Question No. 245—**Mr. Epp:**

Did the government provide aid to offset tornado damage to any place in Canada and, if so, in what form and in what amount?

Mr. Alan Martin (Parliamentary Secretary to Minister of Finance): Yes, in respect of tornado damage in the Sarnia-London area occurring on May 21 and May 23, 1953.

Payments were made to the following counties in the amounts as shown:

County of Huron	$18,186.21
County of Lambton	$10,722.04
County of Middlesex	$77,927.21
County of Oxford	$16,756.62
County of Perth	$13,869.92
Total	$137,462.00

PUBLIC WORKS—LAWYERS IN PROVENCHER

Question No. 273—**Mr. Epp:**

From June 1, 1974 to date, what lawyers in the Constituency of Provencher were given work by the Department of Public Works and what amount was each paid per year?

Mr. Claude-André Lachance (Parliamentary Secretary to Minister of Justice): In so far as the legal agents of the Minister of Justice are concerned: None.

Economic Policy

FINANCE—DEPUTY MINISTERS

Question No. 277—**Mr. Lambert (Bellechasse):**

Who were the Deputy Ministers of the Department of Finance between June 25, 1968 and October 10, 1978?

Mr. Alan Martin (Parliamentary Secretary to Minister of Finance):

Name	Date
Mr. R. B. Bryce	July 1, 1963 to March 31, 1970
Mr. S. S. Reisman	April 1, 1970 to March 31, 1975
Mr. T. K. Shoyama	April 1, 1975 to present

[*Translation*]

Mr. Speaker: The questions enumerated have been answered. Shall the remaining questions be allowed to stand?

Some hon. Members: Agreed.

GOVERNMENT ORDERS

[*Translation*]

BUSINESS OF SUPPLY

ALLOTTED DAY S.O. 58(11)—ALLEGED DOUBLE STANDARD IN GOVERNMENT'S ECONOMIC POLICY

Mr. C.-A. Gauthier (Roberval) moved:

That this House deplores the double standard applied by the government in deliberately reducing the buying power of Canadian workers and families while allowing an increase in the interest rates which will result in higher revenues for financial institutions, an increase in the inflation rate, as well as a heavier public debt.

Mr. Speaker: The House should note that proceedings on this motion expire pursuant to Standing Order 58(11).

• (1222)

Mr. Gauthier (Roberval): Mr. Speaker, I am very pleased to move a motion which will be of great interest, I am sure, to the House and to all hon. members, and which reads as follows:

That this House deplores the double standard applied by the government in deliberately reducing the buying power of Canadian workers and families while allowing an increase in the interest rates which will result in higher revenues for financial institutions, an increase in the inflation rate, as well as a heavier public debt.

Mr. Speaker, I want to take this opportunity not to criticize the government in particular but to denounce once again our vicious and antisocial fiscal system which gives priority to money capital over human capital. That system runs counter to the philosophy of the Social Credit Party of Canada according to which the wealth of Canada should be put at the service of all the people in Canada and not in the hands of a few profiteers who thus central the life of every citizen by ever

widening the gap between the poor and the rich. In a logical system, in a word, money must serve mankind rather than mankind be at the service of money, as we find today. In the face of such an aberration, Mr. Speaker, how could we possibly remain silent and passive? Yet, many others have denounced before us this situation where a few men at the head of large financial monopolies enslave 98 per cent of a working population which is running more and more into debt, poorer and poorer, while this monetary power is getting stronger and stronger.

The government and the Minister of Finance (Mr. Chrétien) in particular could cry out every day that we must get more into debt, that we must borrow more and more to get richer, they will not convince us, Mr. Speaker, that today debts are beneficial. I do not believe that everybody has become that mad. The one who takes the cake this week is the Minister of Finance (Mr. Chrétien): I heard him challenge personally the Quebec representatives saying they should increase their deficit. Your deficit is not high enough, he said, it should be increased. That is the ultimate in stupidity, Mr. Speaker. Still, there is wisdom in his madness, for he knows that the more one goes into debt, the more of one's freedom is given up to one's creditor; and that is probably how he hopes that some day Quebec will be dependent on the central government, by reducing constantly its obligations towards the provinces while hanging on jealously to its right of taxation. The government keeps on increasing its revenue while stripping the provinces more and more, of their wealth. The government therefore does the same dirty work as the big financial monopolies do with the population.

Some may say that in the last few years we have made progress socially and even economically, Mr. Speaker. As far as we are concerned, there is only a semblance of progress since in fact we are taking away from those who could lead a comfortable life to help the neighbours who have nothing, either because they can no longer work or because they have been robbed, literally, of everything by loan institutions whose rates of interest are exorbitant.

Today the government tries to apply a few of the reforms we have been advocating for 30 years, but by taxing the workers even more, while overlooking big business, monopolies, those who really have the power in this country since the governments are only their lackeys. As I said a few weeks ago, the national budget is paid for by 75 per cent by the workers while the big financial trusts, including the chartered banks, finance barely 25 per cent of it though they rake in the wealth of the country.

If the country's wealth were distributed equitably in Canada, that is if the revenue were distributed fairly among all Canadians instead of going to about a dozen profiteers, we would be able to pay old age pensions, family allowances and the guaranteed annual income to all those who are entitled to them without having to tax the other workers for the money to pay those benefits since the country makes over $40 billion in additional new production each year.

The Prime Minister tells us, Mr. Speaker, that there are only two ways to run a country: taxes and borrowings. But what about the $40 billion surpluses we have every year and the people's savings? He lets the big financiers take the largest part of the pie, while the government taxes the taxpayers and borrows money.

Let us have a look at the statistics for July. Those who want information need only to examine the statistics for July 1978. As for the amount I referred to earlier of a $40 billion surplus on new production, we find in the statistics an amount of $207.63 billion for the gross national product in Canada, whereas our gross national income, that is our expenses, amounts to only $163.663 billion, that is a $43.4 billion surplus over the country's total spending. Is it not true that with $40 billion we could easily undertake the social reforms proposed by our party, the Social Credit Party of Canada? We cannot under the present system because these $40 billion are monetized by the private banks which siphon everything right out of the financial monopoly, to the detriment of Canadian workers who are responsible for this new production. They are the ones who create these new products, yet only about ten multimillionaires profit from this production, while the people are clamouring, unemployed, and up to their neck in debt.

• (1232)

That is why this crazy system will only lead to one thing, a worsening of the workers' condition, because the more they work the more they increase the financial power of the large monopolies.

This double standard maintained by the government will help large corporations fatten their profits. Someone asked me the other day: But how are we going to stop our debts from increasing? The answer was: The only thing to do in this crazy system is to stop working because the more you produce, the more you get into debt, because you are forced to borrow for your own production. The impact of this attitude is felt not only at the individual level, Mr. Speaker, but also at the family level.

Since 1965, the unevenness of income distribution among Canadian families has been getting worse. This gap is generally said to be due to the very structure of the system. It is true that several behaviour changes in people have increased the number of women in the working place and the number of double income families. The ratio of single people has gone up significantly from 21 per cent in 1965 to 28 per cent in 1975. That of childless couples rose from 21 per cent up to 25 per cent whereas the percentage of families including more than six persons dropped dramatically from 15 per cent down to 7 per cent.

When relating that phenomenon to the gradual deterioration of the purchasing power of Canadian consumers, we can easily

understand why people alter their social habits. Also we can presume that women who are not the breadwinner in the family are interested in working because they want to earn an additional income and thus improve the standard of living of the family. Women decide to work not because they are attracted by the labour market as such, especially since it is often pointed out that there is discrimination between men and women as far as income is concerned.

At present, females earn annually an average of $5,884 against $12,611 for males. Thus the difference amounts to $6,727 and this scandalous injustice alone should encourage women to stay at home. Generally speaking and for the reasons I mentioned earlier, it appears that most married women who join the labour force do not do so because they choose to but rather out of necessity. They wish and need to increase the family income which in 1978 was not sufficient to provide for a decent life. That is why we keep on fighting and we will keep on fighting for a salary to the mother who wants to stay home. We must make it possible for her to stay with her family.

Mr. Speaker, I have already given this example in the House before, if we accept to pay generously the members of our armed forces, all their expenses, their uniforms, for the protection of our country, are we going to shrink from the obligation to support those women populating our country, giving life to those service men? That is something I cannot understand when we reject the concept of a mother's salary. If anyone is working for the country, I believe they are. Ironically, while single people are facing increasing financial problems forcing them to change their old way of life, the commercial and financial community is thriving on workers' misfortune. In one year, from 1976 to 1977, while the average family income rose by less than 3 per cent, the real purchasing power of Canadian consumers was considerably reduced by a real drop of approximately 5 per cent.

The Centre for the Study of Inflation and Productivity recently criticized the inability of this government to efficiently control soaring prices while managing on the other hand to efficiently curb salary increases. In fact, this new agency of the Economic Council of Canada blames both the government and the food processing industry for the inflationary situation prevailing in Canada. The profit margin of this industrial sector is 63 per cent per production unit for the first, second, third and fourth quarter of this year. These profits have resulted in an excessive and unwarranted increase of food prices. In their report, those same analysts from the study centre pointed out that such irresponsibility on the part of employers prompted employees of the brewing, packing and processing companies to demand higher wages when bargaining for new collective agreements. Workers consider that their purchasing power has been seriously eroded.

The competitive positions of Canadian businesses on international markets was materially improved by the fall of our dollar. We were, of course, in a better position on foreign markets. However, some companies are said to continue raising their prices on products which are now competitive in order to counteract the support prices on foreign products. This petty attitude of the established industry in Canada is not sensible because in spite of temporarily larger profits, its mid-term consequence will be to jeopardize considerably the competitive advantage gained at such a cost, at the expense of consumers. In fact the spiralling inflation which has been created by the industrial selfishness of corporate leaders will inevitably reduce our favourable position on world markets, achieved as it was through unconditional exploitation of small wage earners. The Prime Minister of Canada has even expressed his intention of going back to mandatory wage and price controls should that ever become necessary in the next few months.

● (1242)

But on a short and mid-term basis, the policy of the government will not be changed. It still aims at making the small earner pay for the consistent ineptitude of the government in economic matters. Mr. Speaker, there is nothing new here and this attitude has been demonstrated clearly during the ten years of political domination by the Prime Minister in opposition to the prevailing attitude of industrial and economic circles. The research centre warns the industry against any position likely to affect the national interest. According to them the industry must prove its good faith and show some social conscience by voluntarily reducing its prices on Canadian products. If the present trend continues, we could see a new surge of prices, particularly food prices. This shows a double standard which has been used by the government in the following manner: on the one hand the purchasing power of the workers has been deliberately reduced through a series of social and economic discriminatory measures, including the Anti-Inflation Act which controlled rising salaries, several amendments to the Unemployment Insurance Act in a few years, and changes in old age security and family allowances which have been made to reallocate the funds saved on these programs and taken off old people's pensions and family allowances payments to be transferred to industry.

Have we not done enough for big business without providing them with further incentives at the expense of our children and old people? Even in the last budget, the Minister of Finance made several concessions and granted several advantages to big Canadian and foreign entrepreneurs, and that despite the egotistic and at times anti-social behaviour of those same companies towards the average taxpayer. We have reached a point where in the future companies must assume their responsibilities towards Canadians, or least must not hamper the productive efforts of the workers. In order to do so they will have to reduce their profit margin and tighten their belts, in their turn, for the same reasons as salaried Canadians. The report of the Centre for the Study of Inflation and Productivity illustrates perfectly the questionable objectives of big busi-

ness which exploits our resources and our work, and reaps the greater of part of the benefits at our expense. The experience of the last ten years shows full well where the interests of our governments be when they have to choose between guaranteeing the interests of the workers or those of the industry.

Repeatedly, the government has chosen to listen to the recommendations of industry and big business, instead or showing concern for the fears and claims expressed by groups of citizens and consumers. Besides, when it made cuts in the budget last August the government proved clearly that it intends to reduce to a great extent the help it has been granting various consumer groups. The government took away hundreds of millions of dollars from family allowances, depriving thousands of children of their cheques, just as it slashed into unemployment insurance benefits. Why did the government not cut interest rates, which are the primary cause of inflation and the troubles befalling the workers? Double standard always, Mr. Speaker.

Let us now consider the constant increases in interest rates and their impact on the Canadian economy. The 1967 revision of the Bank Act gave rise to several controversies in the House. The Social Credit Party of Canada had necessarily taken part in that important debate which was quite lively. I know something about it, as I was personally involved. One of the provisions of the bill which had then caught my attention was the removal of the ceiling on interest rates. Such a step, it was suggested, would make chartered banks more competitive with one another and with other financial institutions. Dealing with this matter, I had suggested that the ceiling should be maintained at 6 per cent and if some assistance was to be provided to contractors, small businessmen, consumers and small industrialists, a ceiling on interests was essential. Well, I should add that my suggestion was to no avail. It was overlooked along with many others by the Department of Finance. Today with a rate fluctuating around 11.5 per cent, my suggestion seems more than ever appropriate.

Before proceeding further on the subject of interest rates, let us dwell a little longer on the banking reform. I was not the only one who participated in that debate, even the Minister of Finance did. The minister, who at that time was the parliamentary secretary to the then minister of finance, made a speech on July 6, 1966, in which he said, and I quote:

> This decennial revision will certainly be welcomed by the newspapers and the public as the most radical measure since the institution of the Bank of Canada about 30 years ago. It will likely increase the confidence of the public in our banking institutions and in any future decisions of the government concerning the monetary policy of our country.

A few moments ago, I heard the Prime Minister say almost the same thing about foreign banks which will come to Canada to compete with our banks. But there never was and never will be any competition in banking; it is a perfect monopoly, and the government makes fun of us saying: competition is good indeed. Oh, come on. The least one can say is that in those days the minister was overly optimistic. He had no doubt

decided to ignore the old saying that no one is a prophet in his own country. The predictions that he made some twelve years ago never came close to come true. After a succession of increases in the interest rate, we may well wonder whether Canadians should trust this government's monetary decisions. As a matter of fact, at the time of that review, I had warned the government in committee that if it removed the ceiling on interest rates, Canada would be faced with its highest rate of inflation ever. Well, we are faced with this inflation rate right now and we will be stuck with it as long as the Canadian dollar keeps floating and there is no ceiling on interest rates.

I intend therefore to consider briefly the impact on the Canadian economy of these constant increases in the interest rate. We shall see that such a monetary policy is undermining any confidence Canadians may have in their economy and, what is more, is detrimental to our economy. As to the minister's prediction that the Canadian people have more confidence in their banking institutions, other members who will speak after me will deal with it.

I shall deal now with the effect of regular increases in the interest rates. Up until 1967, the interest rates officially charged by chartered banks would not exceed 6 per cent. I say officially, for banks always found a way to charge more. They always came up with unsuspected tricks. But let's not go into it. When later on that ceiling was removed and the over-all bank reform took place, greater competition was to follow as was already mentioned. Moreover, they were intended to avoid further increases in the interest rates and to stimulate banking activities. There was therefore an attempt to strike a balance between banks and other financial institutions. Ten years later we find that we have gone from an extreme to another. From a ceiling rate of 6 per cent which, at the time had apparently a restraining effect on the banks, interest rates today have reached 11 per cent and even 12 per cent in certain banks.

[*English*]

The Acting Speaker (Mr. Turner): Order, please. I regret to inform the hon. member that his allotted time has expired. He may continue with the unanimous consent of the House. Is there unanimous consent?

Some hon. Members: Agreed.

[*Translation*]

Mr. Gauthier (Roberval): Thank you very much, Mr. Speaker, and I also thank my colleagues. I will not take long.

Mr. Boulanger: Take all the time you need.

Mr. Gauthier (Roberval): Somebody on the other side said that there is no hurry. We, on this side, are in no hurry either. While successive increases in the interest rate have allowed the banks to make tremendous profits, their impact has been a totally different nature on the economy. Let us examine step by step the various effects of rising interest rates on our

economy. Generally speaking, they have resulted in an economic slowdown. How has it come about?

When the cost of loans climbs, it follows that the cost of investment increases accordingly. In fact all businesses, large and small alike, get their money supply from the banks to support their expansion. Large businesses can choose to borrow at higher rates to meet their financial needs and to pass the cost on to consumers through their products, thus creating an inflationary pressure. As for small and medium businesses, they will probably decide to postpone their expansion plans, thus depriving many persons from jobs that are so vital to our economy and increasing unemployment. The Conference Board in Canada had predicted for the year 1979 a 5 per cent increase in the investment at the level of business and equipment. However, such an increase was dependent upon stationary interest rates. These figures are outdated and hope for economic revival is vanishing.

And what about the housing sector? In the building, office and apartment construction industry the excessively high interest rates makes this kind of investment less attractive to contractors. But for an individual the purchase of a house, because of higher mortgage rates, becomes more often than otherwise a dream. As a result, there is stagnation in that area of the economy. Jobs that could have been created are not. It is worth noting that for the three-month period ending September 30, the number of anticipated housing starts in Canada stood at 217,000 compared with 249,000 last year, and according again to the Conference Board in Canada, an improvement in this area is not about to happen, at least for the moment.

● (1252)

We have been asking for many years that owners of single family homes be given the same justice as owners of apartment buildings. That seems to me easy to understand. An owner who builds houses for rental does not even use his money. His money is lent at 10 per cent or 10.5 per cent and he leaves it there because he would suffer a loss. He borrows the money and he is sure of being able to deduct from his income tax two-thirds of the interest on that borrowed money. Whether he borrows the money at 9 per cent, basically the money is costing him 3 per cent because he can deduct 6 per cent from his income tax. The same thing goes for somebody who builds—yes, it is true, I know something about it because I have built houses. He can write off two-thirds of the interest on his mortgage. He can deduct two-thirds of his municipal taxes, two-thirds of his school taxes. He can deduct the maintenance of that house. He can deduct the depreciation, 10 per cent or 15 per cent, on that same house.

An hon. Member: Ten per cent.

Mr. Gauthier (Roberval): I am told a 10 per cent depreciation every year. But that is fantastic. I made inquiries. I know people who build projects worth millions of dollars since they do not have to use a single cent of their money—they are right. Taxes pay all the expenses of their houses. They only have to collect the rents. You do not have to be a millionaire to build a one million dollar apartment building today, you have to be a financier. They call them financiers. I am not against the advantages they get—no, we need them—but I want the head of a family to get the same advantages for his single family home. It has been suggested that the owner of multiple unit dwellings builds for other people. I would like to tell something to the House. The head of the household also builds for others. He builds for his wife, he builds for his children, and he must therefore be entitled to the same deductions; he must be entitled to deduct the interest on his mortgage on his income tax return.

Recently I heard a member of the Progressive Conservative party talk about this, and I was pleased to hear him because it means that a party will finally take a position on this issue. The Liberal party has never done so. For the last 20 years, we have been asking for justice for the owners of single-unit dwellings so that the head of the household can be entitled to deduct the interest on his mortgage, as well as municipal taxes, school taxes, maintenance and devaluation. It is very simple. This is quite fair. What we ask is not so fantastic; simply that the head of the household be treated the same way as the financier who had the money to build large rental projects. It is very simple, but the strong have always been favoured while the weak have been left to fend for themselves. If they cannot pay their taxes, their house will be sold to make up the money of their taxes. Let us look at what happens. A big developer builds rental housing and the government endorses him so that the loan company will not lose one cent. The government stays behind him and says: Go ahead and lend money, we will protect you. The government would never do this for the head of a household. This is why our laws are anti-social.

When we start looking at our statutes, as I have already said in this House, we can see that 75 per cent of them are anti-social, and I can prove this any time. Everything we do is based on financial resources, but there is never any mention about what should be our main consideration, that is human resources. However, the main objective of the Social Credit party of Canada is to see human resources triumph over financial resources. As long as we cannot do this, Mr. Speaker, we cannot tell ourselves that we have a healthy economy or that there is peace in Canada and that Canadians are happy. You could say that today everyone is committed to finance and has to produce for the benefit of finance. If someone is not useful to financial interest, he is left behind.

Well, Mr. Speaker, I believe that in this area as in all others, there is need for reform, and I hope that the government, that is the Liberal party, will include in its next electoral program what the Progressive Conservatives have already started to introduce in their policy, even though they have not gone far enough yet.

The Acting Speaker (Mr. Turner): Order, please. It being one o'clock I do now leave the chair until two o'clock this afternoon.

At one o'clock the House took recess.

[*English*]

● (1402)

AFTER RECESS

The House resumed at 2 p.m.

Mr. Alan Martin (Parliamentary Secretary to Minister of Finance): Mr. Speaker, the motion placed before the House today by the Social Credit party refers to interest rates, inflation, and the burden of the public debt of Canada. I would like to deal in the opening part of my remarks with the subject of the net public debt.

Critics of the government, in fact of any government, are always quick to criticize the size of the public debt and the annual charges arising from that debt as an example, in their minds usually, of poor financial management. It is important to keep the extent of the public debt in its proper perspective.

If we look at net debt, which is arrived at by deducting from gross public debt the return on the interest component of government revenues, the amount in our case is in the area of $40 billion.

Taken as a percentage of gross national expenditure, commonly referred to as g.n.e., the net debt works out to about 19.3 per cent. It is interesting to note that in 1962, and I hope members opposite are listening, when we last had a Conservative government, Canada's net debt was equal at the time to 33.4 per cent of g.n.e. As I mentioned, the figure today under a Liberal administration is 19.3 per cent.

The percentage of g.n.e. required to meet public debt charges this year is estimated at 1.3, the same level as in 1962. The figures also show that public debt on both the net and gross basis has escalated sharply in the last four years. This has been the result, in substantial part, of the economy operating at below average levels of activity, something that has been an international phenomenon. The government has been compelled to incur larger deficits to offset in part this slowdown.

Moving next to the subject of inflation, there is, quite understandably, continuing concern in Canada and in other industrialized countries of the world about inflation. It is clear that, no matter what kind of figures are used, Canada has had striking success in turning the inflationary trend around during these past few years.

In his budget speech two weeks ago, the Minister of Finance (Mr. Chrétien) said that he expects the consumer price index next year will average 6½ per cent above the level of this year, and that year over year increases between the current fourth quarter and the fourth quarter of 1979 will indeed be under 6 per cent. That was highly encouraging news for our Canadian economy.

[Mr. Gauthier (Roberval).]

It is worth while reviewing the factors that have contributed most significantly to Canada's most recent high rates of inflation. In the long run, inflation is primarily a monetary phenomenon. Increases in the rate of growth in the money supply will eventually lead to corresponding increases in the rate of inflation. In the short and medium term, however, increases in the money supply do not translate into proportional increases in the rate of inflation. Nor do decreases in the money supply necessarily imply proportional reductions in the rate of inflation. Because of this, trade-offs between inflation and unemployment will exist in both the short and medium terms.

● (1412)

The short-term relationship between the unemployment rate and changes in wages depends fundamentally on the flexibility of real and money wages. There appears to be a fairly high degree of inflexibility of wage change to changes in unemployment.

For many goods and services labour costs make up the largest part of total production costs and are the primary determinate of prices. Even in these cases, however, the relationship between labour costs and prices may be unstable and may change in response to other factors. There are, as well, many markets in which prices may be determined independently of wage behaviour. For example, in the case of agricultural products, demand factors and supply constraints may be more important than wage costs in determining ultimate prices. Government charges are also not closely related to underlying labour costs. Increases in the prices of internationally traded commodities or changes in the exchange rate can also lead directly to higher rates of inflation. Price increases stemming from these sources contributed significantly to the higher inflation rates of the 1970s. It is thus possible to have rising rates of inflation for a period of time despite a deceleration in wage increases.

The response of the rate of wage change to changes in the unemployment rate will depend not only on the degree of wage flexibility but also on the speed of adjustment of inflationary expectations to changes in the rate of inflation. It is not possible to state precisely how price expectations are formed. There seems little doubt, however, that they are influenced by past price behaviour. Further, inflation expectations may be influenced by government policy initiatives. In other words, if individuals believe government policies will reduce price increases, they may act as if the rate of inflation were going to fall.

In the period up to 1973 there were a number of domestic factors working toward worsening inflation. These included strong aggregate demand growth, which was partly the result of strongly expansive aggregate demand policies, increasing inflationary expectations, and rising public sector wages. Important changes were also occurring in the labour market. The increasing participation rates of women and youth, the growth in multi-earner families, and the 1971 Unemployment Insurance Act revisions raised the level of the unemployment

rate at which inflationary pressures were likely to emerge. These factors combined to generate a momentum leading to inflation rates in the 3 per cent to 5 per cent range. In the absence of the external price shocks of 1973 to 1975, however, the inflation rate would not likely have reached double-digit levels, and most likely could have been contained by less expansive aggregate demand policies.

The major increases in food and energy prices which occurred after 1972 had an immediate and direct impact on the rate of inflation. This led subsequently to higher wage and salary demands, partly because of attempts to maintain real wages and salaries and partly because of expectations of future high rates of inflation. The result was a secondary wage-price spiral and further support for the inflation momentum.

The rate of change of wages and salaries has been declining steadily since 1975, partly because of the anti-inflation program and partly because of high levels of unemployment. Consequently the rate of increase of prices of goods for which domestic wage costs comprise the most important part of total costs has been declining, and significant gains have been made toward restoring Canada's international competitive position.

Figures indicating our position internationally have been put on the record here in this current session on a number of occasions to show that in terms of the seven major countries with which the Leader of the Opposition (Mr. Clark) and the financial critic of the official opposition were comparing us, we were indeed in first and second place by many important economic indicators. We were not in seventh or eighth place where those hon. members were attempting to place us. In this regard it is very important that those price increases in 1978 which were essentially temporary in nature not be built into Canada's cost structure through fully offsetting wage and salary settlements.

I would like to move on to the subject of interest rates. An attempt to achieve a short-run reduction in interest rates through highly expansionary monetary policy would likely be of limited effectiveness in the short run and self-defeating in the long run. This is especially true given the importance of international flows of capital into the Canadian market.

It is questionable how far Canadian interest rates could be made to diverge from international tendencies in the short run. In the longer run, as higher money supply growth is reflected in high inflation, the outlook would be for still higher interest rates. We would generally accept the view that the high interest rates are primarily an effect rather than a cause of inflation.

The root of the troubles that the Canadian economy has been experiencing in recent years can be traced back to the problem of inflation, and in particular to the period of intense inflation Canada suffered in the early 1970s. Inflation in Canada peaked in 1975 with prices and wages rising very high in absolute terms, but also rising in a significant way above wages and prices in the United States which was then, and remains today, our main trading partner. This led to a serious impairment of our international competitive position, a large deficit in the current account of the balance of payments and a falling off of foreign capital inflows into direct investment in Canada. Such developments inevitably led in turn to a large downward adjustment in the external value of the Canadian dollar.

Canadians have worked hard to extricate themselves from the grip of inflation, but at the same time we want to maintain a moderate rate of growth in the economy. There is no easy way to achieve this. It can only be done over a long period.

We must also focus on monetary policy, which is playing an important role in slowing inflation in Canada. The Bank of Canada for the past three years has been operating within publicly announced guidelines of declining targets for monetary growth. There have been three successive downward revisions in the bank's target range to a current level of 6 per cent to 10 per cent a year. This policy has been acclaimed as what is needed for ensuring a continual gradual reduction in our rate of inflation.

As we are now very close to ending the decontrol period, it is important to set rigid monetary growth rates. In the event that the inflation rate should not decline, monetary policy will come into play to dampen any renewed acceleration of inflation. In such circumstances there is no alternative but to set interest rates high enough to prevent undue monetary expansion, which in turn could only feed still higher rates of inflation. Of course higher rates of inflation cancel out the benefits of the recent exchange rate adjustment on the Canadian dollar and our improved competitive position which is providing fresh stimulus to economic activity in Canada.

The major objectives of our monetary policy are clear and, indeed, impose a financial discipline on the economy and on all Canadians.

On the subject of monetary policy and interest rates I would like to draw attention to a recent speech given in Vancouver by the governor of the Bank of Canada, Mr. Gerald Bouey. Some of the observations he made in that speech were included in an excellent presentation made by the governor early last month in testimony before the Standing Committee on Finance, Trade and Economic Affairs.

• (1422)

In my remarks today I would like to include one or two excerpts from the speech of governor Bouey because I think it is important, as we discuss an opposition motion such as the one put forward today and as we react to the kinds of comments that are being directed to us and to the Canadian public by the Leader of the Opposition and by his chief financial critic, that we place on the record, whenever there is an opportunity, the positive kind of news that is coming over and over again, not only from Canadians but from international figures of repute.

One of the things that has been of particular interest to me in the month or two that I have been Parliamentary Secretary to the Minister of Finance, has been attending sessions at which international bankers and industrialists who have come to Canada for those meetings are praising us for the kinds of policies we have been implementing to cope with the problems

with which we have been faced in recent years. I think that kind of news does not get out of this chamber unless we on this side say it. It will certainly not be said by hon. members opposite who are attempting to convince the Canadian public of the philosophy of gloom and doom which they think might help them and might have been of some small assistance to them in the few by-elections conducted in this country a month or two ago. They feel that kind of thing will be bought by the Canadian public at a major general election. This is indeed not the case.

Some hon. Members: Hear, hear!

Mr. Martin: I would like to come back to my earlier point and read into the record some of the comments made by governor Bouey in his speech earlier this month, made in Vancouver to the Men's Canadian Club of Vancouver. He said in part, the following:

> Monetary policy has had an important role to play in the slowing of inflation in Canada. For more than three years the bank has been operating within a framework of publicly announced and gradually declining targets for monetary growth. These targets specify the upper and lower limits of a range within which the bank will endeavour to keep the trend rate of increase of the money supply. The bank's initial target range for monetary growth back in 1975 was from 10 per cent a year to something less than 15 per cent a year. As monetary growth and inflation have slowed over the intervening period, there have been three successive downward successions of the bank's target range to its current level of 6 to 10 per cent a year. The bank had made it clear on numerous occasions that further gradual reductions in its monetary growth targets will be required over future years if monetary policy is to be consistent with the longer-run objective of ensuring a continuing gradual decline in Canada's rate of inflation.

He went on to say:

> In setting its targets the bank's objective is to choose a range for the near-term growth of the money supply capable of accommodating a reasonable rate of economic expansion provided that this is accompanied by some continuing decline in the rate of inflation. The fact that we have been successful in meeting our targets for three consecutive years now provides, I hope, convincing evidence that we are serious about them. If as we come out of the decontrol period the rate of inflation should not decline, or worse still, if there should be a renewed acceleration of the rate of increase of wages and prices, the bank will not for that reason allow its monetary growth targets to be exceeded. In such circumstances interest rates would have to be high enough to prevent undue monetary expansion, and that in turn could lead to slower economic growth until inflation subsided again. That risk cannot be avoided unless monetary policy is simply to underwrite whatever rate of inflation turns up. Given more responsible wage and price behaviour, of course, economic growth need not suffer in this way. Indeed, if we do not let inflation cancel out the benefits of the recent exchange rate adjustment, our improved competitive position will itself provide fresh stimulus to economic activity in Canada.

Because of the importance of this major speech by the governor of the Bank of Canada, I would like to quote a little further from some of his comments. Later in his speech he went on to say:

> The downward adjustment of the Canadian dollar from November 1976 to the early part of this year was reasonably orderly and was not a cause for particular concern. At the beginning of this year it seemed to me that Canada's underlying balance of payments situation was better than it had been for some time. A large downward adjustment in the Canadian dollar had taken place about as smoothly as could be expected, and this had much improved our competitive position in international trade.

Again we hear over and over again about the benefits that are accruing to the Canadian economy and to industry generally as a result of a lower exchange dollar. I go on to quote Governor Bouey's comments as follows:

> Our costs of production were no longer rising significantly faster than those of our main trading partner, as rates of increase in money wages had come back down to about the same range as in the United States. The expenditures of governments in this country had slowed considerably and the money supply was under good control.

I might say that the federal government had been very much in the lead in this current endeavour to control expenditures under its management.

Governor Bouey went on to say:

> The merchandise trade surplus was increasing and prospects for a decline in our over-all current account deficit seemed reasonably good. Although rising U.S. interest rates in conjunction with a lowering of Canadian rates had reduced the incentive to borrow abroad and there had been a lull at times in the pace of foreign borrowings by provinces and corporations, it looked as though these forms of net capital inflow would come close to financing the current account deficit.

I could go on to quote a number of sections of this speech that I think are pertinent, but perhaps I may just conclude these remarks by quoting an additional excerpt from governor Bouey's speech. Again I emphasize that it is extremely important at this time that Canadians understand the positive features of our economy, and that we on this side of the House do all we can to place on the record here, in our ridings and wherever possible, the fact that Canada's position, particularly as compared to other western industrialized nations, is second to none.

I will quote an additional section from Governor Bouey's speech wherein he says:

> I have heard a certain amount of unhappiness expressed because of a feeling that our interest rates are tied to those of the United States. My reply to this is that to the extent they are so tied it is at our own choice. After all, we have had the choice of not following U.S. rates up and thus allowing the Canadian dollar to fall faster and further, with the risks that I have just referred to. We always have the choice of ignoring movements in U.S. interest rates if we think we can live with the consequences; in some circumstances it may be wise to do so, but in others it is not. In a situation where we are heavily dependent on inflows of foreign capital and when confidence in the Canadian dollar is still rather fragile in foreign exchange markets, opportunities to be able to ignore movements in U.S. interest rates are likely to be limited.

I would like to conclude my comments today by referring once again to the motion put forward by the Social Credit party, and to say that when we talk about the average Canadian and his situation ten or 15 years ago, or during the period of Conservative government—which seems to have been so many years ago that people have forgotten all about it—in some instances we find the situation much improved. When I go to my constituency in Scarborough on a Friday evening, as I will be doing tonight, I find it is not easy to get into a restaurant for a meal because of the large line-ups of people waiting to go in, often with their families.

The fact is that many Canadians today, the majority of them, are enjoying a standard of living that is substantially better than the standard which was in existence prior to the time that this government came to power. We realize and understand that indeed there are continuing pockets of serious

unemployment across the country. In my remarks today I have made that clear, as I have done on many occasions. The government is doing all it can with its measures and leadership to come to grips with those pockets of unemployment. The recent budget addressed itself to regional disparities by providing increased incentives for companies to establish and invest in areas where unemployment is the highest, and by providing tax credits of up to 20 per cent for investment in those particular areas.

● (1432)

We are hearing more and more irresponsible policies from members of the official opposition, such as two or three platform positions recently taken in terms of providing tax reductions. They would add a conservative estimate of $5 billion to $6 billion in total to the deficit. We on this side know that a substantial deficit exists at the present time. We are attempting to come to grips with it, but members on the other side would see it enlarged if they had their way. Yet the financial critic, the hon. member for York-Simcoe (Mr. Stevens), has the nerve to rise and continually criticize the government for not doing more to bring that deficit down. He knows full well that the hon. Leader of the Opposition and other Conservative members are travelling across the country recommending the immediate implementation of policies, if they were to become the government in power. Those policies would increase the deficit by as much as 50 per cent. They cannot have it both ways. Canadians will never accept the completely opposite positions they are taking: one day they say one thing, and the next day they say another.

Some hon. Members: Hear, hear!

Mr. Bob Rae (Broadview): Mr. Speaker, I wanted to take this opportunity to discuss with the House a couple of matters of particular concern raised by the motion of the hon. member for Roberval (Mr. Gauthier). The first issue is the question of interest rates. I have debated this matter with the Parliamentary Secretary to the Minister of Finance (Mr. Martin) on the late show, and I am glad to have an opportunity to follow him and deal with some of these important questions today.

Often my party is accused of living in the 1930s. Often it has been said that my party looks to the past too much, is too concerned with welfare, is preoccupied with the problems of unemployment and how bad things are, and is not sufficiently optimistic or aware of the fact that we are living in an affluent society. These are misconceptions. The parties which seem to be living in the 1930s are the Conservatives and the Liberals.

The parliamentary secretary indicated this afternoon that because so many restaurants in Toronto were full, we were living in a time of unprecedented affluence. The existence of a bread line, instead of a waiting line for a restaurant, does not demonstrate economic hard times. A great many people in major cities are unemployed, not simply a few pockets of the population. These people are facing extreme financial difficulties, and I should like to refer to two aspects of these difficulties this afternoon.

The first matter is the question of the interest rate, and related to that is the question of the housing situation. Housing is an important aspect of our cost of living and is a fundamental part of the financial obligations which Canadians have. At the present time the prime rate is 10.75 per cent, and there is a spread of 1.8 per cent between the prime rate charged by the Bank of Canada and the rate charged by banks. The government has engaged in a policy of high interest rates. The parliamentary secretary quoted the words of the governor of the Bank of Canada, that it is a matter of choice. Thus, we can only assume that the government has chosen to go that route, or the government has been forced to go that route, because it is determined to keep the dollar at 85 cents, regardless of the cost in terms of interest rates.

Some hon. Members: Oh, oh!

Mr. Rae: It is true. In the Standing Committee on Finance, Trade and Economic Affairs, the Governor of the Bank of Canada made it perfectly clear that the government and the bank are not prepared to see the dollar go below 85 cents. That is why the interest rate has been kept at its present rate and will continue to rise in response to developments in the United States. At that time the governor created a spectre by referring to the horrors of the dollar going below 85 cents American. Also he said that we had succumbed to something terrible, the British disease. As I understand it from listening to the governor, the British disease is that we would depreciate our currency and import inflation, thereby setting off a spiral of wage demands and so on, which would exceed what we are experiencing at the present time.

It is a very old debating trick, not unknown to some lawyers, to parade a spectre of horrors before a jury so that it will come up with another alternative. In accepting the reality of that spectre—it is a spectre; it is not a reality—the government and the governor of the Bank of Canada succumbed to a disease which is much worse than a potential and unreal fantasy alternative, the Canadian disease. They have succumbed to the Canadian disease. The interst rate is at 10.75 per cent, and there are tens of thousands of houses on the markets of major cities which cannot be bought because people cannot afford them, and there is no market.

The United States has a different and lower unemployment rate of between 5 per cent and 6 per cent. Its industrial capacity is different at the present time, as well as its history respecting the economic problems which that country faces. The United States has increased its interest rate in response to internal developments. We have simply followed along in lock step with the economy of the United States in adopting a high interest rate policy. The government appears to be carrying out a financial policy, but if one looks at its internal implications they are dramatic, social and economic implications for Canadian consumers.

The high interest rate policy also provides for windfall profits for banks. Let there be no illusions about that. I addressed questions to the Minister of Finance (Mr. Chrétien) today concerning the figures published yesterday which

revealed that bank profits were approaching $1 billion and had risen 33 per cent from last year. The president of one of the major banks said that the main reason for increased profits is that the margin between the prime rate and the rate charged by banks has been increased, and that spread accounts for a large portion of the increased profits. That spread is at the expense of the ordinary person, the one who wants to borrow money or buy a house. The banks are taking advantage of those people.

• (1442)

If I may say, with respect to my friend, you do not have to be a Social Crediter to recognize that our large financial institutions are taking terrible advantage of our people. The amendments to the Bank Act which the government has proposed do not deal with that problem. They do not even address the problem.

An hon. Member: Be specific.

Mr. Rae: An hon. member has asked me to be specific. All right, I will be quite specific. Let us accept the government's position that for external economic reasons, financial reasons, or for reasons of protecting the currency, we need an interest rate that is locked into the interest rates of the United States so that if American rates go up ours goes up. Let us accept that for the purposes of argument. If that is the case, it is the responsibility of the government to address itself to legislation in respect of banks which does two things: legislation which guarantees that banks will not make excess profits as a result of the fact that interest rates fluctuate and go up; and, second, that banks set aside a portion of their profits to be used to create what I would call subsidized interest rates for specific purposes. In other words, we should have legislation which provides for lower mortgage rates for first-time home buyers, to be subsidized by excess profits from the banks.

Alternatively, the legislation should address itself to another economic necessity relating to the concerns of small businessmen, particularly those in the Atlantic provinces, or even in downtown Toronto. Those concerns relate to their credit needs which cannot be met or cannot be satisfied if the government persists in following a policy of high interest rates because of external requirements.

That is the Canadian disease and the Canadian dilemma. We have high interest rates allegedly because of external constraints which have an impact on the internal economy, what I call the social economy of the country, which is quite out of line with requirements or external demands.

The classic example, as I said today, is that bank profits, which some people are able to take advantage of through high interest rates, are not available to the working people of Canada, but rather to the people who own shares in banks and who work in the banks. The Bank Act does not address itself to this problem. The Minister of Finance said he hoped we would propose amendments to the Bank Act, and I can assure him that we will.

I hope the government will address itself to that aspect of the interest problem. As the interest rate goes up because of external demands, there is a dramatic effect on the internal market, but there is no direct, intelligent or sensible relationship between those two things.

The second thing I want to deal with in the few minutes left to me is the matter of housing, particularly housing in our large urban centres. I represent a riding in downtown Toronto, so obviously I am speaking from that perspective.

An hon. Member: A rotten place.

Mr. Rae: It is not a rotten place. It is a very nice place and I invite you to come there.

An hon. Member: Population-wise.

Mr. Rae: The fact of the matter is, according to the government's own statistics, that about one-fifth of all metropolitan householders pay more than 25 per cent of their income on shelter, and, of those, about 180,000 pay more than 40 per cent of their income to secure and maintain their dwellings.

The important point to remember out of this is that renters have an even greater affordability problem than do the owners of houses. When the time comes for the next election and for the people of Canada to take a very hard look at the scheme which has been proposed by the Conservative party, I am sure they will recognize not only that it will not solve the financial problems of the Canadian people in regard to the size of our deficit, but that it is a fundamentally inequitable proposal from the point of view of our taxation system, and from the point of view of social justice.

It is important to remember that every time we give somebody a tax credit, somebody else is paying for it, and it is important to remember that the vast majority of the revenues of Canada come from the working people of Canada. It is the guy or the woman who is paying income tax every week and sees it knocked off the wage cheque who knows that this will be used to subsidize this scheme of the Progressive Conservative Party of Canada.

An hon. Member: They would like to own homes too.

Mr. Rae: They would like to own homes, but we are also looking at a system which does not provide for their ability to own a home, but rather provides a subsidy to the people who own homes at the present time. You cannot sacrifice these wages for some future dream five years away. You are selling the people a Hollywood fantasy which is not going to work.

The reality of the fact is that there are a great many people living in our urban centres who are apartment dwellers and renters, and who will be renters and apartment dwellers until the day they die.

An hon. Member: We will look after them too.

Mr. Rae: I am sure you will when your time comes, but until that time comes we have to address ourselves to the inequities

of the tax system and to the inactivity of the government in respect of the housing problem. I think the degree of concern this government has accepted in respect of housing has been demonstrated by two recent events. First of all, this government chopped $260 million from the CMHC budget and, secondly, it is abolishing the ministry of urban affairs. We know full well that when the urban dweller in Canada wants to look to a government for the solution to his problems he will not be looking to the government in Ottawa, and I suggest that is a very sad day for the people of Canada. When the day comes that the Government of Canada says, "Don't come to us with your problems, go back to the provinces from which you came," that is the day we no longer have a country of which we can really be proud.

It is an abdication of political and social responsibility for this government to say that problems of urban dwellers are no longer to be a major preoccupation of this government. This government had the opportunity in 1971 to set up a ministry of urban affairs which would genuinely co-ordinate government policy in respect of our cities. This government has not fulfilled one aspect of that policy in respect of urban planning, urban growth, and urban transportation. The government's answer now is to abolish the ministry of state for urban affairs. The hon. member is supposed to agree with me, but he will not. That is why this government has bought the entire Tory package of restraint, the effect of which has been to reduce the total amount spent by this government on social measures, and reduce the ability of the government to provide for the housing needs of urban Canadians.

In the few minutes left to me I simply want to say that if this government thinks that by stumbling from pillar to post in response to what it sees as the vagaries of public opinion, and that by reducing the level of socioeconomic spending on its part, it will endear itself to the working men and women of Canada, it is in for a shock at the next election, and certainly it should be in for a shock. The fact of the matter is that the level of social spending by this government in terms of housing, in terms of urban transportation, and in terms of the needs of our inter-city Canadians dictates the level of the standard of living of those people. Those are not people who can rely entirely on the market for their standard of living.

In a civilized and decent society we should not have private wealth and public squalor. What we must have is wealth distributed throughout our society, providing a satisfactory living in respect of housing and transportation. We must have public investment that guarantees a satisfactory standard of living for all Canadians. That is why the matter of the interest rates is directly tied to the question of the standard of living, and I am glad that our friend has brought it up. As long as you have a government which relies entirely on a private market and a standard of high interest rates for the provision of its housing, there will be a housing market that will be unfulfilled and depleted in the inner cities of this country. We know that there are not only affordability needs but physical needs in housing that are not being met by this government.

• (1452)

The abolishment of the ministry of urban affairs—and I see that we have a former minister of state for urban affairs in the House—is typical of the lack of concern that this government has shown for the housing situation in Canada.

Mr. Rob Parker (Eglinton): Mr. Speaker, there are a number of items in this motion that have already been discussed by previous speakers, such as interest rates, inflation, fiscal and monetary policy, and so on. I intend to make reference to those subjects during my remarks, but there is a phrase in the motion to which reference has not been made. The phrase is "double standard" and I can understand the government not mentioning it because it reads, "this House deplores the double standard applied by the government . . .".

The parliamentary secretary gave some indication of that double standard when he talked about the striking success this government has had. I am sure a great many Canadians must view that statement as something of a double standard. He talked about how good things were for Canadians. Those who are out of work must regard that as something of a double standard. He referred to pockets of unemployment. I suppose that next the government will be telling us that there is no unemployment, that it is just a nasty rumour started by a lot of people who are out of work.

The parliamentary secretary also referred to the size of the government debt in relation to gross national expenditures. He seemed to draw enormous satisfaction from the fact that the debt was a higher percentage of g.n.e. during the last year of the last Conservative government than it is at the present time. That is a double standard, because if government g.n.e. doubled tomorrow he would then boast to us that the government managed to reduce the debt, when it is clear that one is simply expressed as a percentage of the other.

He also said that the opposition party has been attempting to convince Canadians of doom and gloom and how terrible things are in the country. We do not have to convince the Canadian people of anything. The results of the October 16 by-elections, when I and a number of my colleagues on this side had the honour to be elected, indicate that they already understand what things are like in this country. We are simply pointing out what a disastrous job this government has done managing the affairs of the country over the years it has been in office. If we preach doom and gloom we preach it to the government, and only in the sense that if its policies continue then we face disaster. We put sensible policy alternatives before the government, many of which it adopts, but as I pointed out before, it gets the words right and the music wrong. Ministers opposite did it in 1974 with wage and price controls, and they are likely to do it again with some of the things that are in the current budget.

It must also be a double standard to Canadians when this government talks about restraint. I believe the phrase the parliamentary secretary used was "leadership in restraint." I am sure that those same Canadians have noted that during the entire period of wage and price controls when wages, profits

and prices were restricted, the spending increases of this government never fell below 10 per cent, never got down into the single digit figures, and soared as high as 16 per cent. That is a double standard of major proportions.

For the last three months this government has been talking about spending cutbacks and what a wonderful job it is doing in that area. Yet, even if you believe that the restraints it predicted for next year are actually going to take place—and based on the record of this government it is very difficult to believe anything it says—it will still have a 9 per cent spending increase next year. It will be the largest dollar spending increase it has had since 1974. And that is supposed to be some form of restraint? There are so many examples of double standards, playing with the figures, and misrepresentation on the part of this government that they are difficult to deal with adequately in the time we have today.

I would now like to comment on a document that appeared before this House in concert with the budget. It is a report on a study by the Department of Finance of the tax systems of Canada and the United States. The government in printing that study did not go into great detail about what precisely it was purporting to prove. The message seemed to be that things were pretty good here because this study purports to show conclusively, according to the Minister of Finance (Mr. Chrétien), that the Canadian personal tax system compares favourably with the United States and, therefore, we are doing all right. I suppose we are to believe that the people of the United States are doing all right too, which is not the case.

This study does not show that the conclusion by the Minister of Finance is correct at all. For example, he says that "our business taxes are fully competitive." That is a highly arguable point and I intend to argue it later. The study itself is so highly qualified that it does not provide the conclusive demonstration he suggests. It notes five difficulties with the comparability of data, and two difficulties with the interpretation of tax burden, and it consistently confuses the differences between the tax burden and the tax rate. Finally, it concludes that the Canadian and U.S. tax systems are competitive but only in a general way. It makes no attempt to provide a conclusive demonstration.

Several of the conclusions in this study are misleading, particularly when they are used to claim that the Canadian tax system is competitive. I would like to point out five or six specific examples of the kinds of misleading information contained in it. For example, on page 57 of the study the second paragraph reads:

> The paper leads to the general conclusion that the Canadian tax system compares favourably with that in the U.S. In aggregate, while tax revenues of all levels of government were 1.8 percentage points of GDP higher in Canada than in the U.S. in 1977, Canadians had the benefit of publicly provided health care services and demogrant transfer payments in the form of family allowances and old age security pensions.

There are two points here. In the first place, the study clearly concedes that the aggregate tax burden as a proportion of the total economic activity is higher in Canada than in the United States. That concession alone is enough to make the findings of this study less than conclusive.

Secondly, it argues that if you exclude the cost of certain services provided by the government without cost—health care, family allowances, etc.—then the Canadian tax burden is lower. That argument is ridiculous. It does not hold water because the study deals with the tax burdens of the two countries, which is conceptually different from the study of the services provided by the two governments. Also, if one subtracts the cost of social services provided by the government, why should you not subtract other services? For example, why do they not include the higher spending on defence in the United States, which is a much greater portion of their national budget, in the comparison?

The common theme of the two reasons for disputing the study's argument is that the issue is tax burden and not spending habits. No one doubts that U.S. government agencies spent tax dollars on different items than Canadian government agencies. Surely the issue is the tax burden that is required to finance those activities, not what the activities are. That is part of a different argument that takes place in this chamber also, but at a different time.

● (1502)

Another item in this study concludes that non-income taxes form the same proportion of total revenues in both countries. In the United States there is greater emphasis on social security taxes than in Canada, and Canadian non-income taxes have their primary impact through indirect taxation, specifically the manufacturers' sales tax. The study maintains that this tax has little effect on international competitiveness as these taxes apply only to goods produced or imported and not to exports. It is probably true that it has little effect on international competitiveness but it is also a fair conclusion, although it is not mentioned in the study, that United States social security taxes probably have little effect on international competitiveness either.

On page 57, the study notes:

> (iii) Aggregate personal taxes (personal income taxes, social security taxes levied on persons and estate and gift taxes) are lower in Canada, as a percentage of personal income, than in the U.S.

On the next page it states—and this is the important part—as follows:

> In Canada, personal income taxes are a higher percentage of personal income than in the U.S. but this is more than offset by lower levels of social security and estate and gift taxes.

Even if we assume that these facts are correct, although there are a number of reasons to question the study, not only for the conclusions which seem to be used for political purposes, but in the way—

An hon. Member: Oh, oh!

Mr. Parker: We only use facts and figures for statesmanship on this side of the House, Mr. Speaker.

Mr. Dionne (Northumberland-Miramichi): You should listen to some of your colleagues.

Mr. Parker: Mr. Speaker, as I am sure the hon. gentleman opposite realizes, we are not responsible for members of the New Democratic Party or for members of the Social Credit party.

Mr. Knowles (Winnipeg North Centre): Hear, hear!

Mr. Parker: Even if we assume that these facts are correct, what is of interest is that Canadian unemployment insurance contributions are treated as a tax in this study. According to this document, the Department of Finance considers UIC contributions to be a tax. Surely, then, the government should cease referring to them as insurance premiums, as they do consistently. There is quite a difference between tax and insurance.

Another point in the study is that total exemptions and deductions are higher in Canada than in the United States. That may be true but it is irrelevant. The study has already conceded that personal income taxes are a higher percentage of personal income in Canada than in the United States. That being true, exemptions and deductions should also be higher.

On page 58 the study makes comparisons of disposable incomes as follows:

(v) Comparisons of disposable incomes (gross income plus family allowances where applicable, less income tax and employee social security contributions) of typical taxpayers in Canada and the U.S., indicate that most lower and middle-income taxpayers in Canada have higher disposable incomes than their American counterparts.

That is an extremely misleading statement for at least four reasons, Mr. Speaker. First of all, it includes family allowances. While family allowances are fairly included in disposable income, the spending of the government should not enter into calculations of the tax burden of the government. To do so creates a distortion which would allow industrial subsidies to be deducted from the tax burden of industry.

Second, the comparison deals with disposable incomes, not real disposable incomes. Several of the comparisons in the study deal with the period from 1972 to 1977. Over that period, while consumer prices in the United States increased by 44.9 per cent, in Canada consumer prices increased by 53.4 per cent. The 1972 United States consumer dollar was worth 69 cents in 1977, while the Canadian consumer dollar was worth 65 cents. A comparison of real disposable incomes might therefore tell quite a different story.

Third, unless the comparison is made over the period of a business cycle, it will be misleading. This government has been very cute over the last several months in carefully picking periods when restraint or accomplishment on economic fronts or on government spending fronts seems to have been present, but in fact has not been present in many of those cases, and certainly not over a full business cycle.

Fourth, the fact that Canadian incomes are higher should come as no surprise to anyone, especially the government. The parliamentary secretary referred to this already this afternoon. It was the imbalance in incomes and wage rates that led this government to impose wage and price controls in the first place. That is a suggestion that was made by this party and rejected categorically by the Prime Minister (Mr. Trudeau) in the 1974 election campaign, when he said, "We will never . . . etc."

That same imbalance in wage rates led to the devaluation of our dollar. The government is speaking out of both sides of its mouth. Out of the one side they claim that because Canadian disposable incomes are higher than those in the United states, there is no problem with our tax system and everything is dandy. Out of the other side they claim that because Canadian disposable incomes are higher than those in the United States, there is a need for wage and price controls and a devalued dollar. Wage and price controls fortunately are coming to an end, but until this government comes to an end there is no end in sight for the devalued dollar. They cannot have it both ways, Mr. Speaker.

On page 59, in paragraph (vii), the study states:

—the over-all effective corporation tax rate in Canada was some six percentage points lower than the U.S.

That is nothing new but you cannot fairly proceed from that to conclude that the over-all corporate tax burden is lighter. What the comparison leaves out primarily is the federal manufacturers' sales tax payable in Canada which has been reduced in the last budget by 3 per cent. It still exists, however, and it has a major effect on economic activity.

The economic theory of pricing suggests that all taxes—not only direct corporate income tax but indirect taxes and sales taxes paid by business—have to be reflected and are reflected in the price of the product. The product is priced to provide an after tax return on investment. If that applies, then both income tax and sales tax enter into price calculations. That is one reason that automobile prices, for example, are higher in Canada than in the United States despite the auto pact. Canadians pay a federal sales tax indirectly that United States residents do not. While the federal sales tax does not affect export competitiveness, it does affect domestic prices and thereby affects corporate income. In assessing comparative corporate tax burdens as this does, it must be included. Statements about the corporate tax rate completely ignore this.

Mr. Speaker, this is but one study that compares the tax systems of Canada and the United States. I have already indicated that I think its timing is suspicious, its conclusions dubious and its logic arguable. I should therefore like to quote from some other studies, particularly one done in 1976 by the private sector. It was prepared by the senior tax partner of Price Waterhouse and Company for a conference sponsored by the The Conference Board in Canada. As everyone in this House knows, this is a very effective, very professional, highly proficient and certainly unbiased organization. The senior tax partner of that firm said in the first paragraph of this study:

Making any sort of comparison of tax burdens between countries is a very complicated matter. By an appropriate choice of figures, it is possible to arrive at virtually any answer that you might desire. It is therefore possible to draw only very general conclusions from most international tax comparisons: in one set of circumstances, one tax system may appear more favourable than the other, but a change in the assumed circumstances can readily change the conclusion.

The thing that is wrong with the kind of comparison or statement that our interest rate is good because the United States interest rate has done thus and so is that it does not deal with where Canada is and where Canada is going.

Do I sense by your motion, Mr. Speaker, that I am almost out of time?

An hon. Member: We will extend it.

The Acting Speaker (Mr. Ethier): Order, please. Is it agreed that the hon. member should continue?

Some hon. Members: Agreed.

Mr. Parker: Thank you, Mr. Speaker, and, I thank hon. members for their indulgence.

• (1512)

Comparisons that dwell on how well we are doing in relation to the United States or any other nation are not ultimately useful. Over the past few months the government has made considerable reference to the fact that Canada is a healthy country in a difficult world. The government have said that all the problems we face—inflation, unemployment and son on—are essentially caused by factors outside our borders and outside our control. They have said that inflation comes from the Arab oil price increases, unemployment comes from Hong Kong and Taiwan, and presumably our weather comes from Alaska! Nothing can be done by this government.

We have done much by way of argument against that theory of the government. However, we are not doing well compared to other nations. The figures are there and they are clear. Given our favoured resource picture and a well distributed and educated population, we are not doing even equally as well as other nations in the world with which we are compared, we are doing worse. It is not how well or how poorly we are doing in comparison to some other nation, it is how well we are doing on our own that is important. It is how Canadians regard the management of the economy and the effects of the policy that this government puts into operation that counts.

One should not point to other nations in the world with an equally high unemployment rate and then say our rate is not our fault. Every time things go well this government takes credit for it, or tries to; but every time things go badly the government blames somebody else. We were told by the Prime Minister that we in the opposition are enemies, that the provinces are enemies, and certainly the media are enemies for reporting all of this. "It is someone else's fault" is what the government says; "we are doing what is right" I do not think that doing what is right, if that is the case, would lead to one million people out of work. It would not lead to a 9 per cent inflation rate, to a devalued dollar, or to the kind of messing with figures that we have seen in this particular study that I have indicated, throughout the speech of the parliamentary secretary, and indeed throughout the speeches of most members on the government side.

The motion presented by the Social Credit party this afternoon reads:

[Mr. Parker.]

That this House deplores the double standard applied by the government in deliberately reducing the buying power of Canadian workers and families while allowing an increase in the interest rates which will result in higher revenues for financial institutions, an increase in the inflation rate, as well as a heavier public debt.

Although I agree with some parts of this motion, I think that the motion is too long. It could come down to a very few words; for example, "That this House deplores this government."

Some hon. Members: Hear, hear!

Hon. Robert K. Andras (President of the Board of Economic Development Ministers): May I congratulate you, Mr. Speaker, for getting your tongue around my new and extended title. I am still having difficulty with it myself!

Mr. Knowles (Winnipeg North Centre): A rose by any other name—

Mr. Andras: I thank the hon. member for Winnipeg North Centre (Mr. Knowles).

This motion before us has had some comments made about it, and I will continue by adding mine. It manages to combine a number of misconceptions, as the previous speaker has said, in a very long sentence. First, I would like to respond to the concern over interest rates which has been expressed in the motion. Then for a few moments I would like to turn to the question of how Canadians are faring in terms of real income, and finally I would like to make some observations on the profit picture of our corporations.

None of us welcome increases in interest rates, but sometimes higher interest rates are a bit like old age—they are not so bad when one considers the alternative. What is the alternative in our present circumstances which have led the Bank of Canada to raise interest rates, admittedly several times this year, to their current levels? The governor of the Bank of Canada has set out the considerations we face in a clear and forthright way in recent speeches. He has stressed that the bank is very much aware of the concern over high interest rates.

Canada is currently importing more goods and services than it is exporting. Therefore, an inflow of money must be attracted from abroad to cover this deficit. We are indeed making progress on a number of aspects of this balance of payments deficit. Looking at trade in goods alone, we are in a surplus position. The surplus in the first three quarters of this year is running more than $1 billion higher than it was in the corresponding period last year. As the positive effects on trade of our lower dollar continue to build and we maintain our much improved domestic cost performance, particularly relative to costs in the United States, I think we can look forward to further improvement in our trade surplus and to a further reduction in our over-all deficit on goods plus services. But for the present, as I have said, we have to face the fact of that deficit and the necessity of attracting inflows of funds to cover it. If financial conditions in Canada are not such as to attract sufficient funds from abroad, we can expect further depreciа-

tion, quite possibly substantial further depreciation, of our exchange rate.

We all know and recognize that depreciation of the dollar is not always a bad thing. It was also recognized that Canadian costs had become significantly out of line with costs in our trading position, particularly with our major trading partner, namely the United States, over the years up to 1976. We have to acknowledge that there has been a downward adjustment of the dollar, which was bound to occur sooner or later and had to occur if the conditions for growth of employment, output and investment in our manufacturing industries and many of our other exporting industries was to be re-established.

We also know that the devaluation or depreciation of the dollar has increased our rate of inflation. Unfortunately, that price had to be paid. Instead of the pessimism that is around for whatever reason or motivation, there is reason to believe that we have re-established a reasonably favourable competitive position which, with time, will allow us to move into a more sustainable balance of payments position.

We are also in a very critical period as temporary price and income controls come to an end. If we can continue to bring down the underlying rate of inflation our prospects for growth in employment and real income in the 1980s are very promising. If domestic inflation starts to flare up again, those prospects will fade.

The critical nature of the period immediately ahead and the recent pressure on prices because of devaluation which has already occurred, together with food prices, has led the government to provide some offset to immediate pressures on prices through the sales tax reduction which my colleague the Minister of Finance (Mr. Chrétien) announced the other night, through the earlier gas excise tax reduction in a previous budget, and indeed in our hope for deferral, if it comes about, of the oil price increase on January 1, 1979. That has led the bank and the government to be a little concerned to moderate any further pressures on costs and prices that could occur through exchange rate fluctuations. Thus there has been action to moderate the pace and scale of further exchange rate adjustments and to moderate the danger of a serious overshoot in that adjustment.

● (1522)

Foreign borrowing to supplement our exchange reserves has been part of this action, as have the actions of the Bank of Canada. In the governor's words, "we must give priority for a time to the need to maintain confidence in the Canadian dollar in foreign exchange markets". Faced with rising interest rates in international capital markets, this has required increases in our domestic rates. Hopefully, the need to maintain rates at current levels will be of relatively short duration. With further progress in reducing inflation we should be able to look forward to one of the rewards of lower inflation: lower interest rates on average. The government supports the policies of the Bank of Canada, including the interest rate response to the current situation. The alternative for our exchange rate and for inflation would be still less desirable.

I would like to turn to the second part of the motion before us, which alleges that the government is deliberately reducing the purchasing power of workers and families. There is a short and very justified response. It is simply: Nonsense! In saying that, perhaps it would be wise to state for the hon. member who put forward the motion a little more detail.

First let us look at government actions this year. A special personal income tax cut took effect last January to give an extra boost to purchasing power. The federally-financed retail sales tax cut provided a further boost.

In August, at the same time that I was announcing severe cuts across a wide range of government expenditures, the government rearranged the family allowances and child benefit system so as to give more assistance to lower income families. The real purchasing power of older Canadians with modest incomes is already protected by the full indexation of the old age pension, the guaranteed income supplement, and the Canada pension plan. But as part of a general policy of reallocating our admittedly limited resources to where they were most needed, and in recognition of the above average share which food occupies in the expenditure of lower income retired individuals and couples, the government also provided an additional increase, over and above full indexation, in the guaranteed income supplement.

Two weeks ago my colleague the Minister of Finance introduced his budget which, through the sales tax cut and the increase in the employment expense deduction under the personal income tax, will further assist the purchasing power of Canadians, and in particular working Canadians, in 1979. These measures come on top of full indexation of our tax system which is a very important form of protection against one of the ways in which inflation can reduce real purchasing power. This is a type of purchasing power protection which citizens in most other countries do not enjoy.

We must recognize that the counterpart of the very rapid growth in our real incomes which took place from 1970 to 1976 was that our competitive position got rather badly out of line. A pause in real income growth was an inevitable part of bringing our competitive position back in line and re-establishing the conditions for employment growth. The government's actions have been designed to help ease this aspect of the adjustment. Our expenditure restraint has allowed us to make major cuts in taxes which have cushioned this adjustment in real incomes.

As we go through this difficult period of adjustment to income levels which are sustainable given our productivity and competitive position, it is important not to lose sight of the fact that Canadians are still faring very well in terms of increases and the improvement in their standard of living compared with a few years ago. As the Minister of Finance noted, real after-tax income per employee in Canada increased by 7 per cent in the last three years, whereas it decreased by 2 per cent in the United States. This is a difference of about 3 per cent per year in the annual rate of increase. I am talking about real income.

Some critics have responded that Canada has had higher real income growth for an extended period, and that no special significance should be attached to the result for the last three years. The fact is that during the preceding ten years, the amount by which the average annual increase in real after-tax income in Canada exceeded the increase in the United States was only about half as large as during the last three years. Therefore, those figures and the significance of them represent a very current and immediate period.

Finally, Mr. Speaker, I would like to make a few comments on criticism about profits. Corporate profits have shown substantial rates of increase over recent quarters. Of course, profits typically vary a good deal up and down. In 1975 total corporate profits actually decreased 1.8 per cent whereas total wages increased by close to 17 per cent. In 1976, profits increased by almost 3 per cent whereas wages increased by almost 16 per cent.

In this period, when our costs were becoming increasingly out of line and the exchange rate adjustment had not yet occurred, profits were experiencing much of the initial squeeze which these adverse developments implied for the economy. If the squeeze had continued, we could have expected even less employment and invesment growth than has occurred, and much poorer prospects, in terms of the platform from which we now go forward. Last year the rates of increase in total profits and total wages were very similar, but this year the increase in profits is running ahead of wages, in part because profits tend to receive much of the initial benefit of the exchange rate depreciation. The share of profits is now back up to something like normal levels, though well below levels reached in 1973 and 1974.

Concern has been expressed that profit increases may worsen price performance, and also that high profits may be a target for wage negotiations—contributing in this way as well to a new inflationary spiral. In its report to the First Ministers Conference at the beginning of this week, the Centre of the Study of Inflation and Productivity noted the improved profit position of corporations, the moderation in labour costs and the recent reduction in federal sales tax. It expressed the view that corporations should be exercising a substantial degree of price and profit restraint, and urged firms to use the depreciation of the exchange rate to expand their markets rather than just raise their prices. I would add that the reinvestment of the improved profits is also critical to our short and longer-term prospects. Indeed, the budget has increased the encouragement provided by the tax system to such reinvestment.

● (1532)

Mr. Speaker, I hope Canadians in business, in the labour movement and in this House will read the report of the Centre of the Study of Inflation and Productivity very carefully. I hope they will quote it in context and not out of context. They will find in that report the concern about profits and prices to which I referred and which has already been raised in this House. They will also find that recent developments regarding profits are treated by that report in what I call the proper perspective. The report notes, for example, that while it appears that profit increases may have contributed somewhat to the rapid increase in food prices over the last year, they were by no means the major cause.

Given the problems we face and the shifting international economic conditions under which we must operate—and there is no rhetoric which will convince Canadians that there is not reality to the recognition that we do not live as an isolated community and that conditions in other countries do affect us—policy decisions in that context are difficult. I do not care who has to make them; the responsibility for making policy decisions in economic matters these days is not a simple thing. I think the actions of the government and of the Bank of Canada are best suited to encouraging sustained non-inflationary growth in employment, output and incomes.

[*Translation*]

Mr. Richard Janelle (Lotbinière): Mr. Speaker, I would like to take part in the debate on the excellent motion moved by my colleague, the hon. member for Roberval (Mr. Gauthier), and show the House how the government applies the double standard policy with regard to Canadian financial institutions.

The government is responsible for the extraordinary increase in the the revenues of banks and financial institutions in two different ways. First, when the government allows the Bank of Canada to raise its interest rate, it indirectly allows the institutions affiliated to the central bank to pass the increases on to the consumer. Naturally, the new interest rates allow chartered banks and other financial institutions to extend their profit margins. However, the small wage earner must suffer from those new interest rates and carry a heavier debt load.

It is not rare these days to meet people paying 20 per cent interest on their loans. Since wages do not go up as often as interest rates do, the difficulties occurring at the time of the loan prove insurmountable. The consumer must generally pay the original amount of his loan several times over. Second, the federal government must be held directly responsible for the exhorbitant increase in the annual revenues of financial institutions because, in a sense, the government sets the rules. Indeed, the federal government is responsible for the amendments made every ten years to the Bank Act, loan companies, trust companies and co-operative credit associations. So, the government sets the broad rules of the game of financial markets. Unfortunately, the government and its Minister of Finance (Mr. Chrétien) accept the expansionist aspirations of large Canadian banking institutions and draft the legislation with those big bankers in mind. In this way, since the Bank of Canada was set up as a regulatory body the government has been the agent of big financiers by increasing their powers which are normally reserved for banks. The ordinary man must control his frustrations as he watches the big banks get richer while his purchasing power gradually shrinks.

Let us look at a few facts concerning those big institutions. Chartered banks take the larger part of the revenues coming

from the financial sector. It is not a surprising statistic as the ten major chartered banks have 7,000 branches. Furthermore, the five major chartered banks alone control approximately 90 per cent of the Canadian financial market. This centralization of the financial sector accounts for the excessive concentration of financial power in the hands of a small minority of individuals and the enormous share of revenues they draw every year from various sources. The total assets of the chartered banks have increased at a rate of 400 per cent during the last ten years, a period which coincides with the last bank reform. The present government was already in power at that time. Banking revenues have therefore increased by 400 per cent while the purchasing power of workers and Canadian families was being constantly eroded by an ever rising rate of inflation and not too surprisingly, since the banks were one of the prime factors behind the increasing costs of production.

The assets of chartered banks were $31.7 million in 1968 while their total assets went up to $162.4 million in May 1978. This means then a $130.7 million increase over a period of ten years. When one considers that these institutions get a sizable part of their rollover funds through the deposits of low and medium income workers, it is sad to note that the excessive profit margins were not reflected at all in the interests paid on deposits and savings accounts. The total assets of banks have increased from 1972 and 1975 at the same rate they had increased during the entire previous century. These were the results of the 1968 bank reform. The Liberal government allowed the ceiling on interest rates to be removed when that review took place. The Social Credit Party of Canada then predicted the dangers such a measure held in store for the Canadian economy.

● (1542)

The hon. member for Roberval who moved this motion today also mentioned those risks in the debate on the anti-inflation act, when he said on October 20, 1975, in the House of Commons, and I quote:

> What, in my opinion, is more fantastic yet, Mr. Speaker, is the fact that all through his long speech, the minister did not refer to today's inadmissibly high rates of interest. The true inflation spiralling started when this government removed the chartered banks interest ceiling.
>
> I said so the day after that decision and I said here that Canada would experience its worst years of inflation ever. The first serious step should have been to freeze the Bank of Canada's discount rate at 4 per cent.

And the hon. member for Roberval was perfectly right. We have proof of it today. After discussing the performance of banks by reviewing their liabilities and assets, we should look at the revenues and expenditures of those institutions which reflect more or less the same conditions. Between 1968 and 1977, total revenues of banks increased by some 424 per cent, from $2,209 billion to $11,569 billion in 1977. The major part of these revenues comes more and more from accrued interests on bank loans. In 1968, the percentage of total bank revenues from interests on loans represented 70 per cent. In 1973, that percentage reached 80 per cent, while in 1977 it reached 84 per cent. During the same period, from 1968 to 1977, bank revenues from stocks, shares and other operating revenues went down from 30 per cent to 16 per cent, which means that chartered banks are progressively earning a larger share of their income from the public while the people get more and more into debt.

I feel it is unfair for the federal government to support a bank system that takes openly advantage of the people, but it is also a fact that banks pay interest rates on deposits and mortgages bonds and that the percentage of money they pay back to the public in interests is rather low. In fact, the increase in expenditures paid in the form of interests on deposits or mortgage bonds has been significantly lower than the percentage of revenues earned by banks as interest on loans. In other words, the average citizen gets ever lower returns on his investment while the banks ever increasing profits on the back of the small investor. The Minister of Finance feels that we save too much; the banks use children in their publicity, telling us that we are helping to increase the capital of the country, when in fact they are trying mostly to serve their own interests.

Let us now look at another aspect of banking operations. The percentage of expenses paid out by the banks in salaries, retirement funds and various other contributions, has decreased over the last ten years compared with their over-all expenditures, moving progressively from 26 per cent of their total expenditures to 20 per cent, and finally 19 per cent. So, as bank revenues increased, the money spent in salaries decreased. That fact proves clearly the present trend towards reducing the purchasing power of the consumers who work in the banking sector. That tendency is becoming even more alarming when one considers that during the years under study, the number of male employees in banks increased by 26 per cent, while that of female employees more than doubled. It seems, therefore, that the latter category of employees paid the bill for the prosperity of the financial sector, since women usually work for lower salaries. All those facts would explain, once again, why the purchasing power of the average consumer has decreased since the present Prime Minister came to power. Thanks to the elimination of certain limits during the 1968 Bank Act review, banks were in a position to gain a firm hold over the mortgage market and consumer loans, leading in these two areas to an extraordinary increase between 1967 and 1977. The mortgage market is one of the most profitable assets for banks. In 1967 banks held only $840 million in mortgages while in 1977, due to the government weakness towards chartered banks, their assets soared to $11.6 billion. Now chartered banks are threatening to control the mortgage market and reduce considerably the activities of other financial institutions such as trust companies which rely particularly on their own profitability on the financial market to go on making profits.

By adopting its irresponsible banking legislation, the government triggered off a reduction of competition on the mortgage

market. And when competition diminishes, it always has a negative impact on the people who are no longer free in their financial operations with banking institutions. Because of the banking policy of this same government, banks also captured an ever larger share of the consumer loans market. In 1967, banks had the equivalent of $3.6 billion in assets of this category while in 1977 they controlled $20.2 billion—a 461 per cent increase in ten years.

In recent years, other financial institutions have considerably added to their assets but with no obvious benefits to the general public. Compared to the chartered banks, trust and mortgage companies increased their assets by 310 per cent between 1968 and 1977. These companies had boosted their income on loans by 700 per cent between 1972 and 1977 while raising their assets in mortgage loans and sales contracts by 400 per cent. Finance or consumer loans companies and savings banks in Quebec increased their assets by 164 per cent and 150 per cent respectively between 1967 and 1977. Fortunately, during the last ten years the assets of financial institutions such as caisses populaires and credit unions also rose by 480 per cent. Since the assets of this type of institution increase even faster than those of powerful chartered banks, it is easy to see why the public sees in them a people-oriented organization which is more likely to meet the needs of average citizens. But because the five major banks control such a large share of the financial market—90 per cent—the public support given to the "caisses populaires" and the credit unions is not enough to compensate.

In any event, it is quite obvious that Canada's financial system, which was reviewed and regulated by the Liberal government, has allowed the chartered banks to keep the people under their control as far as consumer credit is concerned. Between 1967 and 1977, the total amount of credit granted by major lenders increased by 272 per cent. In 1967, the two major lenders were the chartered banks, with 44 per cent of the market, followed by finance or loan companies, with 41 per cent of the market. Ten years later, under the aegis of this government's fiscal policy, the banks held 76 per cent of the total amount of consumer credit. The government was not satisfied with allowing the interest rate increase steadily and the Canadian people run deeper and deeper into debt. No. Moreover the national executive, thanks to banking regulations that show no concern for the needs of ordinary people, has let an increasing share of credit to be controlled by the banks. Such federal incompetence contributed to a decrease in the purchasing power of the Canadian people while allowing financial institutions to fill their coffers at our expense.

● (1552)

But the Social Credit Party of Canada is not only concerned with the increased revenues going in the financial system. We are also concerned, Mr. Speaker, with the fact that financial institutions and particularly chartered banks are getting more and more control over the market. All financial organizations should base their operations on the needs of the population as a whole, and this includes small and medium businesses, rather than concentrating on the demands of the affluent and big corporations. The needs of the people must be filled, and to that end a healthy competitive climate is needed where fairness is the rule of the game. Hovewer in introducing certain pieces of legislation this government has shown that it had no intention whatsoever to give the average citizen a larger share in the financial wealth of the country. I am referring of course to the proposals which are found in the omnibus legislation, Bill C-15. We were really looking forward to see how the government, in introducing the ten-year review of the Bank Act, would implement their stated intention to increase competition within the banking system. Until control of that system is returned to the people, under the leadership of a Social Credit government, an even minimal decentralization of financial institutions would have been welcome. But we had been waiting in vain. When the Bill passed, we saw once more that the government had one law for the rich and another for the poor. Their speech changes according to whom they are speaking to.

Let me take a few moments to elaborate on this, because that part of the legislation in the long run will affect the financial well-being of every Canadian. This is relevant to our motion because financial market structures and the way their contents is regulated influence the growth and profitability of financial institutions. This is why financial operations should be shared on fair basis by all institutions accepting deposits, in order that consumers may reap the benefits of a free market system. However, the government has gone against its stated intention and has introduced legislation which grants more power to chartered banks and does not attempt to defend the interests of average Canadians. Moreover, these same banks have convinced the government to reduce other limitations on their business powers. In fact, they will be invited to corner an even greater part of the housing mortgage market, even though this authorization will threaten the existence of consumer trust and loan companies. It is tragic that this government has once again refused to listen to the Canadian consumers who have been requesting that a ceiling of 6 per cent be again placed on interest rates.

In the part of Bill C-15 which concerns the creation of a Canadian Payments Association, the government has shown once again its lack of concern for ordinary citizens. The Canadian Payments Association, which will be established under this legislation, will have a very great role to play in the development of an electronic payment system. However, our government experts have forgotten to include proposals to guarantee that consumers will be represented on the board of directors of this association. Since all monetary operations between financial institutions will be eventually controlled by the CPA, it is imperative that the public should be able to influence to a certain extent the policy of this association.

In Bill C-15, the government betrays its desire to create even more chartered banks by making it more easy for them to set into the market. The performance of these institutions must have a more direct application to the Canadian economy. It is up to the government to include in its review of bank legisla-

tion provisions which will force financial institutions to retain 15 per cent of their profits to create an investment fund. This money should be invested in the sectors of the Canadian economy which need to be stimulated.

The Acting Speaker (Mr. Ethier): Order. I regret to interrupt the hon. member but the time allowed to him has expired. However, he may continue with the consent of the House. Is there unanimous consent?

Some hon. Members: Agreed.

The Acting Speaker (Mr. Ethier): The hon. member for Lotbinière (Mr. Janelle).

Mr. Janelle: Thank you, Mr. Speaker, and I also thank the hon. members on both sides of the House. As I was saying, the funds earmarked by chartered banks for investment purposes should be invested in Canadian economic sectors which need stimulation. The development of such sectors should be designed to increase the general welfare of all Canadians. That kind of controlled investment would provide employment, increase production and support our external trade.

The lack of such a proposal is a great deficiency in Bill C-15. However, considering the past performance of this incompetent government, is it any wonder that it has always encouraged financial institutions instead of looking after the long-term welfare of Canadians?

[*English*]

Hon. Alvin Hamilton (Qu'Appelle-Moose Mountain): Mr. Speaker, this occasion is quite unique in that the motion of the Social Credit party raises the subject of interest rates. I was very concerned when I heard the budget speech and listened to the ensuing debate from both sides. At this time it is important to discuss the question of interest rates in our domestic monetary and fiscal policies, and we owe a debt to the Social Credit party for bringing this subject forward.

Earlier this afternoon the Parliamentary Secretary to the Minister of Finance (Mr. Martin) participated in this debate. It was a rare occasion to hear a member of the government actually discussing the theory of budgeting and domestic monetary policy. Since I have been interested in the subject of monetary theory over the last 20 years, I could do no less than reply in kind.

The President of the Board of Economic Development Ministers (Mr. Andras) had recited a series of myths which have surrounded the government since the war. I will not go through the entire series but I should like to deal with just one, and that is interest rates. He suggested that interest rates were like old age: we must face up to them and accept them because of the alternative. That same attitude has been prevalent in the Bank of Canada and the Department of Finance ever since I have been here.

I recall with great vividness the days of the Diefenbaker administration. At that time a new government, without a single person in cabinet who had previously been in government, attempted to face up to the realities of governing the country. The only advice it received was that which came from the Department of Finance and the Governor of the Bank of Canada. Even though the inflation rate at that time was approximately 1 per cent or 2 per cent, the department's officials and the Bank of Canada were worried. They began to push the idea that it was necessary to have higher interest rates in order to hold down inflation. Their idea was accepted by the government. In fact, businessmen flocked in and indicated that the idea was wonderful. Their job was to convert the debt.

Approximately $6.25 billion was converted to the higher rate of interest. The people in the Bank of Canada and the Department of Finance deliberately set about raising the interest rate step by step. In a year and a half it rose approximately 20 per cent. Thus, the value of the bonds purchased by Canadians dropped by 20 per cent. Until this year, it was the greatest theft in the history of western civilization. I say that because a new record has been set today by the same mythology: if one wants to hold down inflation, one must raise interest rates. The same view is held by advisers to the American government. As I said in my budget speech two weeks ago, Canadians should not become involved in the same mess simply because the Americans have made such a fatal blunder.

I am not attempting to defend everything the minister said today. I realize the type of material which the nitwits in the Bank of Canada and the Department of Finance put before every minister of finance. In view of the quantitative evidence we have today and which we did not have 20 years ago, it is thoroughly insulting when a faceless group of people advise the minister to stand up in the House and recite such a mythology.

Canadians are not interested in discussing theory. They know Canada is a strong country. They ask why we have been in a stagnant position for the last five years—when there is ample material wealth in our mines, forests and land, as well as wealth of human resources. The answer is in the fact that for the last 30 years the government has been receiving the same type of advice as the government of the United States. As the evidence develops, it is apparent that what Canadians thought was the truth 30 years ago is no longer the truth. The people we pay to run the Bank of Canada and advise the Minister of Finance should think more along these lines.

A little over a year ago, the economists of this nation met in Montreal in order to look at this problem. These disciplined economists who have been running this country for 30 years in business and in government finally faced up to reality and admitted publicly that they do not know where we have been, do not know where we are and do not know where we are going. These economists have now said this publicly, but economists have been saying this for four or five years in the United States. Yet still those who advise the governments of Canada and the United States are pouring out the same pap to those who are elected to govern the United States and Canada as they have for the last 30 years.

● (1602)

Let me get down to some details. In my budget speech I referred to interest rates. I will not take too much time, but I want to quote four lines as follows:

—I am simply saying, as bluntly and as candidly as I can, that to move along the road of raising interest rates as a device to keep our dollar from dropping is going to be costly for the people of Canada over the next year or so.

I went on to make an exhortation. I was not the only one who attacked this mythology that if you raise interest rates you will check inflation. The new member for Ottawa Centre (Mr. de Cotret), who has risen to high places among economists in this country, in making his maiden speech used these words, and his language is much better than mine. I do not know how to use all these words correctly, but I think he does. Let me quote him as follows:

In an environment in which there is rampant excess demand, inflation, shortage of manpower, shortage of goods and in which we are facing bottlenecks, certainly a higher level of unemployment traditionally has led to a decrease in inflationary pressures. But in an environment in which no such pressures exist from the demand side, in an environment in which there is ample excess capacity, in which demand is weak, and in which unemployment is hovering between the 8 per cent and 9 per cent level, the economic and social costs of unemployment, far from decreasing inflation, are fed right through the line, add to the over-all cost pressures on the economy, and contribute to a higher rate of inflation. At that point the policy prescription is clear: we can fight both unemployment and inflation at the same time. I remain firmly convinced that that is an objective which we should set for ourselves.

Let me emphasize that phrase "cost pressures", because that is something I do understand. The hon. member for Ottawa Centre has put into the language of the intellectual the precise words I would like to be able to say. What we have been saying in these last 30 years, and what we have been doing in that time in Canada and the United States, has been wrong. In other words, that you can help the unemployment situation and decrease inflation at the same time. But these people who advise the government keep standing up and saying, as we have heard here today, that you must keep a balance, because if you try to slow down inflation you are going to make more unemployment, and if you try to reduce unemployment you are going to create more inflation.

The fancy name for that is the Phillips curve. Every economist of any reputation at all today has admitted publicly that the Phillips curve is a myth, a false truth. Yet we have this government coming out at this late hour saying it must continue that type of thing.

Theory is all right, but I should like to bring this theory down to the subject of this motion, which is interest rates. To be able to draft domestic monetary and fiscal policy today, the government basically must accept the fact that we are not in a demand-pull type of inflation, which is all those experts based on Keynes learned 30 years ago. What we are in today is not a demand-pull situation. As the hon. member for Ottawa Centre explained, what we are in is a cost-push situation, and these cost-pushes are well defined. Number one is the growing cost of government in all countries, not just in Canada; number two is the money supply; and number three is interest costs. There are three more of them.

[Mr. Hamilton (Qu'Appelle-Moose Mountain).]

I accept what the parliamentary secretary said today in a well reasoned speech, that the Bank of Canada is beginning at long last to grapple with the problem of oversupply of money. It set up in the last three years these targets, although in the last two or three weeks it has got off target. Generally speaking, the Bank of Canada has done a good job in respect of what it calls the M1 money supply, but not so good a job in respect of M2 and M3. At least the bank is trying on that one point.

While trying to control the money supply, which adds up to a cost, the bank has deliberately raised our bank rate six times in the last year. This means in dollars and cents a fantastic amount of money in cost, particularly when you consider cost of business expanding in what is termed capital intensive areas. Most of our business falls into that category. When you get through all the guff of discounting cash flow which business uses, and after looking at all the things government and private industries are doing, buying farms and homes, you will find that in this enterprise which is capital-intensive approximately 75 per cent of the cost is interest cost. With such a big proportion of our costs being interest, and interest being one of the main cost-pushes in inflation, any government that will allow the Bank of Canada or the officials of the Department of Finance to push a policy of raising interest rates should have its head examined.

This government in all honesty and conviction came out strongly this last year in favour of a floating dollar. The big reason for having a floating dollar is that it makes you independent of other countries in respect of handling your domestic monetary and fiscal policy. It is only when you have a pegged dollar or a dollar tied to the system of other countries that you take on the burdens of those other countries as well as the assets. When your dollar is floating, each country is able to get at its basic domestic problems of inflation and unemployment. As a matter of fact, it is by having a floating dollar that you allow the world system to come in and help. When we get into trouble domestically the results show up in the value of our dollar internationally, and that is when the world system provides an advantage so that we can recover from our troubles. When you try to fool around with a dirty float in order to control or protect the value of your dollar, either by borrowing big sums abroad as this government did, or by this horror of horrors of raising interest rates, you cut off these world forces from moving in to help.

I want to close my remarks with some figures relating to costs. Suppose we allow the dollar to float. There has been a great deal of discussion quantitatively about what this costs us. The minister said today that when our dollar goes down our inflation rate rises. But by how much? One statement from the bank through the Department of Finance was that every drop of one cent in the international value of our dollar costs us one-tenth of a point in inflation.

● (1612)

We have the quantitative analysis theory of Professor Mundell, a Canadian who moved to the United States and who says

that over the long run a drop of one point on foreign exchange increases inflation one point in Canada. As far as I am concerned, the cost is somewhere in between that one-tenth of a point and one point. Nobody seems to be able to say for sure—I have talked to the Minister of Finance (Mr. Chrétien) and other people about it—but the figure is probably halfway between. In other words, if our dollar drops one point our inflation rate costs go up half a point.

Let us now take a look at this in big figures. Let us suppose that this is applied to our total gross national product of over $200 billion. One per cent would equal $2 billion and half of one per cent would equal $1 billion. Therefore, if our dollar drops one point we can expect approximately $1 billion in extra costs for that year.

What would be the cost in interest rates? Our bank rate has gone up by roughly 50 per cent, from just over 7 per cent to 10.75 per cent, which means that our prime rate has gone up at least 30 per cent, from somewhere around 8 per cent to 11 per cent. It would be fair to say that the ordinary individual who borrows has had an increase of 10 per cent in his interest costs. If we take 10 per cent of this figure of $200 billion, we get $20 billion. On that basis, if the dollar had been allowed to float the people of Canada would have paid in a year's time $1 billion in extra costs, but by this monkeying around with extra interest rates it will cost this country in 1979 at least $20 billion. That is a fantastic burden for the people of Canada to carry. Even if you cut that figure in half and make it $10 billion, it is still a large burden because there is a great difference between $10 billion and $1 billion.

In my speech I have tried to emphasize, at my level of language, that by choosing the route of raising interest rates as a means of controlling inflation is a costly procedure, ten to one over letting the dollar float. The country is struggling to get out of a period of stagnation, but it is loaded down with the cost of interest which ultimately stops us from going ahead.

What happens in the next few months is very important to the government. They are gambling that the few measures in the current budget will keep the country moving along fast enough so they can say that the country is improving. If this load of interest ever takes hold, as it will, it will send us down into the pits again, and the government will have only themselves to blame. Surely there must be someone over there who takes the time to read what the evidence is. They have all heard of Mundell and Laffer, and they have all heard the Republicans of the United States saying the same thing we are saying. Common sense would indicate that what this motion says is not, as the government would have us believe, that the rise in interest rates is not inflationary, but that the rise in interest rates is inflationary; and therefore it is essentially sound on that point.

Mr. Maurice A. Dionne (Northumberland-Miramichi): I am pleased, Mr. Speaker, to be able to participate in this debate today. I would like to look at some of the questions raised by this motion. I have listened with interest to all the speeches that have been made in this debate. Although there are conflicting philosophies, there is, I believe, on the part of all those who have participated, a sincere desire to contribute some worth-while suggestions to the economic problems which we face in the country in the dilemma which governments find themselves at this particular juncture in history. I refer to governments of all political stripes, because if we look at the different governments across the nation, where there are political labels different from that of the federal government, they are doing no better than we are, unless there are extraordinary circumstances such as is the case in Alberta or areas which are being substantially helped by the federal government.

One of the proposals in this motion is that the House deplores the double standard of the government. I have noticed that only one speaker referred to that today, and he did so facetiously. The motion also talks about reducing the buying power of Canadian workers. It can be proven that the buying power of Canadian workers is in fact not being diminished. Indeed, I know of few countries where it costs workers as little as it costs workers in Canada to buy food, shelter, fuel, and the activities of leisure. So, by whatever stand one wants to pursue the fact is that in Canada we are doing very well on a relative basis compared to the other industrialized countries.

I would like to put a few figures on the record to prove my case. If we take a look at the real disposable income per capita and per employee in Canada as compared to the United States over the period of time this government has been in power—excepting this year because the figures are not in yet—taking 1968 as the base year of 100 and going through to 1977 we find that real personal disposable income per capita in Canada has risen from 100 to 151.9, whereas in the United States it has risen from 100 to 133. If we look at the real disposable income per capita for employees in Canada, we see that it has risen from 100 to 124, whereas in the United States it has risen from 100 to 112.3.

In other words, between 1968 and 1977 real personal disposable income per capita in Canada rose by 51.9 per cent and only by 33 per cent in the United States. Real personal disposable income per employee rose 24 per cent in Canada and 12.3 per cent in the United States. The United States, of course, is the foremost of the industrialized nations and the standard by which all other nations are judged.

• (1622)

Using that standard, Mr. Speaker, it is obvious that we have done quite well in Canada. We have made much progress in distributing wealth but, of course, there is always more progress to be made. We have not solved all our problems and no one would suggest that, except, perhaps, some rightwingers who do not believe in distribution of the nation's wealth.

We have programs of social services to help those who are unable to earn their own living, to help the ill, the maimed, the abandoned. We have old age security and the guaranteed income supplement as well as the spouse's allowance, all of which combine to make one of the best programs of any nation in the world. We look after senior citizens, those who have contributed to the growth and development of our country. No one should apologize that we make these transfer payments to

our senior citizens, because if anyone had earned that kind of security for their twilight years, it is those who have built this country.

We have mothers' allowances and the youth allowances which are now being refined. In fact, for those in need they are being increased by something in the order of $160 per child per year. That additional sum will be paid as a lump sum payment from the federal treasury at the end of each fiscal year.

We are redistributing wealth through two of the most ambitious social programs ever undertaken by any government. I refer, of course, to hospitalization and medicare. I cannot stress enough the importance and value of those two programs. I would be the last to suggest that there have not been abuses of them or that the programs do not need some fine tuning. The fact is, however, that in Canada today we are raising a whole generation that has no idea what it means to pay a security-destroying medical or hospital bill. Those have been valuable social tools. I am sure there are senior citizens who are receiving first class medical treatment today who would have otherwise died long ago because they could not afford to go to a doctor or hospital. There are children growing up to be strong, useful and productive members of society who might have died because their parents could not afford to give them needed medical attention. Those are only two of the benefits of hospitalization and medicare.

Going back just thirty years, I think of my own family situation. My brother had to go to hospital for an appendectomy and my father had to borrow the money for that rather simple surgery from a bank. I am not about to go on any great political or emotional binge attacking the banks. Obviously, everything is not right with them or, indeed, with other things; but at least the banks serve a purpose and I think we should be responsible in our criticisms of them.

In the list of social programs, two others must be mentioned. The first is the Canada Pension Plan which is providing a source of security particularly for workers who are unorganized and do not have strong unions to negotiate a pension plan. All workers in Canada can look forward to a guaranteed source of income at retirement and will not have drastically to reduce their standard of living or beg from their families for shelter, food or any of the necessities of life.

Finally, Mr. Speaker, we have unemployment insurance which has already been mentioned. This is also a social program which has been abused somewhat by workers but there have also been abuses by employers. I will not say any more about that today as I have already expressed my views on previous occasions.

A negative motion such as the one before the House is symptomatic of the negativism that is rampant in the country today. I wonder why.

Mr. Ellis: I wonder why!

Mr. Dionne (Northumberland-Miramichi): One of the reasons is sitting over there, Mr. Speaker. There are people who see advantage in poor-mouthing our country. There are people who have not said one positive thing about Canada in this House in the last two years, I am sure. That is their choice, but let us look at how Canadians live.

There are all sorts of amenities in Canada today that most Canadians did not dream of a quarter of a century ago or even fifteen years ago. By any standard we are better off than almost any other nation in the world. That is not to say there are no problems, but I suggest we will not solve our problems by failing to recognize our successes. A nation's successes are important to the nation just as an individual's successes are important to the individual. If there is no sense of accomplishment, of achievement, of pride, then the individual will wither and so will the nation.

I urge those who seem to enjoy going about wringing their hands and complaining about how awful things are and what a terrible state the nation is in to start thinking about how gifted this nation is, how gifted its citizens are to have the advantages that have been bestowed upon them through divine providence. I urge them to be more thankful and less inclined to poor-mouth our achievements.

In the debate today we heard many criticisms and not much of a positive nature. The hon. member for Broadview (Mr. Rae), for instance, suggested there were two things that the review of the Bank Act should do but is not doing. One was to guarantee that banks will not make excess profits. That is a very laudable objective and I do not think anyone would argue with it. I am not so sure that it is always the obligation of the government, however. I would expect the New Democratic Party to put forward that view, of course, but surely those great lip service proponents of free enterprise and the free enterprise system, the Tories, would not agree that government alone is responsible for that. Surely market forces must be responsible to some extent for making the banks competitive and for seeing that they do not make excess profits.

● (1632)

The second mandatory condition was that a certain percentage of excess profits be used to subsidize some types of borrowing. If there are to be no excess profits, then certain percentages of nothing is nothing. So there would be no money to set aside in subsidization of certain types of borrowings. His argument is in effect a self-defeating argument.

I listened to the argument of the hon. member for Qu'Appelle-Moose Mountain (Mr. Hamilton). I must say I always enjoy his speeches; he delivers them with such power and force and such experience that they are a joy to listen to. But when he starts talking about a false truth, I become confused. One would only expect to hear that from the official opposition. Indeed, I did enjoy his explanation of the floating dollar but I do not agree with it. The floating dollar, as he said, is a way to align our economy with the other economies of the free world. But there is certainly more to it than that.

I want to return more specifically to the motion, which talks about a heavier public debt, and I want to spend just a few moments dealing with that. I will deal with it by going back

over a period of 25 years. In 1952 the per capita debt in Canada as a percentage of the gross national product was 42.9 per cent. In 1968 when this government came to power the debt as a percentage of gross national product was 22.7 per cent, almost half the figure for 1952. But in 1977, Mr. Speaker, the debt as a percentage of the gross national product on a per capita basis was 14.1 per cent. In other words, it was one-third of what it was in 1952 in percentage terms. That indicates we have been doing pretty badly, doesn't it? It indicates the bottom has fallen out of our world and Canada will come tumbling down!

I know my time is up and I do not want to take extra time. The party who proposed this motion has another speaker and I do not want to deprive him of his time. I will conclude by saying that although we have problems in Canada, we are not on the verge of bankruptcy and we are not on the verge of destruction. We are a strong, healthy country and Canada is still the best country of any in which to live.

Mr. Ellis: Mr. Speaker, I rise on a point of order. At the expense of not more than 30 seconds, could I ask the hon. member a brief question?

The Acting Speaker (Mr. Ethier): This can be done only with unanimous consent and with the agreement of the hon. member for Northumberland-Miramichi (Mr. Dionne). Is there unanimous consent?

Some hon. Members: Agreed.

Mr. Ellis: Mr. Speaker, in the hon. member's remarks he mentioned that a number of members in this House had been bad-mouthing the country. I know a lot of people who have criticized the government and its policies, but would he please name one member in this House who has bad-mouthed the country?

Mr. Dionne (Northumberland-Miramichi): Mr. Speaker, he only wants to take up to 30 seconds—

Mr. Ellis: Name just one.

Mr. Dionne (Northumberland-Miramichi): I will not get into the business of naming individual members. All one has to do is to listen to speeches made by some members in this House and outside the House and it will be clear that there are members of this House who are spreading doom and gloom across the country.

[*Translation*]

Mr. Adrien Lambert (Bellechasse): Mr. Speaker, our parliamentary system provides for allotted days, and they are useful, I think. It is a kind of closed retreat for participating members. It is the same as in other areas, the majority does not participate, but those who do so derive some benefits. In any event, the purpose of those allotted days is to bring the government to reflect on their administration, and also to blame them if necessary and to submit solutions to them. The hon. member who spoke before me seemed a little offended by the criticism made on this side of the House. I for one think that it is our responsibility to make positive criticism. However, I understand that hon. members on the government side want to demonstrate the achievements of this government.

● (1642)

I quite agree on this point. But to say that we propose motions which mean nothing is unacceptable in my opinion because this is an insult for this institution. I do not believe that a member of parliament could ever propose a motion on an allotted day simply for the pleasure of opposing the government. Mr. Speaker, today's motion proposed by the Social Credit Party, of which I am very proud, has created much interest in this House, and I have heard the comments of several members. I was struck by those made by the hon. member for Qu'Appelle-Moose-Mountain (Mr. Hamilton) earlier. His statements really surprised me, and not because I do not agree with them as I believe that some of the things he said were quite logical and in line with the motion under consideration.

Mr. Speaker, my colleague for Roberval (Mr. Gauthier), who proposed the motion, made a very good speech. I believe that he talked most seriously about the problems and that he followed the purpose of the motion by showing that our public financing system has become outdated because of the time in which we live. There are attempts to change all sorts of things, but none to change the financial system, which is not totally bad in itself, but which should be corrected if we truly want our country to become richer and each Canadian to be ensured of the security which is a basic aspiration of every individual, as well as the means to make a good living.

If we want this, changes will have to be made. The motion sums up in a few words the present financial situation. Mr. Speaker, the debt and the interest rates are mentioned in the motion. Everyone is aware of these problems, but I would like to quote a few figures as this is the cancer which creates inflation and unemployment and erodes our economy.

We have an economy lacking the fresh, pure blood it needs in order to perform well and provide everybody with his minimum requirement.

I know, Mr. Speaker, that we have gone a long way in the past thirty years. It would be a pity if we had not progressed but something else has progressed over the last thirty years and that is our public debt wich has increased and is now growing more rapidly than ever before. The last budget shows it will increase tremendously. It is this type of public financing that we object to. We are not blaming the people who make up the government, definitely not. The sponsor of this motion made this point quite clear. We are not attacking persons but a government which is now running off track and allow some individuals in our country to make windfall profits at the expense of the majority. This is why in its wording our motion stated that this government has applied a double standard.

Economic Policy

Mr. Speaker, in 1867 the debt of Canada was then $75 million. Back in those days it was acceptable! In the following years and until 1914, it rose to about $545 million. It was not too bad yet. But in 1939, at the outset of the second world war, that debt had reached a level of $3,700 billion. When the present government took over, our national debt was close to $33 billion. Nine years later, in 1977, the federal debt had doubled to $67 billion. Well, these are figures of the past. Let us turn to the future and see what it has in store, in order to know what must be done to correct the situation. Well, Mr. Speaker, in this book I have here, the budget speech made in this House by the Minister of Finance on November 16, I find statistics and figures. Such is the minister's role. He puts the budget forward, so he must supply figures. And his figures are quite revealing. The motion now before us includes statements.

The budget deficit forecast for 1978-79 is roughly $11.5 billion. It may still increase, because there are a number of months to go till March 31. This, Mr. Speaker, includes interests to the tune of $6.5 billion. And this means we are sinking deeper into debt this very moment. This the people have to know, they are old enough to swallow it. It is easy to use lofty and make all sorts of suggestions, but our duty is to be specific and to go to the bottom of things. It is somewhat more difficult, but it is needed and it works in my view.

In 1978-79, according to the budget, we will have to pay $6,950 million interest on the public debt. This means $13 million a day. Capital indebtedness increases $31 million a day. The total is $44 million a day. My intention is not to make ministers mad at me, it is not to have them tell me next week: The hon. member blames our expenditures but he is asking us for more projects, more money in his constituency, he is asking for this and for that. That argument I understand perfectly. We are not against normal government expenditures. What we are against is giving away more and more each year to the people who control the majority of the money supply. This is what we are against.

I will quote figures. In the current budget, forecasts for 1979-80, the minister says there will be a $13 billion deficit. This means $35 million a day, and $8,250 million will have to be spent on interest. And what does that mean, $22 million a day? It means three totals a day. On the forecast side, $57 million. This means $100 more a day per capita on interest alone.

The hon. member who spoke before me pointed out that family allowances and others had been increased which is fine by me; but if they had been increased to the same extent as the gifts made to those who control the money supply in this country, I think our families would be happy. In any event, I very willingly accept with many thanks all that can be done to help our neediest families, those which do not have the income required to meet their needs.

Mr. Speaker, it is expected that by March 31 our national debt will amount to the pretty sum of $80 billion. How shall we ever be able to balance that budget? Well, taxes will be levied. And on whom? The government itself says so, on page 24 of the budget speech, under revenue: Direct taxes, persons: $20,620 million. For the current year, 1978-79, the amount was $18,360 million; and for the year prior to that, $17,245 million. We realize that personal income tax is progressively increasing and follows the same curve as our national debt and interest rates.

● (1652)

Now as concerns corporate income tax, whether for national or multinational corporations, in any event I take the figures as they are presented. In 1977-78, $5.229 billion, 1978-79, $5.730 billion and in 1979-80, $6.375 billion. So we can see that corporate income tax did not go up at the same rate as personal income tax. This is why the motion says: "double standard", and if I had the time to look objectively at the total revenues of private citizens in Canada and that of corporations, it would be interesting to realize that their revenues are generally higher than those of private citizens. This is why we consider that there should be an adjustment between personal income tax and corporate income tax. We might be told with some reason that we should give a chance to big corporations if we want them to create jobs and process our natural resources to manufacture the things our people need.

Mr. Speaker, I am convinced that such a significant difference is not needed between private citizens' income and corporate income to have corporations interested in investing in our country and making our natural resources available to the public. I urge the government to study seriously the situation and to make the necessary changes. I understand that it takes guts and determined men to face those powerful corporations that are accustomed to get almost the whole pie. They must be told: Take only half of it and leave the rest for others. I understand that it takes guts, but we have the power to do it in parliament as parliament is the highest authority and we are prepared to support the efforts of government members in that respect.

Mr. Speaker, I do not speak through my hat and the new minister, the former president of the Treasury Board is listening to me carefully, but I am not sure that I have convinced him but, in any case, I will try to convince him with an article published in *Le Devoir* on May 24, 1978, which reads as follows:

Bank of Montreal profits up by 50 per cent in first quarter

And who said that? The chairman of the board and chief executive of the Bank of Montreal. We are not against profits but while they ask people to tighten their belt and cooperate with the authorities to stimulate the economy, we should also look to that side to see what is going on, apply the brakes and try to do something.

I for one am not in a position to evade income tax because I have not enough income. If I had a higher income I might be tempted to do so but in any event the article says this: After a two year investigation the government last month found out a terrible situation in chartered banks. The results have been made public by Mr. William Kenneth, general bank inspector, who appeared before the parliamentary finance committee. When the investigation was completed Mr. Chrétien decided to plug a fiscal loophole in the budget he recently tabled in the House of Commons. He had announced that two well known methods of financing large Canadian companies by chartered banks would no longer be exempt from income tax. These are conditional interest bearing bonds and privileged shares. Investigators found out that the banks were reporting incomes from those sources as non-taxable dividends. That resulted in a loss for the federal and provincial treasuries of over $500 million with an anticipated loss for fiscal 1979-80 of some $150 million. That happened at the Committee on Finance, Trade and Economic Affairs. It is part of the lid that was lifted and under which it was discovered that there were irregular things going on. It is the duty and the function of government members to put some order in that area as well as in all others.

Mr. Speaker, I am convinced that the cabinet itself is aware that there are improvements to be made. They could do something about it but they wait too long, they do not act fast enough. The situations get worse while the remedies are being prepared, and when the remedy is administered, the disease is already too advanced. You have to start over again. It is the weakness of our democracy which is somewhat slow in proceeding when it comes to applying remedies. Mr. Speaker, not so long ago the Minister of National Health and Welfare (Miss Bégin) made a statement, and she is right. That is why I say that government members are aware of the situation. She said, and I quote from *Le Droit* of May 29, 1978:

> The poor families' share of income has hardly changed since the end of World War II—

Of course incomes have increased but because of inflation expenses have gone up as well so you remain at the same level. It is like two barrels connected by a pipe—if you put water in one barrel, automatically the water rises in the other one and always stays level. That is the situation of families. The minister went on to say, I quote:

> That leads to the conclusion that in spite of their good intentions, richer Canadians manage to get out of recessions on the backs of poor people.

I imagine she was referring to individuals, but you can apply the same reasoning to the economic structure which is in the hands of a small group of men who manage to get out of recessions on the backs of workers, on the backs of small people, who manage to do so because they are given certain privileges at the expense of workers, at the expense of the masses. It is up to the government to guarantee that there is as much justice as possible in a country, and that is the only way we are going to have harmony in this country, that we will be able to live together in harmony, despite our language, religions or social differences.

A federal-provincial conference was held here this week. It was a rehash of the same things that have been said over the last 50 years. The provinces want more income and the federal government tells them: Tax, if you want more, we hardly have enough for ourselves. Mr. Speaker, I think that the solution to all this is to do what Mackenzie King said 43 years ago, he stated at some point, and I quote:

> Once a nation loses control over its currency and its credit, it does not matter much who in that nation makes laws. Once in control, money lenders will ruin any country. As long as control over currency and credit has not been restored to the government and acknowledged as being its most obvious and most sacred responsibility, any talk of democracy and parliament supremacy is vain and futile.

The Acting Speaker (Mr. Ethier): Order. It being five o'clock, it is my duty to inform the House, according to Standing Order 58(11), that the proceedings on this motion have expired. The House stands adjourned until Monday next at two o'clock, in accordance with Standing Order 2(1).

At 5 p.m., the House adjourned, without question put, pursuant to Standing Order.

HOUSE OF COMMONS

Monday, December 4, 1978

The House met at 2 p.m.

● (1407)

ROUTINE PROCEEDINGS

[*English*]

GRAIN

CALL FOR INDUSTRY MEETING TO IMPROVE GRAIN MOVEMENT—MOTION UNDER S.O. 43

Mr. Don Mazankowski (Vegreville): Mr. Speaker, under the provisions of Standing Order 43, I rise on a matter of urgent and pressing necessity.

Developments in several country elevator points reveal a complete breakdown in car allocation and co-ordination within the grain handling and transportation system. Last week in Alberta, the points of St. Paul, Fort Saskatchewan and Bonnyville were allocated several cars for which there were no orders. These cars remained on sidings for a week and subsequently were returned empty, in spite of the fact that the elevators were full of grain. Today this has been repeated again at the delivery point of St. Paul that received more cars for which there are no orders. Whether these developments are occurring by design or through sheer incompetence is not known. What is known is that this disorder and chaos must be resolved without further delay. Therefore, I move, seconded by the hon. member for Swift Current-Maple Creek (Mr. Hamilton):

That the Minister of Transport act immediately to convene an "emergency grain summit" which would draw together representatives of all components of the grain handling, marketing and transportation system to deal with this crisis and to arrive at solutions in the presence of all parties concerned.

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

Some hon. Members: Agreed.

Some hon. Members: No.

* * *

EXTERNAL AFFAIRS

ALBERTA'S PRECONDITIONS FOR ACCEPTING VIETNAMESE REFUGEES—MOTION UNDER S.O. 43

Mr. Edward Broadbent (Oshawa-Whitby): Mr. Speaker, I rise, under the provisions of Standing Order 43, to move a motion of urgent and pressing necessity. I move, seconded, by the hon. member for Winnipeg North Centre (Mr. Knowles):

That this House expresses its regret that Premier Lougheed of Alberta does not reflect the generosity of the people of his own province who want to do as much for refugees as people in other poorer provinces, and urges him to withdraw the unfortunate requirements which he has stipulated to be preconditions for accepting Vietnamese refugees to the province of Alberta.

Some hon. Members: Hear, hear!

Mr. Speaker: In accordance with the terms of Standing Order 43, such a motion can be introduced only with unanimous consent. Is there unanimous consent?

Some hon. Members: Agreed.

Some hon. Members: No.

* * *

COMMUNICATIONS

CONSULTATIVE COMMITTEE ON TELECOMMUNICATIONS—MOTION UNDER S.O. 43

Mr. J. P. Nowlan (Annapolis Valley): Mr. Speaker, I rise under the provisions of Standing Order 43.

In view of the announcement of the Minister of Communications (Mrs. Sauvé) of a consultative committee on the implications of telecommunications for Canadian sovereignty, which is supposed to produce specific recommendations on the restructuring of the Canadian telecommunications system by the first week of February, 1979, and that this monumental task involving the public domain is to be performed behind closed doors without public participation, I move, seconded by the hon. member for Vegreville (Mr. Mazankowski):

That the terms of reference of this committee be expanded to at least have representative public briefs from interested parties to give some validity to the exercise, otherwise the government acknowledge that this complex and fundamental issue should be the subject matter of a proper royal commission, so that the public will not have the impression that the just society of years ago has now become the closed society.

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

Some hon. Members: Agreed.

Some hon. Members: No.

S.O. 43

EXTERNAL AFFAIRS

GOVERNMENT INVESTIGATION OF SITUATION OF VIETNAMESE REFUGEES—MOTION UNDER S.O. 43

Mr. Howard Johnston (Okanagan-Kootenay): Mr. Speaker, I rise, under the provisions of Standing Order 43, on a question of urgent and pressing necessity, one for which I know I will have the full support of colleagues to my left in the New Democratic Party. It arises out of the growing loss of life amongst refugees fleeing Vietnam by any means possible and, from that, the recurring crises in placing substantial numbers of these people in the few countries willing to receive them.

I move, seconded by the hon. member for Esquimalt-Saanich (Mr. Munro):

That parliament urges the government to send, as it frequently did in earlier troubled times, an emissary to Hanoi to determine first-hand exactly what appalling conditions of discrimination and persecution exist within the United Socialist Vietnam which force so many people to flee at great risk to their lives.

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

Some hon. Members: Agreed.

Some hon. Members: No.

* * *

INDIAN AFFAIRS

EDUCATIONAL PROGRAM FOR INDIAN STUDENTS—MOTION UNDER S.O. 43

Mr. J. R. Holmes (Lambton-Kent): Mr. Speaker, I rise, under the provisions of Standing Order 43, on a matter of urgent and pressing necessity. I move, seconded by the hon. member for Grenville-Carleton (Mr. Baker):

That the Minister of Indian Affairs and Northern Development (Mr. Faulkner) take immediate action to reassure the House and the Indian community that the successful educational program of introducing Indian students to urban life, the ANA program, such as that at the Rideau High School in Ottawa, will be continued; and, further, that the minister immediately transmit this decision to the parties involved, in particular the Indian students who are concerned they will be forced to return to their homes in remote communities lacking the facilities to carry out adaptation, not assimilation, programs.

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

Some hon. Members: Agreed.

Some hon. Members: No.

[Mr. Speaker.]

• (1412)

ORAL QUESTION PERIOD

[*English*]

ECONOMIC DEVELOPMENT

FUNCTIONS OF NEW MINISTRY

Mr. Harvie Andre (Calgary Centre): Mr. Speaker, my question is for the new President of the Board of Economic Development Ministers. I see he has just arrived. There is a good deal of public confusion about the role and the responsibilities of this new minister. The original press release indicated that he had responsibility for reviewing and approving—and, therefore, presumably, disapproving—policies and legislation emanating from the constituent ministries.

On the CTV program Question Period, the minister said he had a co-ordinating role, which is something quite different. Perhaps this confusion could be cleared up if the minister would indicate to the House just what functions he will be performing in his new ministry which heretofore have not been performed. After all, there is a cabinet committee; there are responsibilities in the Privy Council office and the Prime Minister's office for co-ordinating. What is this minister going to be doing which the government has not been doing up until now?

Hon. Robert K. Andras (President of the Board of Economic Development Ministers): Mr. Speaker, I am sorry that I did not hear the beginning of the question but I think I know the gist of it. There will be a full opportunity for the House to involve itself in the functions of this new ministry in a formal way very shortly. It is just a matter of finding House time so that we can place before the House a proclamation emanating from the ministries and Ministers of State Act, which I think provides for two days' debate. That should be before the House without much further delay. At that time, all these questions can be dealt with in more detail.

Mr. Andre: Mr. Speaker, I appreciate that, but yesterday the minister indicated that this would be coming forward today. Now we learn it will be within the next couple of weeks. In the meantime, I think the House and the public would like to know just what the minister is doing and what he is going to do.

I would appreciate getting some answers now. In particular, I wonder if the minister can tell the House whether this new board over which he presides will have responsibility for approving all policy, spending programs and legislation emanating from the lesser ministries which make up his board, and will he be reviewing existing policies and legislative programs of these lesser ministries, or just new ones which will be coming forward? What, precisely, will the minister be doing?

Mr. Andras: Again, I think this would be dealt with better and in more detail by an examination of the order in council from which the mandate of the new ministry and the board develops; and I believe notice of that will be given today. This

will be available to all hon. members within the next few hours.

Mr. Andre: During the CTV program Question Period, the minister stated that the government should, "get the devil out of the way and provide a stable set of ground rules for industry for a period of time". I will ask a simple and straightforward question which the minister can answer. Does this mean that this minister will no longer approve the nationalization of private sector companies, at least for a period of time?

Mr. Andras: Mr. Speaker, my comment about getting out of the way indicated that in some cases there are at the federal jurisdictional level, as there are at provincial jurisdictional levels, some duplications. There are even some among some departments of the federal government. We want to identify and rationalize those duplications. I did not go on to indicate precise project approaches or disapprovals to which the hon. member is now referring.

Mr. John C. Crosbie (St. John's West): Mr. Speaker, my question is to the president of the "eco-dev" board. The minister said, on November 25 in the *Globe and Mail,* that what is needed is an action board, not a talkfest. He went on to say there is just one hell of a lot to be done. Both those comments indicated that the government has not been taking action in the economic development field.

Is it a fact that this board was set up because the government felt there had been lack of action in the last few months and years in the economic development field, and that it is the job of the board to overcome this lack of action and talkfest and give the country some action? Is that what the minister meant?

Mr. Andras: Very much to the contrary, Mr. Speaker. This is intended to be an improvement of the already beneficial programs and policies of the federal government in support of industrial and economic growth. The suggestion that we should never make changes toward improvement is something with which I cannot agree.

• (1417)

One of the issues that came out of this, particularly in response to the very many positive recommendations of the sectoral studies and the two-tier report, is that they have asked us on many occasions to implement policies which are already in existence. This begs the question of a better understanding of just what this government has done over the last several years, and the indication that across the length and breadth of this country there can be a better information system from this government, to say nothing of the co-ordination of policies between us and the provincial governments.

Mr. Crosbie: A supplementary question, Mr. Speaker. The minister has set himself an impossible task, if he thinks he is going to convince people that this government has done any economic development. The Prime Minister has said that the difference between this board and the ministry of finance is that the ministry of finance will retain macro-economic responsibility, while the president of the "eco-der" board takes on the micro-economic sphere. The Minister of Finance did not know what micro and macro meant: he said he had not studied that in school.

Could the president of the economic development board inform the House whether this is the body-line of jurisdiction, and could he tell us what is in this macro—and I do not mean a mackerel—in the macro area, and what is in the micro area, so that the public will understand the difference in jurisdiction between the ministers?

Mr. Andras: Mr. Speaker, I think it is interesting that the hon. member himself does not understand, having been around these systems for some time.

The responsibility for setting global economic policy, monetary and fiscal policies and taxation clearly remains, and should remain, with the Minister of Finance and the ministry of finance. The economic development board will be co-ordinating the more direct programs of assistance to industries through DREE, through Manpower and Immigration, through Trade and Commerce, Labour and a series of other direct programs of assistance to economic growth. There is a very clear association between them, and I think they are very compatible.

Mr. Crosbie: A final supplementary question, Mr. Speaker. I do not believe that the Minister of Finance knows any better now than he did before what the difference is, Mr. Speaker. How can the ministry of finance have a global responsibility? Is the UN to be displaced by the ministry of finance?

The minister said on Thursday, November 25, that the board will help industry cut through red tape in dealing with the federal government. This implies that there was too much red tape before. How is the board going to help industry cut through red tape, when setting up the board puts in another level in the decision-making process before anything goes to cabinet? How is this going to help cut the red tape? Would he please elucidate, so that the red tape cutters of the world will be able to applaud him? How is he going to do this?

Mr. Andras: Mr. Speaker, I find this extremely interesting. The other day I saw a newspaper quotation of the hon. Leader of the Opposition complaining that this was another idea we had stolen from the Conservative party.

Mr. Fraser: The trouble is, you do not understand it.

Mr. Andras: If that be the case, the hon. member is indicating that they have not studied their suggestion at all.

Mr. Clark: We know what we would do.

Mr. Andras: Mr. Speaker, I think this will be an improvement. There is a wide range of policies and programs in the federal government which are designed to assist industries, not only through the departments to which I have referred but others. I think it lends itself to improvement by a one-stop information provision, a one-stop delivery system so that people do not have to go from one department to another to

get a co-ordinated answer. I see great opportunities ahead to improve the operation of this government and this parliament by the success which I hope hon. members opposite would wish me in this new function.

* * *

THE CANADIAN ECONOMY

ACTION TO BRING DOWN PRICE OF FOOD

Mr. Edward Broadbent (Oshawa-Whitby): Mr. Speaker, I say to the President of the Treasury Board that just because the Conservatives come up with a bad idea does not mean the government has to steal it.

I should like to put a question to the Prime Minister on another matter entirely, the change in food prices. Last June, the cabinet on at least two occasions discussed the possibility of the re-emergence of inflation during the summer and fall. Considering that the AIB report which came out on Friday revealed that food prices are up 15.2 per cent over prices a year ago, could the Prime Minister tell the House what the government has done to implement certain ideas discussed at those cabinet meetings last June specifically to bring down the price of food, not to deal with the cushioning effect but to bring down prices?

Right Hon. P. E. Trudeau (Prime Minister): Mr. Speaker, this matter has been dealt with several times by the Minister of Finance, again in his budget and, again, by the various ministers in dealing with the subject of inflation.

Mr. Broadbent: A supplementary question, Mr. Speaker. This is precisely why I asked the question. The statements that have emanated from the Minister of Finance and others in recent weeks and months have produced no new ideas and no new policy directives to bring down the price of food. More specifically, since at the June 20 meeting of the cabinet it was decided, and I quote, that "ministers review by the end of September, 1978, the performance of food prices", and also at that meeting it was decided that certain specific measures which could be implemented to bring down the price of food might be acted upon, I ask the Prime Minister, did this review take place in September and, related to that question, what specific measures have been taken to bring down the price of food, or what measures will be taken?

● (1422)

Mr. Trudeau: Mr. Speaker, I do not know what document the hon. member is quoting from, but if it is a cabinet document you would understand that I do not wish to answer the question.

Mr. Broadbent: Mr. Speaker, the Prime Minister has been in the House longer than I have, and I would have thought he would know, quite apart from the source of the quotation—which is from his cabinet meetings—that the relevant question is, what has the government done about the escalation of food prices? Did the cabinet discuss it last June and, if so, does he now take it to be important that food prices are escalating at 15.2 per cent and what does this government intend to do about it?

Mr. Trudeau: Mr. Speaker, in so far as the statistic is concerned, the hon. member can verify it as easily as I can. But I repeat, I have always refused to comment on questions based on cabinet documents or purported to be based on discussions in cabinet.

* * *

[*Translation*]

IMMIGRATION

REQUEST GOVERNMENT RECONSIDER DECISION RESPECTING YUGOSLAVIAN REFUGEES

Mr. Armand Caouette (Villeneuve): Mr. Speaker, I should like to put a question to the Minister of Manpower and Immigration. Following an interview which I had in his office last September and the refusal by his department to grant political asylum to three Yugoslavian immigrants who are now living in the Val d'Or area I feel that the decision of his department is not only unfair but also very serious, because those three individuals who have been in Canada for six months have invested with other immigrants almost $400,000 in the forest industry. In addition they intend to invest $675,-000 within 12 months and we know that those investments would create several jobs the first year and at least 43 other jobs the following year. Would the minister explain to us why his department denies political asylum to those refugees?

[*English*]

Hon. Bud Cullen (Minister of Employment and Immigration): Mr. Speaker, I am somewhat loth to go into the specifics dealing with the three individuals in this case. I did the hon. member the courtesy of meeting with him to go over the cases in some detail. I indicated, where these individuals had not been in compliance with the law, that it was hardly the basis on which to establish an immigration policy for someone who came into the country, came here illegally, overstayed illegally, worked illegally and then had to throw himself on the mercy of either the department, the media or the hon. member. I am quite prepared to give him a full explanation of the details of the case, but I thought I had done that with my interview and subsequent report.

[*Translation*]

Mr. Caouette (Villeneuve): Mr. Speaker, on a supplementary. I am very happy with the answer of the minister, and would like to ask him if he would be willing to speed up the meeting he is willing to grant me before those three immigrants are expelled from the country.

[*English*]

Mr. Cullen: Mr. Speaker, the hon. member knows, if he talks to any member of his party or of this House, that I have

never failed to meet with an hon. member who had a legitimate cause to plead, and he will be no exception.

Some hon. Members: Hear, hear!

* * *

THE CANADIAN ECONOMY

FURTHER DECLINE IN VALUE OF CANADIAN DOLLAR—EFFECT ON INFLATION

Mr. Sinclair Stevens (York-Simcoe): Mr. Speaker, my question is for the Minister of Finance who I am pleased to hear has at least been left with what the president of the new economic board calls global economic policy. My question happens to touch on global economic policy, namely, the state of our sagging dollar.

As another $600 million was lost in the month of November, causing the dollar to fall another half cent today, would the Minister of Finance, who presumably can still speak on this subject, tell us how he explains this sad phenomenon?

Hon. Jean Chrétien (Minister of Finance): Mr. Speaker, the month of November was an extraordinary month because of the move made by the American government in relation to their own dollar. In spite of that, we have maintained the Canadian dollar at a reasonable level. Of course, in the figure published this morning there was a large number inscribed. However, one has to deduct from that the fact that if the American dollar has improved substantially during the course of the month, what the Canadian government holds in reserves in the form of SDRs has been reduced by that much. In spite of the big movement in the money market last month, the change in the reserve of the Canadian government has been less than $500 million.

• (1427)

Mr. Stevens: The Minister of Finance, in simple terms, has said that the Americans are doing much better in defending their dollar than we in Canada in defending our dollar. Even if you allow for the figure the Minister of Finance has referred to, we have still lost half a billion dollars in that one month. Will the minister indicate if he continues to feel that the management of our dollar remains in capable hands?

[*Translation*]

Mr. Chrétien: Mr. Speaker, I believe the fact that the Canadian dollar is fluctuating on international markets at this time is the consequence of a long established government policy whereby the level of the Canadian dollar, like most currencies of the western hemisphere, is determined by the market. I want to tell the hon. member that the fact that the Canadian dollar is much more competitive at this time gave many sectors of our economy the necessary stimulus to become competitive and increase our trade balance. In fact, the Canadian trade balance for 1978 will reach a record level.

[*English*]

Mr. Stevens: My final question to the Minister of Finance touches on his last answer in which he tried to glorify the cheap dollar as something of great benefit to Canada. Will the minister confirm the report, released by him to the first ministers, from the Economic Council of Canada which indicated that the cheap, 85-cent dollar is having disastrous effects on inflation in Canada, with certain corporate profits, for example, being as high as 97 per cent up, compared to last year, largely due to the minister's new, cheap 85-cent dollar?

Mr. Chrétien: Mr. Speaker, it is very difficult for me to comprehend why the hon. member is complaining, because we have a more competitive currency in Canada, with the result that some Canadian sectors are in a good position to compete abroad. It should be welcome. Of course, a devalued currency does create some problems on the inflation front. However, I must tell the hon. member that most of the effect of this problem with a reduction in the value of the Canadian dollar was absorbed in the last year and a half in the market. We can now see some stabilization in the rate of inflation. In fact, for the last three-month period we have had the lowest rate of inflation in years.

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COMMUNICATIONS

TERMS OF REFERENCE OF COMMITTEE STUDY—PUBLIC DEBATE BASED ON REPORTS

Mr. J. P. Nowlan (Annapolis Valley): Mr. Speaker, my question is directed to the Minister of Communications: it has to do with her press statement last week creating the Clyne committee or commission, depending on what you want to call it.

Is the press statement of November 30, with the appendix, the only terms of reference of this committee? If so, will she arrange with the government House leader to table it or have it appended to *Hansard* in order to generate the constructive public debate mentioned in the press release? Also, since the rules of the committee state that this will be done behind closed doors, will she arrange to have the work of the Delta project and the report of the Communications Research Advisory Board made public so that in fact there can be that public debate?

Hon. Jeanne Sauvé (Minister of Communications): Mr. Speaker, the terms of reference are as stated in the press communique. I can accommodate the hon. member by tabling those terms of reference if he wishes.

As for the two reports the hon. member has mentioned, they were prepared for internal use. As the hon. member knows, the objective of that committee is to consolidate and summarize all of these reports and studies which I have received for internal use. When the final report made by that committee is given to me at the end of February, that report will be made public; the

hon. member will be able to have it and public debate will then ensue.

Mr. Speaker: One supplementary, the hon. member for Annapolis Valley.

Mr. Nowlan: With one supplementary it is going to be difficult. I find it increasingly incomprehensible that in the minister's press release she talks about the desire to stimulate public debate, while in the appendix that she agreed to file she refers specifically to two reports which are the focus of attention on the issue. She tells this House that they are internal documents.

● (1432)

My supplementary is this: is the minister telling us in her answer that the House of Commons and/or any of its committees should have nothing whatsoever to do with the formulation or resolution of any of the policy issues surrounding this large question which affects broadcasting and telecommunications?

In particular, since Bill C-16 is on the order paper—it has already been given first reading—will she at least go so far as to refer the subject matter of this press release to the appropriate committee, so that discussion might take place there as to whether publication of these internal documents would help stimulate the public debate about which she talks in the press release but which she pre-empts and forecloses here in the House of Commons?

Mrs. Sauvé: Mr. Speaker, on Thursday I explained at length to the hon. member the objective of that committee. The hon. member wishes me to give out, now, for public debate, studies which have not been sufficiently perused by those who are interested, namely, myself and people on my staff. The purpose of that committee, taking into account the fact that evolution in this area has been so rapid, is precisely to ask competent people in the field to consider all these studies and reports and then sort out the questions which could be brought forward for public debate.

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CANADIAN INTERNATIONAL DEVELOPMENT AGENCY

REDUCTION IN BUDGET

Mr. Douglas Roche (Edmonton-Strathcona): Mr. Speaker, my question is directed to the Acting Secretary of State for External Affairs. Last week, the Standing Committee on External Affairs and National Defence was informed that $100 million would be cut by the government from the funds available to the Canadian International Development Agency this year, in addition to the $133 million cut from next year's budget, all this being contrary to the Bonn declaration to which Canada subscribed last July.

[Mrs. Sauvé.]

Can the minister inform the House whether two CIDA cuts in a row amount to a deep freeze, and reverse the government's policy of reaching .7 per cent of the GNP in official development assistance?

Hon. Allan J. MacEachen (Deputy Prime Minister and President of Privy Council): No, Mr. Speaker, the cuts to which the hon. member refers and about which evidence has been given do not represent a deep freeze on the part of the government with respect to its foreign commitments. To my recollection, the decisions which have been taken still provide for a very substantial rate of expansion of aid abroad but because of the current financial restraint, funding does not provide for the growth which we had expected might have been possible earlier.

Mr. Roche: My supplementary is directed to the President of the Treasury Board. Has the minister, since assuming his new responsibilities, reviewed CIDA's spending program for this year, and has he reached the conclusion that the financial condition of the federal government is so serious that appropriated CIDA money must be recalled from the poor people of the world whom the government said it would help?

Hon. Judd Buchanan (President of the Treasury Board): I would have to examine the allegation made by the hon. member in the latter part of his question. My understanding is the same as that of the Deputy Prime Minister, that what we are doing is slowing down the rate of growth and that we are not, in fact, drawing back from the existing level of commitments.

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FORESTRY

PROPOSED CHANGES WITHIN FORESTRY SERVICE

Mr. Donald W. Munro (Esquimalt-Saanich): Mr. Speaker, my question is directed to the Minister of State for the Environment. I understand he had an opportunity this morning to discuss the privatization scheme and the bridging formula with the Canadian Forestry Advisory Council.

Is the minister prepared to tell us, now, whether he still adheres to the April 1, 1979, deadline he made public when he first announced this scheme, and whether the other changes—the consolidations within the forestry service—are also geared to that April 1 deadline?

Hon. Len Marchand (Minister of State (Environment)): I met this morning with Mr. Bob Rogers, who is the chairman of the Canadian Forestry Advisory Council, and we discussed a number of matters relative to the privatization of the two forestry laboratories. However, I am afraid I cannot give the hon. member many details until we have finalized them. They are still very much in the discussion stage.

Mr. Munro (Esquimalt-Saanich): Is the minister able to put a dollar figure on the privatization scheme he is now consider-

ing in conjunction with the advisory council, the taking over of the laboratories and the equipment by the private sector?

Can he also tell us what will be done about the codes and standards' functions of the forestry laboratories, which have carried out this work so effectively and amid much international recognition, once they cease to be wholly under federal control?

Mr. Marchand: As soon as I have had an opportunity to finalize all the important points which the hon. member has raised, I will make an appropriate announcement.

* * *

IMMIGRATION

ACCEPTANCE INTO CANADA OF VIETNAMESE REFUGEES

Mrs. Simma Holt (Vancouver-Kingsway): Mr. Speaker, my question is for the Minister of Employment and Immigration. Can he tell the House whether the insensitive doctrine of selective compassion espoused by the Tory government of Alberta in relation to the Vietnamese refugees has been adopted by any other Canadian province? If that government lacks the competence to fit 50 boat people into their rich 255,000 square miles with a ratio of about one person—

Mr. Speaker: Order. The first part of the question appears to be in order.

Hon. Bud Cullen (Minister of Employment and Immigration): Mr. Speaker, as indicated to the media this morning, this is a tiff, not a dispute. The generosity of the people of Alberta is great. The response from the people has been magnificent. There are some 18 jobs available and some 14 homes are prepared to take in the Vietnamese. While discussions were going on with officials from the province of Alberta, we were even then in the process of sending refugees to that province because we knew they would receive them with their usual generosity—just as we let them have the Grey Cup this year.

VIETNAMESE REFUGEES—REUNIFICATION OF FAMILIES PROGRAM

Mr. Jake Epp (Provencher): My question is for the same minister. In view of the increasing number of refugees from Vietnam who are risking their lives in fleeing from that country in search of freedom, would the minister inform this House if the government of Vietnam is co-operating in concluding the agreement on reunification of families, or is it the minister's view that the government of Vietnam is not interested in that agreement at all but, rather, is more interested in expelling its own citizens, citizens who will not be re-educated or conform to their new political masters?

Hon. Bud Cullen (Minister of Employment and Immigration): I do not wish to climb on the heads of the Vietnamese governmental officials. I will simply say they are aware of our concern that there should be reunification of families. I did meet one of their officials here some time ago to explain why I thought this was a positive thrust, something which needed to be done. I told the official we had issued exit visas just prior to the cessation of hostilities. Maybe the program is not moving as quickly as we would like, but that is a judgment call. I think it could be moving along a little faster and I expressed that view to the Vietnamese officials.

Mr. Epp: I think I speak for a lot of people when I say to the minister that many of us are gratified by the manner in which Canadians have opened their hearts and homes in accepting refugees from Vietnam. In recent days—during the last week especially—we have again been saddened by the fact that many Vietnamese have lost their lives. Approximately 200 lives have been lost in the past week during attempts to escape.

In view of the ever-increasing problem in Southeast Asia relative to the people, is the Government of Canada considering increasing the number of refugees it will accept above the number of 600 already accepted? Will Canada be taking that type of proposal to the UN meeting which is to convene in Geneva on this matter?

Mr. Cullen: Mr. Speaker, as indications are at present, we will not be accepting more than the 600 from the ship, the *Hai Hong*. That has been pretty well underwritten by the Americans who, in addition, have undertaken to accept about 6,000 refugees from Malaysia, the country of first refuge. We have an ongoing program in process. We have taken some 7,000 people in and, in addition to that, we will be taking 50 boat refugee families per month and 20 overland.

• (1442)

We have representatives at the Geneva meetings at the present time to determine how best to deal with the massive numbers of people who are refugees; whether other countries, for example, should be considered countries of first refuge and would be prepared to take people, or maybe countries of second refuge but not necessarily one and the same country. It is a massive problem and it will have to be resolved on a world scale rather than a piecemeal basis, but unfortunately we have to deal with it at present.

* * *

CANADIAN BROADCASTING CORPORATION

RADIO PROGRAM "SUNDAY MORNING"—PAYMENTS TO PARTICIPANTS

Mr. Bob Rae (Broadview): My question is addressed to the Deputy Prime Minister, in the absence of the Secretary of State: it concerns the radio broadcast of the CBC show Sunday Morning on Sunday, December 3, on the preliminary hearing of the British politician, Mr. Jeremy Thorpe.

Can the Deputy Prime Minister confirm or deny that one of the witnesses at the hearing, Mr. Andrew Newton, was paid a substantial sum of money by the CBC for his part in the program, and can he also inform the House whether any other

payments were made by the CBC in connection with this program?

Hon. Allan J. MacEachen (Deputy Prime Minister and President of Privy Council): I thank the hon. member for giving me notice of this question on behalf of the Secretary of State. I would like to provide to the House the information that apparently the interviewees, both Mr. Scott and Mr. Newton, were paid for the performance which was aired yesterday on the CBC. I have not had an opportunity to examine this program, but I understand from the comment that has been made by a number of persons who did examine it that there is cause for concern at some of the devices that were used on the program.

Mr. Rae: I thank the Deputy Prime Minister for answering the question so quickly, and would like to state simply that the entire program—which the Deputy Prime Minister might not have heard—was based on the premise that three prosecution witnesses were telling the entire truth and that Mr. Thorpe was guilty as charged.

Would the Deputy Prime Minister not agree that a combination of cheque-book journalism and trial by radio on one side only is hardly a fulfilment of the CBC's mandate?

Some hon. Members: Hear, hear!

* * *

NATIONAL REVENUE

TAX LAWS APPLIED TO INDIAN BAND CORPORATIONS

Mr. John A. Fraser (Vancouver South): Mr. Speaker, my question is for the Minister of National Revenue. Can the minister advise, through you, Mr. Speaker, now that he is in his new post, whether any decision has been made to clarify the position of Indian bands, especially those in British Columbia which for nearly three years have been requesting a ruling on whether or not revenue by Indian band corporations will continue to be treated under the tax laws as revenue from Canadian corporations?

Hon. A. C. Abbott (Minister of National Revenue and Minister of State (Small Business)): I am sorry, Mr. Speaker, I will have to take notice of that question and give an answer as soon as I can.

Mr. Fraser: May I ask the minister why, in view of the fact that this question has been raised with at least two of his predecessors and was raised as recently as a few months ago with his immediate predecessor by a full delegation of Indian chiefs from the province of British Columbia, the minister has not been briefed? This problem must be resolved, and I would ask the minister to come back to the House or to approach me at his earliest convenience to let us know what the answer will be.

Mr. Abbott: I cannot advise the hon. member why I have not been briefed, but I will follow his last request.

GRAIN

MEASURES TO IMPROVE GRAIN MOVEMENT

Mr. Don Mazankowski (Vegreville): Mr. Speaker, I should like to direct my question to the Minister of Transport.

Having regard to the fact that each passing day reveals more chaos and confusion in the grain handling and transportation system of Canada, particularly with reference to the boxcar allocation and co-ordination, with cars frequently being dispatched to country elevator points where no orders exist, and having regard to the fact that the president of UGG stated he was convinced that the major answer to the car shortage problem lies in the management of cars, may I ask the minister if he could outline to the House what specific action he is taking to putting an end to this disorder and, specifically, what action he is taking to ensure that in future much needed rolling stock will be dispatched to the points where orders are required to be filled, rather than to points where no orders exist?

Hon. Otto E. Lang (Minister of Transport): The hon. member knows well that we have consultants in the field analysing, together with the participants in the grain handling and transportation system, exactly what needs to be done to make the system work more effectively with the equipment available, and to face the challenges of the future.

What is not very helpful is for him to recite one or two specific alleged instances—as he did under Standing Order 43 earlier today—ignoring the fact that a great number of cars are arriving being loaded and working well. If the hon. member has been willing to avoid confusion instead of adding to it, he would have at least given me notice so that I would have had the chance of looking into the specific allegation before he brought the matter to the attention of the House.

Mr. Mazankowski: Studies go on and damage continues as well, Mr. Speaker. Last Wednesday, I asked the minister whether he would consider the convening of an emergency grain summit, a request which he rejected categorically out of hand, suggesting it would be tantamount to organized finger-pointing. He went across the street and agreed to give it consideration, that is, to the three western premiers. His colleague, the Minister of Agriculture, indicated it would be a good idea.

In view of the continuing chaos and confusion, would he now reconsider the proposition which was advanced by this side of the House and convene an emergency grain summit so that all the facts might be laid on the table and we might be able to arrive at some co-operative solution?

Mr. Lang: What the hon. member keeps refusing to pay attention to is the fact that we are in the process this year of accomplishing a two-year, all-time record movement of grain to export, with perhaps 42 million tonnes of grain moving. The hon. member also insists on confusing one meeting with another. He had suggested, I think, a kind of public show in terms of a meeting of the various participants in order to speak

about what they think is wrong with the system, and that is what I said would lead to organized finger-pointing.

A meeting of the people involved is something which I always contemplate and, indeed, agree to assist; but particularly now, with consultants available to analyse in an expert way what should be done and what can be done, instead of guessing. That is the kind of meeting which would be useful. Of course, the kind of meeting to which I agreed when speaking with the premiers was a meeting where at least one of the prairie premiers suggested that the three prairie premiers might like to meet with me, with the railways and with the Wheat Board to learn more about the system. I think that would be valuable, because the more knowledge they have about its complexities and about how well it is performing in all the challenges it is facing, the more it would be useful in the long run.

* * *

EXTERNAL AFFAIRS

PRESENCE IN CUBA OF RUSSIAN FIGHTER AIRCRAFT

Mr. Gordon Ritchie (Dauphin): Mr. Speaker, I have a question for the right hon. Prime Minister. Can he inform the House whether the new Russian Mig fighters in Cuba represent an escalation of international tensions at this time?

Right Hon. P. E. Trudeau (Prime Minister): I do not know, Mr. Speaker.

Mr. Ritchie: Can the Prime Minister say whether they represent a threat to the security of this continent and, if they do, as they are reported to have the most advanced design with nuclear capabilities, has the government any information as to whether or not there are nuclear weapons in Cuba?

Mr. Trudeau: I will be glad to refer the question to the Secretary of State for External Affairs and will try to provide the House with his opinion on it, Mr. Speaker.

* * *

ECONOMIC DEVELOPMENT

MEMBERSHIP OF BOARD OF ECONOMIC DEVELOPMENT MINISTERS

Hon. Herb Gray (Windsor West): Mr. Speaker, I have a question for the Prime Minister. I should like to ask him about the possibility of membership on the new Board of Economic Development Ministers being extended to include the Department of Consumer and Corporate Affairs, which it does not at present. I ask this since the government has often said in recent months that it expects Canadians to achieve their economic objectives primarily through the private sector, which means the market system, and that department's mandate is to help ensure a properly operating market system in the interest of consumers, producers, manufacturers and all who come together in the marketplace.

Right Hon. P. E. Trudeau (Prime Minister): The way in which the board is set up will permit the president of the board and myself to invite from time to time various ministers to attend board meetings when subjects relevant to their portfolios are being discussed. Certainly, this would apply to the Minister of Consumer and Corporate Affairs from time to time, or to the Minister of Fisheries and the Environment, and so on.

DEBATE ON ESTABLISHMENT OF BOARD OF ECONOMIC DEVELOPMENT MINISTERS

Mr. Walter Baker (Grenville-Carleton): Mr. Speaker, I have a supplementary question for the government House leader. In view of the fact that, as it stands at the moment, the President of the Board of Economic Development Ministers may well have been sworn to a ministry of state that does not exist, and in view of the fact it is the government's intention to proceed under the act and to table the order in council in order to remedy this, could the government House leader tell us when he would be doing that—will it be later today—and can he tell us what he has in mind for scheduling the seven hours of debate, on the assumption it would be the wish of the government to get on with this ministry, for whatever it is worth, as quickly as possible?

● (1452)

Hon. Allan J. MacEachen (Deputy Prime Minister and President of Privy Council): Mr. Speaker, it is the intention of the government to give notice of the proclamation or resolution which will form the basis of the order in council and to seek the approval of the House for that step. I should like to move as quickly as possible with the debate on this particular measure, but I must take into account the fact that presently we are dealing with a very important piece of legislation, namely, the measure to establish the child tax credit.

If the hon. member can give me the assurance that his colleague, the hon. member for York-Simcoe, will co-operate in the passage of that bill, then I would be able to give him a stronger assurance that the resolution establishing the Board of Economic Development Ministers would be brought on possibly this week. Until I have some indication as to what the House will do with the important measure for low income families in Canada, I cannot deal with his question accurately.

Some hon. Members: Hear, hear!

Mr. Baker (Grenville-Carleton): Mr. Speaker, as the minister knows, we will be dealing with that matter expeditiously.

Some hon. Members: Oh, oh!

Mr. Baker (Grenville-Carleton): I am sorry, but I am having some difficulty with the noise from the other side. Can the minister confirm that it is his objective to deal with that matter before Christmas, bearing in mind that under the Government Organization Act of 1970 there is provision for that minister of state to report to the House at the end of

January, 1979? Is it his intention to deal with that matter, so the House can be favoured with a report on the progress of that department by the end of January, 1979?

Miss Bégin: What about Canadian children?

Mr. MacEachen: Mr. Speaker, I thank the hon. member for his assurance that the child tax credit measure will be dealt with expeditiously.

Some hon. Members: Hear, hear!

Mr. Stevens: As it has been. We just do not receive answers.

Mr. MacEachen: That leads me to give the hon. member the assurance that if it is passed early this week, I will attempt to bring on the measure dealing with the Board of Economic Development Ministers later this week. We must bear in mind that there are two allotted days which are not available for government business. Certainly, it is my intention to bring on this measure well before the Christmas break.

Mr. Knowles (Winnipeg North Centre): Is the minister being paid?

* * *

RAILWAYS

CNR FREIGHT SERVICE IN NOVA SCOTIA

Mr. Robert Muir (Cape Breton-The Sydneys): Mr. Speaker, my question is directed to the Minister of Transport. It relates to the meeting which occurred some days ago with the Deputy Prime Minister and President of Privy Council, the Secretary of State for External Affairs, and a committee of concerned residents from North Sydney and Port aux Basques regarding the transportation of freight to Newfoundland, the lack of employment opportunities, expeditious transportation, etc. I considered it to be a very good meeting.

I gave the minister's office notice of my question, albeit very short. It has been alleged that there are 23 cars of coastal freight on a siding at North Sydney. Of those cars, four contain perishables for coastal areas in Newfoundland. Some of them have been there since November 10 and November 18.

An hon. Member: This year?

Mr. Muir: Yes, this year. Would the minister be good enough to approach Canadian National Railways in an attempt to get the idea across to them that this is not the way to encourage shippers to ship goods to Newfoundland, with cars remaining on sidings and never reaching their destinations?

Hon. Otto E. Lang (Minister of Transport): Mr. Speaker, as soon as notice of that question was received in my office, I am sure my officials pursued the matter. As soon as I have any information I will report back to the hon. member.

[Mr. Baker (Grenville-Carleton).]

REQUEST FARMER'S IRRIGATION LINE BE LAID UNDER CPR TRACKS

Mr. G. H. Whittaker (Okanagan Boundary): Mr. Speaker, my question is directed to the Minister of Transport. It relates to a constituent of mine who finds that his access to irrigation water has been stopped by the CPR although he has grown enough grape plants in his nursery to plant 63 acres. Will the minister, through the Canadian Transport Commission, order CPR to allow this farmer to put his irrigation line under its tracks?

An hon. Member: Let us have a yes or no answer.

Hon. Otto E. Lang (Minister of Transport): Mr. Speaker, to my knowledge, I have not been given any notice of that particular incident. I would have to reflect upon whether I have any power, as distinct from the CTC and its powers, before I could answer the question.

* * *

PUBLIC WORKS

CLOVERDALE HOUSING COMPLEX IN PIERREFONDS, QUEBEC—POSITION OF CMHC

Mrs. Jean E. Pigott (Ottawa-Carleton): Mr. Speaker, in the absence of the Minister of Public Works, and now that I see his parliamentary secretary has left, I should like to direct my question to the Deputy Prime Minister and President of Privy Council.

Would the minister confirm that the offer from Grado Development Ltd. to purchase the Cloverdale housing complex in Pierrefonds has expired, and that the principals have lost $180,000? I am certain the Minister of Finance will be delighted that his treasury has now been increased by $180,000. Will the minister confirm that Central Mortgage and Housing Corporation will now consult with the tenants on future plans for this housing complex?

Hon. Allan J. MacEachen (Deputy Prime Minister and President of Privy Council): Mr. Speaker, I am sure the hon. member would be as surprised as I would be if I knew the answer to that question. I will take it as notice for the minister.

* * *

AGRICULTURE

PROGRAM OF FARM CREDIT CORPORATION

Mr. Jack Murta (Lisgar): Mr. Speaker, my question is directed to the Minister of Agriculture. Can he inform the House what changes can be expected to the Farm Credit Corporation in the immediate future? For example, will the changes be in the area of private institutions being encouraged to play a larger lending role in terms of farm lending, or are changes being considered in terms of a mortgage insurance program for the Farm Credit Corporation?

Hon. E. F. Whelan (Minister of Agriculture): Mr. Speaker, many different propositions are being considered at the present time. I think it is too early to say. In the first of the year I hope to be able to announce what the program will be for refinancing and for restructuring the lending organization, that is, the raising of the money partly from the private sector for the Farm Credit Corporation rather than depending solely on financing from the Department of Finance or the Bank of Canada.

Mr. Murta: Mr. Speaker, if there are to be new changes, legislation will be brought before the House at that time. The minister said that he will bring in a program some time in the new year. There are approximately three weeks left before the new year. Can he give the House an indication of the areas in the Farm Credit Corporation which his officials are considering in terms of changes to the corporation? Surely he can tell us that.

Mr. Whelan: Mr. Speaker, it seems the hon. member knows some of the things we are looking at because he already mentioned them. I am sure he knows that the fiscal year-end for the Farm Credit Corporation is March 31. So it is necessary to have a new program by that time. We are guiding ourselves toward that time. Legislation must be presented to the House which can be passed by that time.

* * *

FINANCE

LOANS BY CANADIAN CHARTERED BANKS TO SOUTH AFRICA

Mr. Andrew Brewin (Greenwood): Mr. Speaker, in the absence of the Minister of Finance I should like to direct my question to his parliamentary secretary. It appears that Canadian chartered banks, including the so-called Big Five banks, made loans of $700 million between 1972 and 1976 to South Africa and, in particular, to some of the important elements in the South African military industrial complex, such as the Pretoria government's iron and steel corporation.

In view of the fact these loans strengthen the apartheid regime and systematic racial discrimination, frequently condemned by Canada and the United Nations, will the minister refer to the Standing Committee on Finance, Trade and Economic Affairs, which now is considering the terms of the new Bank Act, an amendment which will prohibit such loans?

Mr. Alan Martin (Parliamentary Secretary to Minister of Finance): Mr. Speaker, I shall draw this matter to the attention of the minister. However, in the normal course of business relations with countries such as South Africa, perhaps it makes better sense to permit some loan business than completely shutting it out.

TRANSPORT

SIGNING OF MASTER AGREEMENT WITH B.C. ON URBAN TRANSPORTATION ASSISTANCE

Mr. Howard Johnston (Okanagan-Kootenay): Mr. Speaker, my question is directed to the Minister of Transport: it is one of which I gave him notice some time ago. Is he in a position to announce to the House the signing of the master agreement with British Columbia on the urban transportation assistance program?

● (1502)

Hon. Otto E. Lang (Minister of Transport): Mr. Speaker, after long delays in getting the necessary agreement from British Columbia as to the final form of the agreement, that has now been achieved. I have personally signed it and I will be forwarding it immediately to B.C. for signature.

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PRIVILEGE

MR. BAKER (GRENVILLE-CARLETON)—ANSWERS GIVEN BY PRIME MINISTER DURING QUESTION PERIOD

Mr. Speaker: Order, please. On Friday, just after the oral question period, the hon. member for Grenville-Carleton (Mr. Baker) raised by way of a point of order a complaint or two about the quality of the responses given by the right hon. Prime Minister (Mr. Trudeau) during the question period. As I indicated at that time, the matter was not well founded procedurally and, as often happens, that led to a response by the Prime Minister, which in turn implicated the hon. member for Calgary North (Mr. Woolliams) who, in rushing to his own defence, said something which made a further contribution to the procedural complexity of the moment. That caused the Prime Minister to take exception to an accusation by the hon. member for Calgary North that the Prime Minister had been "hiding the facts".

I indicated at the time that I would research that matter, which I did over the weekend, and I can tell the House, as it probably already knows, as will those who have examined the phrase "hiding the facts", that it falls in the same category as misleading the House, and that therefore in order to be unparliamentary it cannot just simply be a suggestion on its own. It would have to carry with it an element of deliberate concealing of the facts, a deliberate misleading or something of a falsification. In the context in which it was used by the hon. member at the time I did not find that in the language, and therefore I find myself not in a position to compel the hon. member to withdraw the remark on the basis of its being unparliamentary.

However, I think this does point out the difficulties we get into in situations of this kind. Furthermore, I think it points out that, while a disagreement does exist between the parties in these particular circumstances, I must again remind the House that although debate and disagreement are very much a part of the every day life of the House, the word of an hon.

member at all times, in this case the word of the right hon. Prime Minister, must be accepted as part of our ordinary practice, and therefore when the Prime Minister objects to the accusation that he was hiding the facts, that seems to me to amount to a statement that he was not in fact hiding the facts, and his word must be accepted on that account.

ROUTINE PROCEEDINGS

[*English*]

NATIONAL SPORT ACT

MEASURE TO RECOGNIZE HOCKEY AS CANADA'S NATIONAL SPORT

Mr. Maurice Harquail (Restigouche) moved for leave to introduce Bill C-445, to recognize hockey as a national sport.

Some hon. Members: Explain.

Mr. Harquail: Mr. Speaker, as all hon. members in the House realize, this topic has involved raging debates from time to time as to whether indeed hockey is the national sport in this country. All too often we hear conflicting reports about the WHA, the NHL, and other organizations, relating to the question of hockey being Canada's national sport. I think the question has been outstanding long enough. It should be settled once and for all.

I want to be clear that this bill is not intended to fly in the face of any other sport or to be in conflict with any other sport. I want only to have the House consider, through a private member's bill, adopting hockey as Canada's national sport.

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

* * *

QUESTIONS ON THE ORDER PAPER

(Questions answered orally are indicated by an asterisk.)

Mr. Roger Young (Parliamentary Secretary to Solicitor General): Mr. Speaker, the following questions will be answered today: Nos. 221, 321, 341 and 342.

[*Text*]

CABLE TELEVISION—POLITICAL PROGRAMMING

Question No. 221—**Mr. Jones:**

1. What are the regulations, duties and responsibilities of the cable television operators with respect to political programming on the community channel?

2. Are these regulations, duties and responsibilities applied equally to all candidates, regardless of party or non-party affiliation?

3. What measures are available to regulate the political programming? What means are available to apprehend offenders of these regulations?

[Mr. Speaker.]

Mr. C. Douglas (Parliamentary Secretary to Minister of Communications): In so far as the Department of Communications is concerned, the answer to the above question is as follows:

1. The CRTC Cable Television Regulations (1976) state:

13. (1) Where a licensee provides time on its community channel for the distribution of programming of a partisan political character, it shall allocate such time on an equitable basis to all political parties and rival candidates.

(2) Where a licensee and the political parties and candidates are unable to reach agreement as to what, in any particular circumstances, constitutes an equitable allocation of time by the licensee, the licensee may refer the dispute to the commission and the commission shall allocate the time as it considers appropriate in the circumstances.

14. Where a licensee provides opportunity on its community channel for the expression of views on matters of public concern, it shall provide reasonable, balanced opportunity for the expression of differing views on such matters.

2. As regulation 13. (1) states, the licensee shall allocate time "on an equitable basis to all political parties and rival candidates".

3. Under the same regulations (section 12) each licensee is required for a period of four weeks after distribution to keep a written program log and to maintain the audio reproduction of all programming distributed on its community channel. This permits the commission the means to apprehend offenders of these regulations. These regulations constitute the basic minimum standards to which cable television licensees must adhere. Every licensee who violates the provisions of any applicable regulation is guilty of an offence and is liable on summary conviction of a fine not exceeding twenty-five thousand dollars for a first offence and not exceeding fifty thousand dollars for each subsequent offence.

MR. RAY CHRÉTIEN

Question No. 321—**Mr. Jones:**

1. Who has been appointed Ambassador to Zaire? What are his qualifications for this posting?

2. What previous appointments has this individual had and in what other departments?

3. By whom was this current and all previous appointments made?

4. Was he recommended by a member of the Cabinet? If so, by whom?

Mr. Louis Duclos (Parliamentary Secretary to Secretary of State for External Affairs): 1. Mr. Raymond Chrétien was appointed Ambassador to the Republic of Zaire. Mr. Chrétien joined the Department of External Affairs in 1966 after having participated in the foreign service officer competition and has served in the department both in Ottawa and abroad.

2. Mr. Chrétien was in 1967 first assigned to the department's legal division, then to the United Nations' General Assembly. He was then seconded to the Privy Council office, and subsequently obtained a period of leave without pay during which he worked first in the secretariat of the Treasury

Board, and then with the Canadian International Development Agency. Following this Mr. Chrétien served at the Canadian Embassy in Beirut as first secretary, in Paris as first secretary and consul and then as economic counsellor, and was subsequently posted to his present post in Kinshasa.

3 and 4. As are all ambassadorial appointments, Mr. Chrétien's nomination as Ambassador to the Republic of Zaire was made by the Secretary of State for External Affairs and was approved by the prime minister and cabinet. Mr. Chrétien's previous assignments had been made by the personnel bureau of the Department of External Affairs.

SOVIET DIPLOMATS

Question No. 341—**Mr. Cossitt:**

Has the government at any time since April 20, 1968, refused to admit to Canada Soviet Diplomats and, if so, in each case (a) what was the name of the individual (b) what was the function that he/she would have performed (c) what were all the reasons for refusal?

Mr. Louis Duclos (Parliamentary Secretary to Secretary of State for External Affairs): Although the government has refused to admit certain Soviet diplomats to Canada since April 20, 1968 it is not the government's practice to make either the names or reasons public.

Question No. 342—**Mr. Cossitt:**

1. Since the expulsion of a number of Soviet Diplomats from Canada earlier this year, have any new Diplomats been accredited to the Soviet Embassy by agreement with the Department of External Affairs and, if so (a) how many (b) what are their names and job designations (c) on what date did he/she enter Canada (d) what were the details of security checks made on each individual by the Department of External Affairs before agreeing to admission?

2. Who performs security checks on Soviet or other foreign Diplomats posted to Canada?

3. Are there pending applications, requests etc. from the Soviet Union for the accreditation of Diplomats to Canada and, if so, what are their (a) names (b) job designations?

Mr. Louis Duclos (Parliamentary Secretary to Secretary of State for External Affairs): 1. (a) Eight.

Insert table

(b) Name	Designation	(c) Date entered
Sergei V. Kruglov (Temporary Duty)	First Secretary	March 9, 1978
Valentin M. Fomitchev	First Secretary	June 5, 1978
Vladimir G. Mukharkin	Third Secretary	June 12, 1978
Vladimir P. Nazarov (Temporary Duty)	Attaché	July 3, 1978
Alexander I. Kobets	Third Secretary	July 17, 1978
Igor A. Savliev	First Secretary	September 4, 1978
Vladimir I. Vakhruschev	Assistant Military Attaché	September 28, 1978
Iouri M. Demkine	Attaché	October 9, 1978

(d) The Royal Canadian Mounted Police provided the department with security checks for each individual.

2. The Royal Canadian Mounted Police.

3. No.

Family Allowances

[*Translation*]

Mr. Speaker: The questions enumerated by the hon. parliamentary secretary have been answered.

* * *

[*English*]

QUESTION PASSED AS ORDER FOR RETURN

Mr. Roger Young (Parliamentary Secretary to Solicitor General): Mr. Speaker, if question No. 191 could be made an order for return, this would be tabled immediately.

Mr. Speaker: Is it the pleasure of the House that question No. 191 be deemed to have been made an order for return?

Some hon. Members: Agreed.

[*Text*]

CFB—GAGETOWN

Question No. 191—**Mr. Howie:**

For the fiscal year ending March 31, 1978, what firms were employed at CFB Gagetown in connection with construction, renovations, painting and repairs and, in each case (a) what amount did it receive (b) was a tender called and was it advertised in the press?

Return tabled.

[*English*]

Mr. Speaker: Shall the remaining questions be allowed to stand?

Some hon. Members: Agreed.

GOVERNMENT ORDERS

[*English*]

INCOME TAX ACT

AMENDMENT TO PROVIDE FOR CHILD TAX CREDIT

The House resumed, from Thursday, November 30, consideration in committee of Bill C-10, to amend the Income Tax Act to provide for a child tax credit and to amend the Family Allowances Act—Mr. Chrétien—Mr. Turner in the chair.

The Deputy Chairman: When the committee rose on Thursday, November 30, 1978, clause 4 of the bill was under consideration.

On clause 4—

Mr. Rae: Mr. Chairman, when we left off last time I gave the minister notice that I would be presenting an amendment to clause 4. I have several copies of my amendment, and I will seek to get it over to the parliamentary secretary. The purpose of the amendment is quite simple.

In our view the proposed section 122.2(1)(*a*) on page 4 of the bill is discriminatory. It does not take into account changing living patterns and what may be the real incomes of the families involved. My amendment proposes:

That section 122.2(1)(*a*) be deleted and that the following words be inserted in its place:

"(*a*) jointly by the individual and his or her spouse, or his or her common-law partner where the individual was married or living in a common-law relationship and resided with his or her spouse or common-law partner at the end of December of the year, and"

I do not think I need to go on at any length concerning this amendment. It relates to the example which I gave last week. Under the wording of the bill as it now stands, and unless the minister can give me another interpretation, it would be quite possible for there to be a situation in which two couples living in the same economic circumstances would stand to gain quite differently, depending upon whether they were married. The intention of my amendment is simply to ensure that people who live in common-law relationships and who are jointly responsible for the upbringing of their children are covered just the same as people who are married. I have already put forward my arguments in favour of this amendment on other occasions. I do not see any need to repeat them. I simply ask for the minister's comments.

Mr. MacDonald (Egmont): Mr. Chairman, we have referred to this matter a number of times. It was referred to at the second reading stage. The hon. member for Kingston and the Islands, the hon. member for St. John's East and I have raised this matter repeatedly. The proposed amendment would remove the anomaly which exists between those who are legally married and those who have entered into common-law relationships. It would do one thing in addition to that, which should have been picked up much earlier than at the committee stage. It would remove the offensive, and sexist references which are in this clause of the bill.

I do not see how the minister can keep telling us day after day that this bill was closely studied. We were given the weak explanation last Thursday that the only reason this language exists is that there was a translation problem. That is an unacceptable excuse, considering the number of officials in the minister's department.

● (1512)

I hope the minister would have the good sense to accept this recommendation. It removes the sexist designation in the English version of the bill which I and some other members find offensive, and it removes the anomaly which exists and which would, in effect, encourage people, for the purposes of this particular credit, to have common-law rather than legal relationships. I do not think there is any need to speak further on this matter, but when the occasion permits I want to speak generally on this particular provision.

The Deputy Chairman: Order, please. The Chair will reserve judgment on the acceptability of the amendment moved by the hon. member for Broadview.

[Mr. Rae.]

Mr. Martin: Mr. Chairman, the hon. member for Broadview has raised an important issue regarding the child tax credit bill that is now before us, and clause 4 specifically. The point he is raising is that, under the proposed legislation, married couples with children may be penalized in comparison to common-law couples who are in otherwise identical circumstances. I might say that this general issue did receive a fair degree of discussion at the time we were considering clause 1 and clause 2, and I know that the Minister of National Health and Welfare has spoken to it specifically as well. Both spouses in a legal marriage would have to report their incomes to apply for a credit, but in a common-law union only the income of one spouse would have to be reported.

At the outset, let me say that I am sympathetic to the view that, in principle, the tax treatment of persons in a common-law marriage should be no different from that of legally married persons. While the Income Tax Act does not now recognize common-law spouses, this does not reflect any moral judgment on the part of the government. Rather, it is a consequence of the difficulties of identifying and verifying who is a common-law spouse, for the purposes of many provisions of the Income Tax Act for which this is relevant.

The issue of tax treatment of common-law spouses is not something new that has just been created by our proposed child tax credit program. The proposed legislation is only following existing provisions elsewhere in the Income Tax Act. These provisions do raise complex issues in the case of common-law spouses and there are issues with which we have been grappling for some time. For example, in several provinces significant reforms in family law have been adopted or are under study. These family law reforms clearly have implications for the income tax system, and are continuing to be discussed by federal and provincial officials. The main point here is that the issues surrounding the tax treatment of common-law spouses are much broader that those raised by the proposed child tax credit.

On grounds of equity and fairness, it seems clear that common-law spouses should not be allowed to derive any special advantage from the child tax credit. However, from the broader perspective of the entire income tax system, it is not possible to say whether or not in general common-law spouses are better or worse off than legally married couples. Any such calculation would depend on many specific details of the couple's circumstances. For example, common-law spouses can use the equivalent to married exemption. On the other hand, the marital exemption cannot be claimed in respect of a common-law spouse, nor can the unused portions of the age exemption or the interest and pension deductions be transferred between common-law spouses.

While some of the family law reform legislation provides for support payments on marriage breakdown for both legally married and common-law spouses, periodic support payments are only tax deductible in the case of legal marriages. The impact of these kinds of provisions is a very complex set of financial advantages and disadvantages to being common law. In any case, I am quite sure that the net financial effect of

these provisions does not have any significant impact on the institution of marriage in this country.

It is true that a number of federal statutes do make some provisions for common-law spouses, for example, the Canada Pension Plan and the War Veterans Allowance Act. But let me point out that these two statutes have different definitions of who it is that qualifies as a common-law spouse. Furthermore, in these other federal statutes it is typically in the couple's interest to establish that they are common-law spouses. As we are all aware, it is the opposite situation with the proposed child tax credit. Thus, common-law couples will not want to come forward to prove that they are in fact living as if they were legally married.

Let us suppose, however, that we did want to treat common-law and legally married taxpayers identically for purposes of the child tax credit. How could this be done? First, some definition of common law would have to be chosen. This definition could require one year of cohabitation, though it may be preferable to require three or seven years, particularly if the children are from a previous marriage. We would then have to determine the precise date when cohabitation began. In many situations some degree of ministerial discretion would be necessary. But then how are we to determine when couples are actually cohabiting, if they spend at least three nights a week together? Finally, since common-law couples will, in most cases, not want to come forward with the required information, we face the question of enforcement. While there are no firm data on the number of common-law couples in Canada today, there are about one-half million single mothers, most of whom would be eligible to claim the credit. The government would clearly be in a difficult position if it had to verify that none of these women were actually living common-law. Thus, any definition based on a period of cohabitation would involve certain difficult and unpopular administrative procedures.

These problems, I hope and expect, will not be insurmountable; but they are difficult. Work is already under way on the issues raised by common-law marriages, particularly in the context of provincial family law reform. Federal finance officials are meeting their provincial counterparts next week to discuss precisely this issue. I think we would be well advised to proceed in a reasoned and cautious manner to deal with these complex issues. The new child tax credit, which will be of immediate benefit to millions of families, should not have to await their resolution.

Miss Bégin: Mr. Chairman, would it be permissible for me to add information on other government programs which I think is relevant?

Under the Canada Pension Plan the survivor's benefit is awarded to the surviving common-law spouse and we use documentary evidence proving residence and public representation. As to the split of pension credits, we recognize legal marriages only because of the practical problems of defining the beginning and the end of the relationship, and numerous possible subsequent relationships.

Under the Old Age Pension Act, more precisely under the Guaranteed Income Supplement, we do recognize common-law marriages on the simple basis of a statutory declaration of the relationship.

Under the Canada Assistance Plan other than under provincial welfare programs, common-law relationships are recognized.

Basically what I heard the parliamentary secretary to the Minister of Finance say is that marriage brings a lot of fiscal privileges, and Canadians living in a common-law situation do not benefit from them. For the first time it is the reverse situation that confronts us whereby what the Department of Finance estimates to be an insignificant number of women living in a common-law situation would benefit from the child tax credit, while the "husband", in terms of a common-law relationship, would be making too large a salary for the program. The Department of Finance estimates this number of Canadian mothers to be insignificant.

I guess the ideal is to study the common-law situations which we can recognize in order to find an operational definition. I understand a study is taking place at the present with the Department of Finance.

Mr. Rae: Mr. Chairman, I appreciate the imaginative reply of the parliamentary secretary in describing the importance of policing this kind of measure. I can assure the House, the parliamentary secretary and the minister, that it is not with the enforcing aspect I was primarily concerned. I appreciate this might cause some administrative difficulties, but on this side of the House we want to be sure the redistributive effect of the proposal takes cognizance of the reality of the child's circumstances rather than the fiction of the child's circumstances.

● (1522)

I appreciate there are fiscal and physical advantages and disadvantages to common law and legal marriages. I would have thought it might have been possible for the government, rather than waiting for a wholesale reform of the Income Tax Act—which we are not prepared to do on this side of the House—to start with this particular measure. It affects so many families across Canada. There is now a growing recognition by provincial governments that common-law relationships do exist and do create certain rights and certain obligations on the part of parents in a common-law marriage. Taking into account these changes in family law reform which are taking place right across the country from Newfoundland to British Columbia, I would have thought that it might have been possible to incorporate this amendment, or if you like, to have a definition of a common-law marriage for the purposes of this clause only. I would think that cohabitation for one year is all that is required.

We are not interested in proving whether it is a relationship of one night, three nights or seven nights. That is not the concern. The concern is to see whether or not there is an economic unit which is not being recognized by this law. It is

not a question of sexual cohabitation; that is irrelevant. What is relevant is whether there is an economic unit. Any definition will be arbitrary, but perhaps if we said there was cohabitation for a year that would be sufficient to establish that there was an element of support.

Personally I do not see any problem. Perhaps I could be enlightened further. I do not see any problem in saying that "for the purposes of this section and this act, a common-law relationship is as follows." Frankly, I do not know whether the redistributive problem is a minuscule or a serious problem. On this side we want to make sure that the redistributive effects of the act are held as an integrity. Maybe the law should continue to keep pace with the times by taking cognizance of the fact that there are relationships which perhaps are not suitably defined by the legislation as has been put forward by the government.

Miss Bégin: Mr. Chairman, perhaps I could answer my colleague from Broadview so as to convince him to withdraw his amendment. I will explain why. Such an amendment has to be tied in with a reform of the complete income tax system, otherwise it will not work. The idea of the New Democratic Party, rightly so, it seems to me, is to ensure that redistribution ends up in the right place. They say a few cases of common-law situations will permit mothers, in good economic circumstances to receive moneys which do not belong to them, because they are not recognized by the income tax system, to the detriment of other Canadian mothers. We think there is a case in that regard, but for only a very few mothers.

If we were to correct this bill right away, and through this bill recognize common-law situations, but without a change in the general Income Tax Act, it will result in trying to implement something that will not work. How would common-law couples establish the two sources of income, or the husband's source of income, when it plays against their own interest? All people are greedy, and function around money and economic advantages. While the whole income tax system does not give the fiscal privileges to common-law couples that it does to legal marriages, suddenly we would be asking a few mothers, most likely single mothers, to be more catholic than the Pope! One would be asking them to declare either the husband's income, or the two sources of income, and yet they would not get the tax privileges of the income tax system that are applicable to a legal marriage. These people will not do that, and we have no policing mechanism. That is the reason why the amendment will not work.

I have never understood why the Income Tax Act does not recognize common-law situations, and while I was minister of national revenue I asked that particular question many times. I was always told that it was a question of potential abuse. When I became Minister of National Health and Welfare I discovered almost all social programs do recognize the common-law situations. I wondered why we did not have abuses in the case of older people. I wondered if that was the mentality of Canadians, that we trust older people not to cheat the system through the GIS, and yet we do not trust young couples, for example, those students who enter into a trial marriage for whatever reasons. I do know that consistency should be introduced into all of our programs. It is probable that the amount of abuse would be a small percentage of the total government programs, but I am not sure of that. That is an assumption.

I firmly believe a correction to this bill, C-10, that we are studying right now, will never be enforceable because the rest of the income tax system does not give couples in common-law relationships the same privileges that married people get. If they received the privileges of the whole of the income tax system then they must be ready to acknowledge the common-law situations when it comes to the child tax credit. This is the reason why I think this amendment suggested by the hon. member for Broadview is unenforceable. Because of that I think we should wait for an amendment to the whole Income Tax Act. I do not mean wait to pass Bill C-10. It should be put on the record that this is a problem we want to see dealt with and looked into quite seriously. It should not be tied to this particular bill because it will not work.

Mr. MacDonald (Egmont): Mr. Chairman, I listened with interest to the Minister of National Health and Welfare, and particularly to the last part of her remarks which I thought were the most worth-while, lucid comments that she has made in this whole matter, that is to say, that we should wait for some amendments to the whole of the Income Tax Act before we start tinkering with what is a very basic proposal.

I am quite fascinated by the twists and turns of the minister's response in this whole issue. She said at one point that almost all programs of National Health and Welfare recognize the common-law situation. Then she backed off and said that we cannot do it in this instance because it is not known yet how it could be administered. The first person to respond was the Parliamentary Secretary to the Minister of Finance. Quite rightly he realizes the implications of what we are about would affect the Income Tax Act. That is what we are dealing with in this particular bill.

● (1532)

The minister told the hon. member for Kingston and the Islands on Thursday night that the administration of this program does not affect the principle of how the Income Tax Act presently operates with regard to family income. Of course the argument we are getting this afternoon from the Minister of National Health and Welfare and the parliamentary secretary is that we cannot do the very thing the hon. member for Broadview suggests because we are not ready to make those kinds of changes to the Income Tax Act. It is quite interesting that the minister wants to have it both ways in this instance.

The hon. member for Broadview is proposing, supported by members on this side, the notion that if you make this change at least it should deal with people equally, whether they are married on a legal basis or have entered into some common-law relationship. On the other hand the Minister of National Health and Welfare and the parliamentary secretary say this cannot be done because it would have a serious impact on the Income Tax Act which they are not quite ready to amend.

I find the minister's logic highly inconsistent. She is trying to explain away a bad provision, one that is becoming more and more unacceptable to groups. I want the minister to know, if she has not already learned from her office, that the National Action Committee, a large umbrella organization representing some 140 various women's organizations across the country, wired the minister's office and others who are concerned with this. I want to put this on record so that the minister is not under any further illusions with regard to where the National Action Committee stands on this bill. I quote from their telegram of December 3:

Hansard November 30 cites NAC support for Bill C-10, but we have serious reservations as expressed in our letter of October 16.

We support the principle of redistribution through refundable tax credits but do not support it in family allowance because of the consequences for low income families. An annual lump sum refund is of doubtful help.

We oppose joint taxation and share the reservations of Gordon Fairweather re the possible discrimination against women.

The minister might want to amend her remarks of last Thursday when she has an opportunity to deal with this. The minister has introduced a concept of family income that would operate under the Income Tax Act which has not been clearly thought through. As the parliamentary secretary stated very clearly today, it does not relate to the other provisions of the Income Tax Act. He put that on the record.

The parliamentary secretary supported the opinion stated last Thursday by the hon. member for Kingston and the Islands. He made the case more effectively than anybody could make it, that the problem of making this kind of change, and setting into law a principle which can now be extended indefinitely across a host of income tax policies, would have very serious repercussions for women.

If anything needed to be stated more clearly, I do not know what it would be than the language of a bill which simply assumes that forever and a day the dependent spouse in this situation would be a woman. Her income is going to be lumped in with that of the man for purposes of deciding what amount of tax credit will be available.

What we have here and what the minister is now recommending is that even though this is a provision which has not been very clearly thought through, we are going to make it worse. We are going to discriminate for those who have entered into a common-law relationship and against those who are married under the normal legal requirements. The minister has put herself and the parliamentary secretary in a very difficult situation in arguing today entirely opposite to what they argued last Thursday evening when defending the very principle at stake in this clause.

Miss Bégin: Mr. Chairman, since the hon. member has been given responsibility for the status of women and cultural affairs in the Tory shadow cabinet, he has practised demagoguery more every day. That does not help the interests of women which he is supposed to represent. He either does not understand or deliberately misled the House this afternoon by putting together two completely separate problems. One is the common-law marriage.

Mr. MacDonald (Egmont): Mr. Chairman, I rise on a question of privilege. I am not overly sensitive, but the minister should not be allowed to get away with suggesting that I or any other member has deliberately misled the House. I do not think she will want that to stand on the record. She was getting carried away. Perhaps she will withdraw that remark so that we may get on with the debate in some orderly fashion.

Miss Bégin: Mr. Chairman, it is misleading to whoever is listening to put together two completely separate problems. I would like to finish my sentence. The hon. member may recognize what he is doing. He is totally mixed up.

On Thursday night the hon. member for Kingston and the Islands spoke of one thing only, eventual discrimination due to joint filing, which I say does not exist in this bill. The hon. member should learn what joint taxation is. It means one income tax form for a family unit. The two parents are that family unit.

Mr. MacDonald (Egmont): I know what this bill says. You do not.

Miss Bégin: I am talking of the Carter commission report of 1970. The hon. member just does not know his stuff. I am very proud of the support of the National Action Committee. I did say that all women's groups oppose the reduction in family allowances, which I myself regret.

As to their reservation with regard to joint taxation, since there is no joint taxation, therefore that reservation was dropped. I explained that. There is no joint taxation. I wish the hon. member would informa the Canadian public accurately. It is very important that he not feed cliches and erroneous statements to the public.

I repeat, although the hon. member can read *Hansard* for last Thursday night, there is still no joint taxation for past, present or future years. There are separate individual tax forms which each partner must file. That is extremely clear. The common-law situation and its status in the Income Tax Act are a totally different question.

The hon. member for Kingston and the Islands read the letter of Mr. Gordon Fairweather as meaning that there is joint taxation and, therefore, there is a terrible evil in the making against women. That was a mistake. The hon. member for Egmont read that same letter thinking that it is absolutely terrible to be against the common-law marriage. I wonder when the church will recognize that. It would help all of us. The hon. member should realize that.

That being said, we are today talking of an issue called common-law marriage and its relationship to the Income Tax Act. The Income Tax Act does not recognize it. Of course, we are not going to wait for that act to be changed. We are going to pass Bill C-10 which will help a lot of children in Canada. What it will do is probably help a few more mothers than should be helped. That is what it means.

Is the hon. member in favour of helping women, or against that? He is supposed to look after their interests. The worst thing this bill could possibly do is give the child tax credit to a

few mothers who in their common-law relationship live with someone who makes good money and, therefore, they should not receive it. That is the worst it could do.

Let us pass this bill. It is urgent. Let us study separately what a common-law relationship means in terms of the Income Tax Act, with a view to having it defined and recognized.

I do not find the demagoguery of the hon. member helpful when he states that I say "on the one hand" and "on the other hand." We have been very consistent. I do not think he realizes what this House has voted over the years. In all the programs that we voted on for older people, we decided to recognize the common-law situation. This time we are talking of another group involving the younger segment of the population.

The Income Tax Act does not recognize these potential abuses. The sociological reality is what is of importance and interest. Anyone with common sense would not reject the possibility of abuses. I admit that. How would you verify what goes on? Would you just accept a declaration? Trial marriages are a way of life in Canada today like in all western society and, to me, a good way of life. So this is an area which calls for study and exploration.

● (1542)

The hon. member laughs and talks, instead of listening. He will stand up again soon, I imagine, and give us another grand speech. That won't help. He has not contributed to this debate on any point whatsoever. If he wants to change the common-law relationship, he should say so. We have a study going on in conjunction with the provinces to change it in the fiscal system as a whole. By recognizing the common-law situation in all areas of the fiscal system we grant to those couples the fiscal privileges married people enjoy—and then they will comply under the child tax credit arrangements where it works against them, not in favour of them. Joint taxation does not exist in this bill at all and common-law relationships are not recognized under the Income Tax Act.

The Deputy Chairman: Order. The Chair is in some doubt whether the amendment is acceptable since it creates a new group of people who would be eligible for certain tax reductions, and seems to go beyond the scope of the ways and means motion on which the bill is based. The ways and means motion refers to "spouse". The explanatory notes, part A, say that where an individual is married, his spouse is liable for overpayment of tax credit. Specifically, on page 4, in 122.2(1)(*a*) we read:

Jointly by the individual and his spouse where the individual was married—

The reference is to "spouse" and not to common-law partnerships and I cannot, therefore, accept the amendment.

Shall clause 4 carry?

Mr. Knowles (Winnipeg North Centre): With reference to what you have just said, Mr. Chairman, should you not have entertained argument on this point before you ruled so abruptly?

[Miss Bégin.]

Mr. Boulanger: The ruling is made now. The Chair has listened while a number of speakers have dealt with this matter.

Mr. Knowles (Winnipeg North Centre): I shall not press the matter but I want to state, Mr. Chairman, that you heard no argument at all on the procedural acceptability of the motion.

Mr. MacDonald (Egmont): I rise on the same point of order. I shall not bother to deal with the rather foolish remarks the minister was making earlier. I want to deal with the amendment in the context of the bill before us. It does seem to me that the argument put forward by the minister was to the effect that if this amendment were allowed, the payment by the public treasury would be reduced. I believe the minister said clearly that there would not be an increase but rather that there would be a reduction in expenditures, and on that basis I find it difficult to understand Your Honour's ruling that the amendment is inadmissible. I hope there will be an opportunity for the hon. member for Winnipeg North Centre, and others who are better versed in these matters than I am, to examine this aspect more closely. My understanding of the rules is that members are allowed to put forward amendments as long as they do not increase public expenditure and, if that is the case, I would think the amendment should be allowed and should be voted upon.

Mr. Boulanger: I understand, Mr. Chairman, that you have ruled the amendment out of order. The hon. member for Egmont is raising a familiar argument. He thinks you might be wrong, or that the grounds for it are not clear. The way I heard hon. members speaking, many explanations were put forward on this question, and I believe it was easy for you to rule as you did. I do not understand why hon. members should rise on points of order and say they do not agree with your ruling.

Mr. Knowles (Winnipeg North Centre): We have had a good deal of debate on the substance of the matter and I do not propose that there should be a procedural discussion now, but I do feel I should register my objection against the Chair getting into a debate on substance and telling us an amendment is out of order without permitting a word of discussion with regard to its acceptability.

I want to say, also, that you may have created some trouble for the minister by your reference to "his spouse" as though you take the same line as the hon. member for Kingston and the Islands took. As I read the phrase "his spouse", I read it as "his or her". Under the Interpretation Act it is clear that a word which is masculine includes the feminine. I think it is unfortunate that Your Honour has made a ruling against the kind of amendment proposed by the hon. member for Broadview on the ground that there is talk about a spouse. I do not intend to ask that the matter be reviewed, but I feel this protest should be on the record.

The Deputy Chairman: The Chair still believes the amendment goes beyond the ways and means motion. I have made my ruling and I am not prepared to change it.

Mr. MacDonald (Egmont): I shall not take much longer, but I want to mention one or two further points with respect to this matter. The minister has certainly put her foot in cement with respect to this provision. She has again argued that this in no way constitutes any amendment with respect to the Income Tax Act and the computation of family income. She is doing that on very narrow grounds. Obviously, these are amendments to the Income Tax Act. Clause 122.2 does refer specifically to the joint income of spouses and to the amount by which an individual's family income exceeds $18,000. There is no question about that. The minister can argue that black is white if she likes, but this is clearly a measure to amend the Income Tax Act.

Mr. Boulanger: On a point of order, Mr. Chairman, did the hon. member use an English expression—I did not quite catch the French translation—along the lines "she has put her feet in cement"?

Mr. MacDonald (Egmont): Yes.

Mr. Boulanger: Well, you had better check the translation because it sounded very funny to me.

Some hon. Members: Oh, oh!

Mr. MacDonald (Egmont): The minister has a very concrete position, all mixed up and permanently embedded in cement. That is all I will say. Apart from this little difference with the hon. lady, let me say I am really sorry she has moved so far away from what I believe to be her basic concern, that is, equality and equal rights for all people. It is fair enough for the minister to argue, as she has done in her demagogic way, if I may say so, about the advantage of this measure to low income people in terms of tax credits, but it is quite another thing for her to try to gloss over what is obviously a major precedent.

Maybe the minister was beguiled into thinking this was not, after all, a big issue. Maybe she thought it would not have very much impact if a few people were to argue with her about pressure being placed on women to earn a little less or to move into the job market less frequently. After all, as some people have been asking, is it not really fair, in the final analysis, that we put the whole family income together, particularly if we are going to enter into this quite startling departure of the tax credit which has been argued for many years by a host of organizations, by many organizations concerned with social welfare benefits, and particularly by those who were primarily concerned with the situation of women and their family responsibilities? But even taking that into account, it has been very clear—and this has been said long before the minister came forward with her proposal—that anything that would begin to recognize, for purposes of the Income Tax Act, family income, based, as it is on the situation that women are secondary wage earners or in some way economic appendages of their husbands, would be a great disservice to the growing recognition that women have as much right to be economically responsible and active in our society today as do men.

• (1552)

Mr. McGrath: The minister is not listening to you.

Mr. MacDonald (Egmont): That is all right. The minister may not want to listen to me, she may want to carry on her own conversation.

Mr. McGrath: She insists that you listen to her, but she will not listen to you.

Mr. MacDonald (Egmont): If there are other members on the opposite side who wish to speak, I hope we will have a chance to hear them.

Some hon. Members: Oh, oh!

The Deputy Chairman: Order, please. The hon. member for Egmont has the floor.

Mr. MacDonald (Egmont): I hope that all hon. members, as well as some of them on the other side who are cat-calling, will have a chance to give this some serious thought. Perhaps some people think it is funny. I do not think it is funny. It is quite serious, because it is a question that is setting into law a principle, as has been admitted clearly in this afternoon's debate, of changing the way in which the Income Tax Act will operate in terms of family income. Nothing can be clearer than that. Nothing can be clearer than the fact that we will have a situation where women will be dependent upon their husbands making provision for them through their own income, which we have no assurance—I am sure the minister would agree with this—will take place.

It does not only involve those in the higher income bracket—the minister has used this as a red herring—but, in many instances, people in the lower income bracket about whom we hear all too many tragic tales, such as the the woman who has no opportunities and no assurance that the income which her spouse is receiving is in any way commensurate with the responsibilities she has in that family's situation.

To make the kind of assumption on which the minister has made her proposals here, and still be defending the argument that they cannot even make it equitable in the case of common-law marriages because it has not been seriously examined under the Income Tax Act, seems to me to skate perilously close to irresponsibility, particularly because of the fact—I will not repeat my arguments again because the hon. member for Kingston and the Islands put it on the record last Thursday—that the Minister of Finance himself put forward papers, when he introduced the budget a few weeks ago, which pointed out the real problems in moving into the family income concept.

It is well and good for the Minister of National Health and Welfare to take a very legalistic position, as she has tried to do in this matter, and say that they are dealing with the filing of income tax returns, they are using a separate form, a separate slip, as if somehow or other that justified the approach she has taken. She may be fooling some of the people, and I believe she has had some success in fooling some of the people on this earlier on, but I think that as people begin to look at the

implications of this particular proposal and wonder about that principle being extended to unemployment insurance, they will ask themselves, "is that what we are going to see next?" Will the Minister of National Health and Welfare argue that this business of family income should be introduced as one of the next provisions for amending the Unemployment Insurance Act? I would like to know that, because it is very clear that she has given her colleague, the Minister of Employment and Immigration, an effective handle in making that argument.

If that is not her intention, if she is stating very clearly that this is to be some kind of aberration from the norm, I hope she will put on the record in this debate that this is not to be used as a precedent by the Minister of Employment and Immigration. Perhaps she would want to put it on the record as well that the Minister of Finance should not jump to bring in his next budget including this provision, because obviously we do not know the full implications of it. But we do know, given the great and continuing imbalance which exists between the incomes of men and women today, both married and single, given the jobs structure which exists in our economy today, and given the serious reverses that have taken place for women in recent years, many of them at the behest of this government, that to introduce this kind of amendment without giving it forethought is to be quite irresponsible.

The minister can defend, if she likes, with her own particularly circuitous arguments, this particular measure, but many of us want to say to the minister that she has entered into a precedent here and she has dealt with the substance of the income tax in a way which is not helpful to women in our society today. If she does not realize that, then I think she should give serious reflection to it, by herself, and with those who perhaps can put her on the straight path.

I will not add any more to the length of this debate on this issue because I do not think it is really required. I think that most people who have followed this discussion closely, understand what it is all about. Too bad the minister is not able to recognize this now, maybe for her own particular purposes, but I hope that at some point in the future she will make a very clear statement distinguishing between this measure, which she says is not an amendment to the Income Tax Act for family income purposes, and the measures that some of her colleagues might like to introduce. They might not even be as understanding as this minister with respect to the problems that will be created for women when family income begins to be computed for other amendments to the Income Tax Act, to the Unemployment Insurance Act, or to another act. That is the issue, and I would appreciate it if the minister would recognize that.

Clause agreed to.

On clause 5—

Mr. Rae: Mr. Chairman, I can assure the minister and the parliamentary secretary that I am not putting forward amendments in order to slow down the passage of the bill but rather to try to produce some substantive improvements. With respect to clause 5, the concern which has been expressed not only by myself—if I recollect reading through the debates and listening in the House—but also by the hon. member for St. John's East, as well as the hon. member for Egmont, and certainly by members on this side, including my colleague, the hon. member for Winnipeg North Centre, arises from the fact that the lump sum payment does not provide for what we think is the most just form of distribution. I have expressed concern with respect to income tax discounters, and I am sure the minister would not want to hear from me again in that regard.

[Mr. MacDonald (Egmont).]

My essential concern has to do with the fact that if we are moving into a new era with respect to the concept of the tax credit, the government must think through very carefully now how it wants to distribute this credit. From the point of view of the financial planning of the individual family, we are dealing here principally and first of all with people who are in need. They are not people who have a lot of money; they are people who are looking forward to the payment of moneys from the government even more, because of the fact that the family allowance has been dropped from $26 to $20.

Miss Bégin: I would like to submit, Mr. Chairman, that this may be better dealt with under clause 8, unless I did not understand the hon. member's representation. Clause 5 deals only with defining the amount, whatever way it will be refunded.

Mr. Rae: Clause 8 refers to overpayment.

Miss Bégin: That is it. Our officials tell me that the credit itself is defined as an overpayment. The hon. member's point is with regard to several instalments versus one payment. I am told that that should be dealt with under clause 8.

• (1602)

Mr. Rae: I was not clear from reading the bill. Along with my colleagues, I thought clause 5 required amendment. If that is not the case, I will wait until clause 8 is being considered.

Mr. McGrath: Has the minister had any further communications with the provinces, especially the five which have yet to indicate whether they will permit the payment of child tax credit in addition to the amount of welfare a particular family may be receiving at the time of receipt?

Miss Bégin: Is that related to clause 5?

Mr. McGrath: Yes, it is. It concerns the assessment and the payment of tax, as well as the business of provinces taxing back the provisions of the child tax credit. Has the minister received assurance from the five provinces which have yet to indicate their positions on this matter? If so, will she relay it to the committee?

Miss Bégin: My biggest problem would be to relate it to clause 5. The hon. member, who is quite concerned about the behaviour of the provinces, is using clause 5 like any other clause. I accept that because Mr. Chairman did not rule it out of order.

As of today, I have not received any further information from the provinces. At lunch time I was on an open line program on CFRA. A member of the Ottawa Citizens on Welfare Council informed us that Mr. Norton, the Ontario minister, told him Wednesday that definitely it will be passed on fully to welfare mothers. But I have not received official word from the provinces.

Mr. McGrath: Can the minister bring the committee up to date on what we consider to be some of the administrative problems respecting people who do not now file income tax returns? By and large, those people would not necessarily have social insurance numbers. In addition to dealing with a totally new and foreign procedure, they will have to apply for and receive social insurance numbers. Does the minister have the support of the provinces in administering this? The provinces administer welfare and will have to counsel welfare recipients on filling out income tax forms and applying for social insurance numbers. My concern stems largely from the fact that many of these people are semi-literate, or in many cases illiterate, which compounds the problem. How does she intend to deal with that?

Miss Bégin: Clause 5 deals with the examination of a taxpayer's return of income. Legitimately it raises the question of forms and procedures. As I have indicated before, it was my hope that the program would request mothers to fill out only one short and simple form. The program was to be introduced toward the end of the year, and the tax system was in place. Recently we learned that the computer system, the program, the training manuals and training seminars, have started in Revenue Canada. These were built around a master file which exists for each mother who will benefit from the child tax credit.

Therefore, for the first year of operation, all mothers qualifying for the child tax credit must fill out a one-page special form. That form will be sent to them along with their family allowance cheques for January and basic income tax forms. They must fill out the top part of the form, which is the identification portion where the social insurance number is requested. They must report on the main tax form the amount of the child tax credit which they arrived at by completing Schedule 10. This will be reported on the last page of the tax form, and signed. This is the proof that individual taxation is the basis of Canadian taxation. Perhaps the hon. member can pass the word on to his colleague from Edmonton.

Unfortunately it is a paper burden. We anticipate a single, simple, shorter tax form for next year, but not this year. To make it less difficult for mothers, we will mail to them basic tax forms. In other words, we have identified the 1.5 million mothers who are non-filers at the present time. They will receive a mailing in early February. It will consist of income tax forms and papers explaining the portions which should be filled out.

Social insurance numbers will be requested. Approximately 600,000 mothers do not use their SIN numbers at the present time. Most of them have such numbers, but they use the social insurance numbers of their husbands. The exact number of mothers, therefore, who do not have social insurance numbers of their own is limited. All mothers will be invited to go to post offices in order to get the necessary form to apply for social insurance numbers. I do not know if this satisfies the hon. member.

Perhaps I should rapidly describe schedule 10, which will accompany the family allowance cheques in January. It is a one-page document, composed of three parts. The first part deals with the identification of the person. It is identical to the identification portion of the basic income tax form which Canadians complete. The second part is the arithmetic portion. It deals with the number of children in the family, the benefit the mother is entitled to, and the take home pay of both parents. The third part is a certification which must be signed by both parents, or by a single parent if that is the case. It certifies that the information provided by them on the document is the truth.

• (1612)

[*Translation*]

Mr. Isabelle: Mr. Chairman, I am not sure my question is relevant at this point in the debate. Since the Department of National Revenue is involved, I want to ask a question which perhaps I should have raised when we were discussing clause 1, but the situation has changed since then. If my memory serves me right, according to newspaper articles I read over the weekend the Quebec minister of social affairs has decided to proceed with what I would describe as a substantial cut in family allowances. I fear—and this is where my question relates to income tax and to the Department of National Revenue—that the sums to be paid to mothers might well be used to pay accounting fees, because it will become so difficult to fill in income tax returns that the operation will require the services of experts. Given the fact that the proposed purpose of helping mothers will be completely forgotten, I have a funny feeling that what will be left of these $200 will be used to pay for the services of accountants because filling in income tax forms will become a very complicated operation. Am I being irrelevant or would the minister like to say something about this?

Miss Bégin: Mr. Chairman, since you accepted the hon. member's question, I will try to answer it. Without being cynical, I will tell him that nothing is free these days and anybody applying for the new tax credit will have to fill a form. I too am sorry that the form uses taxation terms which we all find difficult to understand, but we are going to have an information campaign for all those mothers who are eligible for that new allowance for their children in order to help them apply and complete the form as it should be. It will be a simple form including only one page which will be sent with all family allowance cheques for January 1979.

The hon. member for Hull referred to the bill that the Quebec government has just tabled in the National Assembly,

Bill 117 which establishes the family allowances rates that Quebec is going to ask us to send children in the province. In other words, starting next January we are going to lower family allowances to $20 a month per child. Quebec opted for a formula whereby the fourth, fifth and other children in a family receive an enormous amount, while the first children of a family receive a smaller amount than in the rest of Canada. The total amount in Quebec must be the equivalent of $20 per child, and they are indicating which amounts they want us to send. So that will not complicate things for mothers. On January 20 and 21, mothers in Quebec will receive a cheque slightly smaller than what it was before, which will be as follows: $12 for the first child, that is the federal cheque. The big cheque comes from Ottawa and the small cheque from Quebec city, so we are talking about the big one: $12 a month for the first child, $15 for the second, $36.95 for the third and $46.05 for the fourth child and for each subsequent child. As soon as the legislation is passed by the National Assembly, Mr. Lazure will present me with this official request from Quebec, which will be contained in a legislation passed by their parliament; then we, in the federal government will immediately apply that legislation and send the cheques as requested by Quebec. It will be the only province, with Alberta, not to follow the $20 per child rate.

So this will not complicate the mechanism, we will merely have to reduce the amount of our own federal cheques to the level Quebec wants to allocate. However it is true that every mother entitled to the new cheque will have to file a basic income tax return even if she has never paid any income tax in her life and does not have to pay any. Mothers will fill in the top part of the form: name, address, social insurance number—it does not cost anything to get one and I urge those who do not already have a SIN to apply for it at the nearest post office—and then they will go directly to page four and simply indicate the amount of the income tax credit they claim for their children, the amount they are entitled to. Then they will sign and attest the accuracy of their income tax return. They will mail this return or give it to their husband who will send it along with his own, as they prefer, along with the single page which will be sent with the family allowance cheque for January. Then beginning at the end of March the tax department will send them a cheque in the name of the mother.

[*English*]

Mr. Holmes: Mr. Chairman, I want to refer briefly to a matter which has been pursued by my colleague, the hon. member for Churchill, regarding Indians and, specifically, status Indians. I do not intend to review all the detailed information, but with respect to the problem of forms I want to read into the record an article which appeared in the Walpole Island *News*. Walpole Island happens to be a reserve in my riding. The article states the following:

Attention: Family Allowance Recipients.

This would have gone out to the majority of Indians on that island. Indeed, it would have gone beyond the confines of the reserve.

A bonus of up to $200 per child will be provided to all Canadian families.

All families with annual incomes of less than $18,000 will receive a cheque of $200 for each child up to 18 years of age.

The $200 per child will be gradually reduced as family earnings rise above $18,000.

How to Apply

A one page form will be included with your January's family allowance cheque. Complete this and attach it to your 1978 income tax return.

I will come back to that in a moment.

N.B.

Please note that all persons qualifying for this bonus must have a social insurance number for each child.

If you do not have a number, please pick up applications or bring in—

1. Birth certificate or Indian status card (primary document).

2. Any other piece of identification such as baptism card, hospital card, school report card, etc. (secondary document)

—to your local Canada Manpower Centre in Wallaceburg and they will help you complete the form.

It takes two to three weeks to receive your number back in the mail so the sooner your application is completed and mailed off the better.

If you have any questions, please contact:

Canada Manpower Centre

602 Wellington Street,

Wallaceburg.

As I indicated, I do not intend to go into detail regarding the arguments which have been raised by the hon. member for Churchill. However, I think it was evident from his argument—and I am sure the minister is aware of this—that there is a substantial number of status Indians across this country who will not have access to this type of information and will not be able to take advantage of it. I think it was the hon. member for Churchill who read from a document which indicated that, even with regard to the guaranteed income supplement, a substantial number of individuals are really not aware of the program and will not take advantage of it.

Several other arguments were raised. The National Indian Brotherhood suggested, for the reasons which I have indicated, as well as for others which have been covered, that perhaps a special form not related to the Income Tax Act could be devised for the use of status Indian mothers and that that form could be considered complete if band numbers were used rather than social insurance numbers. The article I read was distributed to only one band, and I am deeply concerned that the minister might not have at her disposal a method by which she can reach status Indians in Canada regarding the Income Tax Act proposals.

Has the minister considered the proposal put forward by the National Indian Brotherhood regarding a special form which would be more identifiable by status Indians? What method does the minister have at her disposal by which she can reach this significant segment of the population? I suspect that a substantial number of status Indians, particularly in remote areas, will have no knowledge of this bill and no knowledge of the applications and forms which will be involved. Would the

minister comment on that and bring the House up to date as to what she and her department plan with regard to this very important issue?

Miss Bégin: Mr. Chairman, before the Minister of State (Environment) leaves the House I would like to quote his words for hon. members opposite. I wish they had heard my colleague the other day. He was becoming quite impatient as he listened to remarks about the supposed limitations of Indian mothers. He said, "Gee, Monique, do they not know that Indian women on reserves almost completely handle the affairs of their families?" We should not have bleeding hearts when there are no problems.

● (1622)

Mr. McGrath: This is an absolutely shameful intervention. He is talking about the National Indian Brotherhood.

Miss Bégin: We should address ourselves to improving the situation. I think this newsletter is very well done, and I appreciate the work of those who presented it. There is one small mistake, however. The social insurance number is not requested for the children but only for the mother who will receive the cheque.

The newsletter is well done and it is what I anticipate receiving from many other quarters. We are implementing a new social program and, because the economic situation is tight right now, and the mentality in Canada is toward control of potential abusers, we have to ask people to fill in forms. I regret that it is a complicated form, although they just have to fill in the top part, which is identification.

I am positive that the more than 560 chiefs of the band councils will be helpful. I am writing to them about this. The hon. member represents a riding that has Indian communities so he knows how tightly knit is the fabric of those communities, and how well organized they are. We do not anticipate major problems, because we will surely have the help of many of the councillors and administrators of the various communities. I already have information about the help of all the nurses and staff of my own department posted in various Indian communities in the country. The 150 offices of my department, including the health offices, have all developed a sort of training course for the officers in order that they may help women of the communities fill in the forms. I am preparing an information strategy that will also make use of voluntary associations.

The problem of using the tax form is very real for the first year of operation, but the taxation computer program is so far advanced that there was no way we could have the master computer program use data from a source other than the basic income tax form. The suggestion made in the House by the hon. member for Churchill the other day is what I recommended to the National Indian Brotherhood not for the first year of operation but for the year after that.

I regret that in the first year of operation mothers who are not used to doing it will have to fill in an income tax form. The system for the first year must make use of that form, however, as the only source of data suitable for entry onto the master form by mothers now qualifying for the program. That will mean filling out the top of the first page, and the last part of the fourth page, but none of the rest of the first page or pages 2 and 3. It does not mean paying taxes. It means being registered in the tax system with a file in the name of the mother, in order to make sure that she gets a cheque.

I am asking the co-operation of all concerned. I have the assurance that for the 1980 year of operation a single, shorter, and simpler form will be devised for the 1.5 million mothers who are not regular filers.

Mr. Holmes: Mr. Chairman, I appreciate the hon. minister's comments. I was hoping they would be constructive but, unfortunately, the minister has not seen fit to allay my fears and apprehensions about two very serious matters.

In the last four years I have had the opportunity to travel extensively into Indian and native communities. I may have been skeptical, but I still suspect that a large number of status mothers in my area will not have knowledge of this form. The minister has not allayed my suspicions that the problem has not been recognized and that there will be proper assistance available to them to fill out the form.

In the more remote areas, whether the northern part of Saskatchewan, Churchill, or northern Ontario, I can tell the minister, from my experience, that forms which seem simple to us are very alien to significant numbers of status Indians. From what the minister has related to the House I do not think a significant number of Indian mothers will be reached.

When we were examining the supplementary estimates in the Standing Committee on Indian Affairs and Northern Development, it became obvious that when this legislation was being prepared there had been no consultation between the Minister of National Health and Welfare and the Minister of Indian Affairs and Northern Development. That testimony is on the record. We are here to assist the minister, but it seems that what both departments are trying to do is find a solution to a problem they should have recognized before the bill was introduced. It should have been solved when the bill was being drafted. The minister has not convinced me that a solution has been found.

The minister talks about the income tax return, and I am sure she is well aware of the continuing dialogue in this matter between status Indians, the Department of Indian Affairs and Northern Development, the Department of National Revenue, and others. Because of the probable consequences in this particular area, I should like to ask the minister why she insists on proceeding with the income tax form. Why does she not accept the very simple suggestion put forward by the National Indian Brotherhood for a separate form until the problem is resolved? Surely discussions with the departments I have mentioned would show how sensitive, how complex and difficult is the problem. I just cannot comprehend why she proceeds with this, knowing the hornet's nest that will be created if status mothers have to use the income tax form at the beginning of the year.

I must emphasize that I am not convinced from what the minister indicated that we are going to reach the status Indian, particularly those in remote areas.

Miss Bégin: Mr. Chairman, the hon. member forgets one element in his presentation. This may be a new program but it is tied into the family allowance program. All Indian mothers with children under the age of 18 receive the family allowance and are familiar with it. It is true that an explanation of the form is being sent to mothers with the monthly cheque, taking them by the hand, if I may use that expression, into the new program for which they may qualify.

● (1632)

There is already an attachment to a particular program which we are using and exploiting to implement the thirteenth cheque. I am familiar with the hon. member's good work so I will take his words as sincere representation in favour of less paper burden.

I can assure the hon. member that I am not pleased at all that we have to use an income tax form for the 1.5 million mothers who are non-filers of tax claims and who will now have to fill in the beginning and the end of the form. The only explanation I can provide to the House is the realities of the tax system. The program was adopted toward the end of August. We started working immediately on both the legislative drafting and the technical implementation of the program.

By nature the program is that of a tax credit instead of tax exemptions. That in itself is a major fiscal reform. Many of us hoped for a single, unified, short form.

At the same time the tax machinery was already in motion, as it always is at that period of the year, the computer program had been drafted which handles the usual tax forms of individuals as well as the new child tax credit system. We asked the tax specialists whether it was possible to use schedule 10; that is a new one page form and will accompany all family allowance cheques. We asked them if that form could not be used instead and to have the staff fill in a mock form for each mother and feed it into the tax system. The answer was negative. The manuals and the trainees, who will become employees, have already learned to do the specific job of taking information from line 78 and line 62 and so on of the main tax form and feeding it into the computer. I accept that, and I understand their technical problem.

It is too late now to change completely the computer program as well as the manuals for this year, or to retrain future employees. If we did so it would delay the process of reimbursing Canadians by several months. The best we can do for this year is to mail a copy of the basic tax form, with explanations, to all mothers. Along with that we intend to have the best possible information strategy. This will include requesting the help of members of parliament who could have one or two clinics or sessions in their riding offices on Saturday mornings to explain to mothers how to complete these forms.

In addition to that, the staff in all my own 150 or so branch offices across Canada are learning the new program so as to be able to offer additional help. All provincial departments of social services will be referring mothers to these offices. I regret that we must have recourse to the main tax form. It is the first year, and we are implementing a new program. Because of this each mother is requested to have a file in her own name similar to individual taxation. That is the basis of the problem.

I suggested to the National Indian Brotherhood, who, I see, passed it on to the hon. member for Churchill last week, that for the next year, that is, the year after, we will have a single form solely for the child tax credit. I think it is easy to understand that for this particular year it is too late for Revenue Canada to readjust completely to a new tax form especially for this measure.

The Deputy Chairman: I regret to inform the hon. member for Lambton-Kent that his time has expired. Is there any other member who wishes to speak on this particular clause?

Mr. Dionne (Northumberland-Miramichi): Mr. Chairman, I have one brief question for the minister. In her remarks the minister indicated that 1.5 million mothers who are not now filing income tax forms would receive, early in February, a copy of the income tax return, together with schedule 10, and an invitation to apply for a social insurance number, if they do not already have one. My question is this: why not include the application for the social insurance number with the other papers sent to these people? In many places, especially isolated communities, it will be difficult for people to get those forms and this would increase the length of time they will have to wait for the tax rebate. I would suggest, therefore, that the form be included and that an invitation go along with it to suggest, if they do not already have a social insurance number, to use that form to apply for a social insurance number for one of their children.

Miss Bégin: Mr. Chairman, the House will burst out laughing when I give the answer to this question. The size of the envelope may not be big enough to permit even one more sheet of paper inside it. We have studied that suggestion, which I think is an excellent one.

I could undertake to check with Revenue Canada to see if, in their mailing of the basic tax form to the 1.5 million non-filing mothers, they could add an application form for a social insurance number. However, I would like to remind my hon. colleague that the majority of mothers do have a social insurance number. Six hundred thousand out of 3.6 million mothers who receive family allowance do not use their social insurance number, and the majority of these 600,000 mothers do have one but use their husbands' numbers instead. I could provide members with copies of the application form. We will investigate that request with Revenue Canada, but I am not sure we will be able to accommodate the hon. member. It will be impossible to add this form in my mailing for the month of January; every millimetre of space is already used.

Mr. Dionne (Northumberland-Miramichi): Mr. Chairman, I was not suggesting that the form should accompany cheques

sent out in January for the family allowance. Rather, I was suggesting it should go with the tax return form and schedule 10 that is being sent. I am sure that an envelope which will include those forms could also include an application form for a social insurance number.

I would hope, even though there may be only a small proportion of women without a social insurance number, that that could be done, and these mothers could be urged to apply for a social insurance number for one of their children, if they themselves already have such a number. This would at least be a start toward having their children receive social insurance numbers.

Mr. Holmes: Mr. Chairman, I will be very brief, but there is one other important matter that I would like to bring to the attention of the minister. I want to be as sympathetic as I can with the minister in terms of the computerized system and the difficulty it will create for her department. But I must again emphasize to the minister the importance of the form that is going out. The minister knows perfectly well that if an income tax form reaches virtually every reserve across Canada, she is violating what is considered to be a most important issue in terms of status Indians. In light of that knowledge, the knowledge that the minister and the government have in terms of how status Indians, the National Indian Brotherhood, and virtually all organizations across the country feel relative to this particular issue, why does she have to come forward with an income tax form at this particular time?

● (1642)

If we can put a man on the moon and split the atom, I have no doubt that, with a little bit of imagination, initiative, and incentive on the part of the government, a separate form could be utilized for the year 1979. The government must sense that this issue is fundamental to status Indians across this country.

I take no assurance from the minister that we might see another form in the distant future. I have no confidence in that. If the minister were conscious of and sensitive to the problem, she could find a very easy way to avoid this, by having a very simple form, as suggested by the National Indian Brotherhood.

I do not want to take any more of the minister's time. However, having had experience with other social programs, I am still not satisfied that the minister has provided information to show that the overwhelming proportion of status Indians are going to receive the benefits which we hope they will receive in terms of the method she has suggested.

Specifically, will the minister consider withdrawing the suggestion of the income tax form for the coming year and have a separate form for status Indians? That is the crux of the problem. Will the minister assure us that it will not be the income tax form but a separate form, as suggested by the National Indian Brotherhood and other organizations? That would go a long way toward relieving some of the suspicions, skepticisms, and apprehensions as to the direction this government is going in this regard.

Miss Bégin: Mr. Chairman, I will not be very long, as I have answered this question very often. I have satisfied myself that we are not prejudicing any claims settlements. When the program was first designed, the only mistake that could have been made by myself and the Minister of Indian Affairs and Northern Development was to make sure that Indian mothers would not be involved in the program. By definition we are talking of a tax credit instead of a tax exemption.

What the hon. member is saying is very simple. The essence of the program is that it is a tax credit instead of a tax exemption. Either the Indian mothers are included in the program or they are not. We decided to include them.

You cannot have it both ways. If the hon. member wants a special tax form, then we are not talking of a tax credit. I do not think the hon. member understands the nature of the program. It is through the tax system that it is processed.

The choice was whether we would include Indians mothers in the program or leave them out. I asked my officials to provide me with an estimate of what the program would mean to Indian mothers. It would mean an additional $19 million net for Indian mothers, $14 million for Indian mothers living on reserves. I thought that was very important.

In the development of a new program, none of us knew exactly what form would be required by the system. The ideal was a simple, unified form. I have often explained to the hon. member there is no way that can be designed in time for this year.

The hon. member does not understand that this bill, by its very nature, is a tax bill. There is no precedent being created in any way, asking Indians living on reserves to file taxation forms.

Mr. Holmes: Mr. Chairman, I hesitate to prolong this, but I want to emphasize to the minister that I understand perfectly well the intent of the bill. The issue she attempted to interpret for the House is not whether Indians and their children should be in or out of the program. Everyone in this House agrees that they should be in the program. The issue is a very fundamental one. However, the minister has refused to address herself to it. I therefore come back to it. The minister knows perfectly well that status Indians have rejected the notion of an income tax form being utilized as the vehicle they must use.

It is not beyond my imagination or comprehension that there must be some way by which these people can receive these benefits other than through the use of the income tax form. The minister knows that is the issue. It is not a question of whether these people should be in or out of the program. They should be in the program.

Utilizing the income tax form is not the end-all and be-all for all problems. Why not utilize another form for at least this coming fiscal year? Parliament could resolve it in a manner that would seem more equitable to the Indians of this country.

The minister has not really identified the problem. We recognize that status Indians should be involved in this program, that they will benefit from it. However, I would like the

minister to address herself to this specific issue of the income tax form. As I indicated before, if we can put a man on the moon, split the atom and do many other things, surely we can devise another method for the interim period and use something other than the income tax form so that status Indian mothers and children can receive the funds without having to use the income tax form. It is that simple. I do not believe it is an impossible task.

Clause agreed to.

Clauses 6 and 7 agreed to.

On clause 8—

Mr. Rae: Mr. Chairman, having boobed on my first attempt to get this point across, I now have an amendment to clause 8 which deals with the question of quarterly instalments. I just had a discussion with the Parliamentary Secretary to the Minister of Finance. He pointed out that clause 8 does not in fact provide for any form of payment as opposed to another. It states that the minister may or may not, and I quote:

—on or after mailing the notice of assessment for the year, refund, without application therefor, any overpayment made on account of the tax;

The amendment I propose would add after the word "tax" the following words;

"the amount of such overpayment to be paid in quarterly instalments".

The approach of the government has been made clear. It has been indicated to us that for this year, at any rate, it is the intention of the government to pay the credit in one lump sum. We are sufficiently concerned about it that I would like to get this on the record, because the method of payment for this year, and indeed for all time, should be governed by law rather than left to the administrative discretion of the minister.

The arguments in favour of it have been put not only by members of my party and my colleagues in the Conservative party, but by such outside organizations as the National Anti-Poverty Organization and other groups which are concerned about the fact that if it is made in a lump sum payment to people who have previously not been in receipt of such benefits, it leaves people prey to income tax discounters with regard to the amount of money they will be receiving, and is liable to other forms of abuse.

We are looking at a situation where the need has been increased by the fact that the government has decided to reduce the amount of payment as per clause 10. I would like the amendment to be considered and responded to by the government in order that we can have on record that we are sufficiently concerned with the method of payment that we want to have this issue debated.

● (1652)

Miss Bégin: I will vote against the amendment and I will explain why. I may convince the hon member; I am not sure. Right now, clause 8 does not prescribe the manner in which payment must be made to mothers. It does not say there is to be an annual payment, as against several instalments, for example. This leaves the decision to the minister—to cabinet, basically. Right now, it is an annual payment because the tax system has to go through a number of readjustments and we did not want to take the risk that the system would collapse or fail to work. We did not want to introduce too many new elements into the tax system this year. The tax machinery has never been used in Canada for the delivery of benefits other than tax refunds, and that is once a year only. We wanted a brand new program to be implemented and then monitored for a period during which we could determine what mothers would prefer.

The annual payment does offer certain advantages; it would make possible savings which a family might not normally be able to make, or it could be used to buy a large item of equipment for the home, or for paying off debts. On the other hand, a family receiving several instalments a year would find it easier to integrate them into the family budget. Then there is the problem of tax discounters.

As I have said, we shall monitor the situation and eventually recommend to cabinet that payments be made in several instalments. Nevertheless, I do not want to put a commitment into law for, say, quarterly instalments; mothers may tell us that they prefer some different arrangements, monthly payments, for instance. I prefer the neutral tone of the bill before the House which allows complete flexibility to the ministry when it comes to fixing the number of payments per year. It is inappropriate that in the case of a simple technical decision of that nature one should have to introduce an amendment to the bill. Next year, if we decide to make the payment in several instalments, as we think will be the case, I would prefer that the act provide the necessary flexibility.

There are a number of ways in which members can call attention to the desirability of making several payments instead of one, if they wish. There is the question period, there are opportunities to raise the matter in the Standing Committee on Health, Welfare and Social Affairs and there are, of course, opportunities when the estimates and supplementary estimates are before us. The government would then be free to proceed immediately without having to bring forward a legislative amendment. For these reasons, I would oppose the amendment.

The Deputy Chairman: The hon. member for St. John's East.

Mr. Martin: Before the hon. member for St. John's East addresses the committee perhaps we might consider another matter. The House leader for the official opposition—he is not here for the moment—did indicate earlier this afternoon that he wished to see this bill dealt with expeditiously, and I was wondering whether there might not be a disposition at this point to reach some agreement in that regard, bearing in mind that we have already spent eight days in committee of the whole on this measure. Is there a disposition that we shall conclude our proceedings this evening?

Mr. McGrath: I am surprised to hear the parliamentary secretary make that intervention, having regard to the tremendous headway we have made today. It is obvious we are making progress. Why try to get that kind of assurance now? There may be members who will wish to participate in discussion on clauses 8 and 9. There will certainly be questions raised on clause 10, and I have no doubt we shall continue to make considerable progress. We should make even better progress if the minister would mellow a little. The minister is always very accommodating outside this chamber, but once inside it she becomes inflexible. It is a Dr. Jekyll and Mr. Hyde situation. The hon. lady never fails to amaze me.

Progress reported.

PROCEEDINGS ON ADJOURNMENT MOTION

[*English*]

SUBJECT MATTER OF QUESTIONS TO BE DEBATED

The Acting Speaker (Mr. Ethier): Order, please. It is my duty, pursuant to Standing Order 40, to inform the House that the questions to be raised tonight at the time of adjournment are as follows: the hon. member for Vegreville (Mr. Mazankowski)—Grain—Movement to export positions; the hon. member for Ottawa West (Mr. Francis)—National Revenue—Reorganization of department—Delay in solving taxpayers' problems; the hon. member for Provencher (Mr. Epp)—Immigration—Asylum in Canada for Southeast Asian refugees.

It being five o'clock the House will now proceed to the consideration of private members' business as listed on today's order paper, namely, notices of motions and public bills.

● (1702)

PRIVATE MEMBERS' MOTIONS

[*English*]

The Acting Speaker (Mr. Ethier): Is motion No. 2 standing in the name of the hon. member for Don Valley (Mr. Gillies) stood by unanimous agreement?

Some hon. Members: Agreed.

The Acting Speaker (Mr. Ethier): We will now proceed to notice of motion No. 4 standing in the name of the hon. member for Moncton (Mr. Jones).

The Monarchy

THE MONARCHY

POSSIBLE CHANGE IN STATUS

Mr. Leonard C. Jones (Moncton) moved:

That, in the opinion of this House, the government should not proceed with proposed changes in respect of the status of Her Majesty the Queen as Queen of Canada or in respect of the status of the position of Governor General of Canada as set out in Bill C-60 of the third session, or otherwise.

He said: I realize that many hon. members will feel that this motion is entirely unnecessary and maybe unwanted. However, in meeting and speaking with a number of persons across Canada this summer, I was made aware of the fact that Canadians for the most part want the Queen retained as Queen of Canada.

There has been considerable alarm in this country as a result of Bill C-60 over whether or not the government really intends to keep the Queen and her successors as monarchs of Canada. The government has replied, by stating in so many words, that it has no intention of getting rid of the Queen of Canada. However under this famous bill, Bill C-60 of the last session, most of the powers of the Queen were given to the Governor General. The Governor General was in fact to become an all powerful head of state. Surely this can mean nothing else but that the true intention was to phase out the Queen as Queen of Canada. The fact that there is an election in the offing should be no reason for an instantaneous but not necessarily lasting, change of intent.

It is my belief that, if we are to prove to all Canadians that they have responsible representation in Ottawa, we must not be afraid to allow this motion to come to a vote and to show publicly our individual feelings on the monarchy. Canadians have a right to know.

If this motion is talked out or defeated, like so many private members' motions, it will be clear evidence to all Canadians that members of parliament strongly oppose the Queen of Canada.

Let me point out to you the major reasons why Canadians feel the Queen of Canada should be retained as an integral part of our federal democratic system. First, the Queen as an hereditary figure provides Canada with a continuous, constant, stable head of state. No matter what kind of confusion takes place at the political level, in a constitutional monarchy, which we now have, we are assured of the continuous presence of a most able ruler. In an electoral system there is always a chance that the system will be stalemated. The presence of a constitutional monarch rules out the threat of a possible lack of government. Citizens in a democracy must be able to criticize and remove their leaders without fear that there will be no one to take over.

Second, the presence of a constitutional monarch takes away the struggle for power which occurs in so many countries and often leads to dictatorship. The Queen ensures freedom in Canada. After all, the system of a constitutional monarchy is certainly better than absolute leadership.

Third, elevation of rulers and the formation of courts and cliques is inevitable in governments of all kinds. A constitu-

tional monarchy is not only less dangerous and less costly than most of them, it also limits, although it does not prevent, this tendency to form potentates and courts which neither democratic theory nor electoral practice have been able to diminish. The presence of the Queen of Canada ensures that first ministers are in second place and are not the sole authority.

Fourth, the Queen presents to Canadians an aura of humanity amidst the vast realms of governmental bureaucracy. She is above partisan politics in government. When a Canadian sees Her Majesty in our country, he or she does not have to wonder if she is visiting that certain portion of the country to get votes. The Canadian cannot lend political overtones to her phrases. The Queen is truly a head of state to be respected.

Fifth, since we in Canada are at present blessed with a constitutional monarchy, we are safeguarded by the fact that the Queen is head of the armed forces. Since the relationship with the Queen also gives us the privilege of belonging to the Commonwealth, we are assisted in many aspects of world affairs.

Sixth, the Queen is a symbol of unity in most parts of our country. Some Canadians from certain portions of the country are upset at the fact that the Queen is indeed a symbol. These persons are not impressed by the fact that we should have a head of state whom we share with other countries. However, there are many persons in our country who owe allegiance in some form to various outside heads of state. I am thinking here specifically of those who owe allegiance to churches with heads outside this country, or to businesses. May I also say that whether it is a Queen or not, heads of government, or the elected leaders, they will take to themselves, if they can, the prestige and power that is involved in a symbol. Elected leaders can just as easily assume the role of monarchs, but often in a less democratic manner. Part of the reason for Confederation and the union of this country was the common allegiance to the Queen and the common ties to the mother country. It is amazing, at this time of disunity in Canada, that certain persons would wish to be rid of a force which first united this country.

So you see, Mr. Speaker, there are indeed many reasons for retaining the present status of Her Majesty, the Queen of Canada. The Crown is like an iceberg—it displays only the tip of its size and importance to those in Canada. However, the Crown is a necessary factor in the preservation of our freedom. I maintain that the status of the Governor General should also be maintained as representative of the Queen, not acting as her right hand, though.

This is indeed a necessary and important motion in order that the present questioning attitude about the retention of the Queen of Canada—an uprising caused by the wording of Bill C-60—be answered. Yes, Mr. Speaker, there is indeed a quandary over the fate of our monarchy in Canada, whether or not members of parliament prefer to recognize it. We as members of parliament owe it to the people of Canada to settle this controversy once and for all.

[Mr. Jones.]

Again I repeat that if this motion is defeated or talked out, it will be clear evidence to the people of this country that members of parliament strongly oppose the Queen of Canada. I hope sincerely that that is not the case.

Mr. Gus MacFarlane (Parliamentary Secretary to Minister of State for Federal-Provincial Relations): Mr. Speaker, first and foremost I would like to thank the hon. member for giving me the opportunity to speak to this motion. I would like to say initially that I hope some of the things I will say will dispel any concern he has about the intentions of this government, or of members on this side of the House, or of parliament, for that matter. I would also like to dispel the thought he might have that this motion would have to come to a vote to prove anything like the oath of loyalty to the Queen which I myself have taken when I was one of her officers. I do not think any vote in the House would supersede that in any way, and I see no necessity for the motion to come to a vote.

Without getting into any detail or contradicting the hon. member, I would like to remind him that when he mentioned the Governor General being commander in chief as something new, it was in the early 1900s that the monarch, by letters patent, indicated to him that he was commander in chief. So we would not be doing anything new there.

The motion before us states:

That, in the opinion of this House, the government should not proceed with the proposed changes in respect of the status of Her Majesty the Queen of Canada or in respect of the status of the position of the Governor General of Canada as set out in Bill C-60 of the third session, or otherwise.

I presume that the hon. member, in using the word "status", refers to the Oxford dictionary definition of that term, namely, social position or rank or a person's relation to others as fixed by law. His motion appears to be redundant since the bill neither interferes with the status of the Queen nor with that of the Governor General, but rather confirms the continuation of the monarchy, with the Queen occupying Canada's highest office as head of state, and it makes clear the stature, importance, and singularity of the office of Governor General.

When Bill C-60 was presented to the House we were told that it would die on the order paper. This technique was used to permit wide-ranging discussions, we were told, so that when the bill is presented again all Canadians will have the opportunity to make comment and effect changes in the bill. I can guarantee to the hon. member, as has the Prime Minister of Canada (Mr. Trudeau), that the government has not proposed, nor does it intend, any change or diminution of the role of the monarchy in our system of government. In the proposed constitutional amendment bill, we have attempted to set out for all Canadians to see and know, the present roles of the sovereign and her representative.

● (1712)

As "A Time for Action" indicated, we believe that a new constitution of Canada should be a mordern document which would define the form of government and political structures chosen freely by all Canadians. Wherever possible, the written constitution should reflect current rather than past constitu-

tional practice. Therefore, in the constitutional amendment bill the government has attempted to write into the constitution the present theory and practices regarding the monarchy. Because of the complexity and subtlety of this subject, this has not been an easy thing to do, and it was not possible or practical to attempt to cover all aspects of the subject. However, the constitutional amendment bill would confirm the continuation of the monarchy with the Queen occupying Canada's highest office as head of state, and would codify the reality of the Governor General's present powers as they have actually evolved, and make clear the stature, importance and singularity of his office.

All the essentials of our system of constitutional monarchy would remain. Indeed they would be clarified, and as a result, strengthened. As sovereign and head of state, the Queen would continue to appoint the Governor General. Also as constitutional monarch she could assume when visiting Canada any of the functions of the Governor General under the bill. The Government of Canada would continue to be carried on in the Queen's name.

The sovereign's representative, the Governor General, virtually would exercise all royal powers except the appointment of the holder of his office. He would exercise them on the basis of statutory constitutional provisions which have been derived from a variety of present sources of constitutional authority.

By consolidating and clarifying both the office of Governor General and the position of the sovereign, in accordance with existing practices, the bill would confirm the respective roles of the sovereign and the Governor General. Existing conventions protecting the Crown from political interference would not be weakened. On the contrary, the bill would secure in our constitution all the protection which now exists by convention for the maintenance and functioning of Canada's system of constitutional monarchy and responsible parliamentary democracy.

Surely the hon. member is aware that the Speech from the Throne delivered on October 11, 1978, indicated the following:

> The government's view was and remains that the new constitution should describe the situation as it exists today in Canada, and the government is pleased that the provincial premiers expressed the same view during their meeting in Regina. Discussions are already in progress with provincial governments to ensure that the legal drafting conforms to that intention. There is no intention to change or to reduce in any way the role Her Majesty plays.

The present Minister of State for Federal-Provincial Relations (Mr. Reid), from Kenora-Rainy River, is involved in those negotiations. He is very, very interested in and an advocate of the monarchy. Therefore, at this very moment he is dealing with the provinces in discussing how the wording can achieve the intention of the government.

In his speech in the House on October 12, 1978, the Prime Minister said the following:

> We have indicated many times that our intention was not to change the role of the monarchy. We indicated that as far back as 1968 when we published the white paper on the constitution. We have repeated it constantly since then that that was our intention.

The former minister of state for federal-provincial relations, the present Minister of Justice (Mr. Lalonde), said that whatever may be the difficulties in giving legal expression to the government's intention, that intention was and still is that there should be no change or diminution of the role of the monarchy in our system of government.

When the hon. member for Vancouver Centre (Mr. Basford) was minister of justice, the intention was explained to Her Majesty at Buckingham Palace, and she saw it that way too. A letter from the Queen's private secretary indicates that Her Majesty was satisfied the proposals would not alter the essential relationship of the Crown to Canada. That letter was unsolicited.

On September 6, 1978, the then minister of transport and minister of justice, the present Minister of Transport (Mr. Lang), speaking in London, England, gave a group of senior British businessmen the assurance that changes in the Canadian constitution would in no way change the sovereign role of the monarch in Canada.

An hon. Member: In Canada?

Mr. MacFarlane: Well, we would not want to change it in England. That is not our job.

There is an overwhelming weight of evidence to the effect that the Prime Minister, the government, ministers of the Crown and individual members of parliament, have spoken out in a laudatory fashion as to the role of Her Majesty the Queen as head of state of Canada. Her Majesty the Queen plays an active role in Canada today, as she has done in the past and will continue to do in the future. In fact during the 1970s, royal visits have been more frequent than ever before. It is clear that she has widespread respect and love among Canadians.

The Crown, in the persons of Her Majesty and her representative, the Governor General, serve as a living link with our history and traditions. Our constitutional proposals would ensure that this continues. For instance, section 30 guarantees the role of Her Majesty in the Canadian federation. It reads as follows:

> The sovereign head of Canada is Her Majesty the Queen, who shall be styled the Queen of Canada and whose sovereignty as such shall pass to her heirs and successors in accordance with law.

It cannot be clearer than that. In fact I could spend hours in rebuttal of criticism of the wording and clauses of the bill presented by certain self-styled and self-proclaimed constitutional experts. Since we are assured all efforts will be made by the government to have recourse to the best legal experts in order that the bill will present the intentions of Canadian people correctly, I will not indulge in that kind of polemic argument.

Members of parliament of all political parties legally recognize the bilingual nature of the country. Long before we did, as head of state the Queen spoke in two languages in her messages to Canada.

Some hon. Members: Hear, hear!

Mr. MacFarlane: She spoke in both English and French, perfect English and perfect French, which came from her heart. Above all others, she has contributed to the unity of the country. The royal house of Windsor has roots in the ethnic peoples of Europe. She herself chose a man to share her throne who traces his family to Greece. She is well qualified to recognize the diversity of our country. By inheritance, by word and by deed, our Queen stands as an example of understanding to all Canadians, her loyal subjects.

When I was 14 years old and in public school in Quebec, I was proud to receive the Jubilee Medal of King George V and his Queen. I was proud to receive my commission as an officer in the Royal Canadian Air Force under the seal of George VI. Just last year, as a member of a parliament for Hamilton Mountain, I was proud to receive the Jubilee Medal of Queen Elizabeth II. The royal family always has been a part of my life. Gertrude Stein once said, "A rose is a rose is a rose." On Hamilton Mountain we say, "The Queen is the Queen is the Queen."

Some hon. Members: Hear, hear!

Mr. Stan Schumacher (Palliser): Mr. Speaker, as seconder of this important motion moved by my friend and colleague, the hon. member for Moncton (Mr. Jones), I want to start out by saying that I personally know a great many Canadians, not only in the west but right across the country, who want the Queen to remain recognized as the Queen of Canada and the rightful head of the state of this nation.

I found the comments of the hon. member for Hamilton Mountain (Mr. MacFarlane) very interesting. They were stirring, and I appreciated them. But I wonder whether hon. members opposite will have the ability to restrain their comments in favour of the monarchy in order that we might have a recorded vote on the subject. I rather doubt they will.

I cannot understand the thinking of anyone who would entertain the idea of removing the Queen as head of our state, or in any way downgrading her position as leader of our people. As a matter of fact Bill C-60 did that, as has been recognized by certain authorities. The hon. member cast aspersions on the hon. Senator Forsey and the right hon. Roland Michener, a former Speaker of this House, who gave testimony before the Senate committee to the effect that Bill C-60 had an effect of downgrading the role of the monarchy and increasing the purpose of the Governor General at the Queen's expense. I do not think Senator Forsey and Mr. Michener should be classified as self-styled experts. I think they are recognized experts in the field of constitutional law. Certainly the former governor general has a good background for stating what the practical effects of Bill C-60 would have been.

● (1722)

The reaction of people across the country is not merely a sentimental reaction to an honoured and long standing tradition. Nor is it simply a love of symbolism or a standing in awe of all the pomp and ceremony which accompany any crowned head. There is a fear and a suspicion on the part of the people that the government is doing something it should not be doing in this area. Some people in this country are actually afraid that if the Queen is shoved aside the way will be open for dictatorship or, at the least, republicanism of the kind we have seen fail time and time again in other countries. Since this government has already reflected dictatorial tendencies on occasion, that fear is very real in the minds of Canadians who have been observing this government for the past ten years.

Hundreds of thousands of people in Canada are rightfully suspicious of this government for ever suggesting any degree of tampering with the mònarch's Canadian connection, and there has been an effort to tamper with it. I cannot believe that the drafters of Bill C-60 could be so inept and incompetent as to attempt to do what they did if that was the basis of what they were doing. I think there was more than ineptness and incompetence in the drafting of that bill.

The monarchy today is much more than a symbol of authority. As my hon. friend across the way and the mover of this motion have stated, it represents unity among peoples, brotherhood among nations and, therefore, it is a form of leadership. The monarchy stands as a form of popular leadership and the Queen is the physical personification of that leadership. She shows the kind of leadership everyone in Canada can look up to, regardless of political ideology. In other words, she unifies us. If ever this country needed that kind of leadership, it is now, because at this time there is certainly no leadership being provided by the present government. Canadians today need and want strong, popular leadership untainted by political ambitions toward dictatorship, and immune to the chance results of election campaigns based on promises which may never be kept.

Canada needs the kind of leadership that serves as a strong unifying force, and as the years roll by and as elections come and go, it is becoming more and more apparent that we are not getting that kind of leadership from currently practising politicians.

The monarchy provides us with continuous popular leadership and the continuous presence of an able and understanding leader. The monarch is always there, no matter how often our zealous politicians talk themselves out of office. We cannot be totally without government as long as the Queen remains the Queen of Canada. Nor are we left at the mercy of poorly managed government as long as she is there. She is our final appeal for true leadership.

As my hon. colleague has mentioned, the Queen ensures freedom in Canada: freedom to think, speak and act as we please within the letter of the law; freedom to worship as we see fit; freedom to live our lives usefully and with some hope of reward and satisfaction; and freedom to move about as we wish in our own country and to seek out greater opportunities for ourselves and for our families. Without the long shadow of the monarchy standing over it, no Canadian government can be held for very long to the responsibility for and the protection of all these freedoms which our people now enjoy.

Without the monarchy, sooner or later some ambitious oaf will show up and grind us under his dictatorial heel. It has happened in other countries, and it can happen here.

Indeed, the presence of the Queen in Canada serves as a very real reminder that first ministers are in second place, as my colleague has pointed out, and not in sole authority. We all know that some first ministers need to be reminded of that fact.

There is today an uprising in Canada, a surge of both emotional and rational reaction to this government's efforts at unseating the Queen of Canada. If we do not listen to the people now and heed their wishes in this respect, the day when we will wish we had will not be far off.

We must maintain the Queen's Canadian connection because she represents the only true leadership and the only unifying force available to us at this time. I again urge hon. members not to let their enthusiasm for the monarchy use up the remainder of our time. Let there be a real indication of where members of this House stand on this issue, because it is an important issue. I think the people of Canada are entitled to know where we stand. We should not cop out by letting our time expire as a means of denying the people of Canada the right to know where their members of parliament stand on this issue.

[*Translation*]

Mr. Prosper Boulanger (Mercier): Mr. Speaker, may I be allowed to quote part of motion No. 4, as follows:

—should not proceed with proposed changes in respect of the status of Her Majesty the Queen as Queen of Canada or in respect of the status of the position of Governor General of Canada as set out in Bill C-60—

Mr. Speaker, after hearing the hon. member for Moncton (Mr. Jones) speak to us on his motion, when a French-Canadian hon. member from Quebec rises, one must surely wonder what he will say about motion like that one, especially as a French-Canadian from Quebec.

● (1732)

I might be well advised to say first of all why an hon. member from Quebec should want to participate in the debate on such a motion. First he does so to point out to the hon. member for Moncton that we Quebeckers are first of all French-speaking Canadians and, like Her Majesty the Queen, we have the advantage of being perfectly bilingual. My colleague across the way, the mover of this motion, has not had it seems, I shall not say the courage but the advantage of learning the two languages; we all know why he sits as an independent.

But we also know full well that his motion is but an excuse to hold a debate, for he is aware that we have a bill and white papers on the subject, and that the subject of his motion is already the topic of discussions across Canada. So he comes to us with some form of threat, saying that if we talk out the bill by discussing it until six o'clock, or if the vote is not taken before six, it will mean that we are against not only the motion, not to speak of the Queen, but also against the office of Governor General. Mr. Speaker, that in the vernacular is known as blackmail, and I will have none of it. About that motion proposed by the hon. member for Moncton known for his limping courage and supported by another independent member who unfortunately is one of my good friends, I do not know if he only intended to provide moral support so as to make it possible to debate the motion. The hon. member for Moncton knows very well that we share his belief although we come from Quebec or from other parts of the country. I would tell him what my grandfather said: Stop standing in front of the Queen, Mr. hon. member for Moncton, so that she might see us too, other Canadians. Some people out-Herod-Herod. The hon. member for Moncton reminds me of those.

If the hon. member for Moncton had taken time to read the statements by the Prime Minister—although I do not question his good faith—I begin to wonder if the hon. member has actually read the statement the Prime Minister made on the occasion of his visit to the Queen, he would know that the Prime Minister had had personal discussions with her when she came to Canada in October 1977. He then told her that he contemplated a study—I am using his own words—on the whole constitutional matter in 1978-79. It was not an obligation but a comprehensive study. We must never forget the difference between the consideration of a plan and compelling someone to take a decision which is beyond his judgment, his belief or his competence.

He also pointed out the importance of a renewed federal system. He did not say that is was essential to abolish a system or change the status of the Queen or that of the Governor General, but he merely emphasized the importance of a renewed federal system to counterbalance the campaign. I agree with the comments of the Prime Minister to counterbalance the campaign of the Quebec government trying to convince the people of that province to vote in favour of separation from Canada. Mr. Trudeau said to the Queen that in his opinion within a few years it would be essential to consider the constitution as a whole. It seems to me reasonable to ask such a thing, that is to consider the constitution as a whole with the provinces, to review some parts of it and to redraft an entirely Canadian document. Would it be a sin today to be Canadian? One can be Canadian today while clinging to some traditions, for example, the House of Commons, the democratic system, the English parliamentary system, which is the greatest democratic system in the world.

One may remain attached to the system, one may remain attached to the Queen of Canada without for that be deemed anti this or that. I have never read anywhere in the statements that anyone wanted to deprive the Queen of any powers, on the contrary if the process keeps on everyone will see— The hon. member stated that inevitably in the course of that debate certain questions would be asked about the relationship be-

tween the Crown and Canada and about the functions of the Governor General. But that is what is being done tonight with the motion moved by the hon. member for Moncton (Mr. Jones). Moreover, the Prime Minister added that he and his government would do their utmost to make very sure that any debate or discussion not be a source of division in Canada. He does not prompt the participants in that debate to ask themselves whether it would be advisable to modify in depth the present status of the Crown in Canada.

We could go on like this for long but ultimately we will have to come back to the white paper called "A Time for Action" which mentioned various propositions contained in this motion. The Prime Minister also said at the time that he would table a letter addressed to the Queen and which she answered. Later the Prime Minister received from the Queen's private secretary a letter dated June 20—precisely the one my hon. colleague and the author of the motion was talking about a moment ago—which indicated that Her Majesty approved of the proposed changes in the royal titles and that she was convinced that these propositions would not change the basic nature of the relations between the Crown and Canada. Moreover, the Queen reiterated these remarks to the Prime Minister during audiences she granted him in Moncton last August 5.

But it seems to me that if we compare Bill C-60, which has been presented, and the study made in collaboration with the joint committee of the Senate and the House, the white paper "A Time for Action", as well as all the discussions and debates that have been going on since then between the premiers, there is no cause for alarm, even if we do not vote on this motion before six o'clock. It seems to me that we can rely on the sense of responsibility of the Prime Minister and the premiers as well as on the committee that was established to study the constitution.

I think that regardless of their political allegiance, the premiers are men elected by the Canadian people in each province. They are responsible men and, I repeat, despite their political allegiance, they are as Canadian and as responsible as the hon. member for Moncton can be. We ought to have confidence in these people, in the provincial premiers and the Prime Minister of Canada, who are studying and discussing the constitutional system to arrive at some kind of approach which will be more modern and more responsive to the needs of 1978-1979 and future years. But I do not see any scandal or concern about the hon. member's motion if the vote should be made after six o'clock.

Mr. Speaker, I do not see at all what the hon. member for Moncton wants, and this is why he irritated me at the beginning of his speech when he threatened us immediately, saying that if we talked until six it would mean—I do not want to repeat his words because they make me a little too angry. I shall let him repeat his own words on other occasions. But this is not how the government acts, it does not talk out bills for the sake of it. However, with this kind of meaningless motion, when you know what is presently happening, I will not be disturbed if we reach six o'clock without having voted, I will not feel guilty and concerned about the result of his remarks after six o'clock either on television or on radio or whatever.

Mr. Speaker, I would like to read again a quote from the right hon. Prime Minister on the adaptation, the renewal or the changes which will have to be made. He said, and I quote:

> It is time to respond to this wish for renewal of the Canadian people.

Mr. Speaker, if the hon. member for Moncton does not want to say or does not seem to be willing to say what the Prime Minister said at that time, at least he will believe a little what the people of Canada seem to be willing to say or what they have been saying up to now. The Prime Minister said: It is time to respond to this wish for renewal of the Canadian people. It is therefore up to parliament, the federal government, the provincial governments, as I said earlier, and all those in authority in our society to proceed so that this renewal will come about promptly, without mishap and in complete accordance with our democratic traditions. This could not be any clearer. There is no threat implied.

It is not a matter of passing legislation with a majority of votes to prevent the opposition—I do not even know if a Progressive Conservative member will rise later on to speak about this issue. I can see that two or three are here. In any case, there is no threat involved; the only thing that is involved is the action that we want to take because we believe that the Canadian population is ready to accept changes to our constitution. I believe that the Canadian people are not only ready for this, but that they have already waited too long. I believe that the people in this country are ready now to receive the changes that a courageous government will soon bring about. We are about to do so, and I hope that this problem will be solved long before the next election so that someone like me, who will probably not be in politics at that time, will be able to say: We have finally done something that the Canadian people have wanted for a long time.

Mr. Speaker, the hon. member for Moncton cannot shame me into thinking that if there is no vote at six o'clock, everyone will regret it, not to repeat the words that he used. Certain formulas and the white paper were mentioned. People have often said that Canada cannot tolerate another decade of uncertainty. As I said earlier, in my opinion the Canadian people—and I say this as a French-speaking Canadian from Quebec—all the Canadian people, whether they are English-speaking or from another cultural background, are ready to accept the changes that we want to make. I do not have the impression that these changes will offend anyone as we want to maintain the authority of the monarch. Indeed, the bill never said that there was any desire to remove her powers. I do not know where the experts found this idea of a so-called change in power. Names were mentioned earlier. But I am starting to have some doubts as to whether these people were really well

known experts or whether they misread or read too rapidly the paper or the bill.

The government is adding to the legislation, which serves as a working document in the public, parliament and intergovernment debates. The coming months will improve the tone of the debate and accelerate the reaching of a consensus. It is apparent the Prime Minister at that time was far from desiring to remove any status from the Queen or the Governor General.

If we go back further, if we refer to the white paper in which were put forward the four main proposals for a renewed federation, and you probably know them better than myself, we find a re-statement of Canadian identity. There is nothing we could be more proud of. We want a re-statement of Canadian identity. I want to be called a French Canadian, a bilingual one. Call me anything, but call me a "Canadian". I will take pride in that. At the same time I am a Canadian citizen from the province of Quebec, and I feel I am as much a Canadian as my western colleagues who do not speak both languages, who at least did not have an opportunity to learn them, but who do not have the privilege to speak them, or who do not even make the effort to learn them.

Anyway this does not bother me at all. It does not shock me because there is as act on bilingualism, which affords us rather good protection as far as the public service and other services connected with justice and Canadian government are concerned. Therefore, those who are not bilingual do not shock me. But at least let them not act as though with their unilingual English language gave them a monopoly, not on "Canadianity" but almost, a monopoly on illustrations and famous Canadians, for the sole reason they are from the west or the east or the maritimes and they speak but one language. A Canadian is a fellow like myself who stands up and says what he thinks in the language he wants to use.

● (1742)

[*English*]

If they do not think I am saying it the right way, I can say it in English as well. To be a Canadian is not to be an English-speaking Canadian; it is to be a guy like me who learned the language during the war, not with the aid of books because I did not have that chance, but I made an effort and learned my English during the war. Maybe my English is not the best, but of course those English Canadians who taught me are to blame for that. However, I learned, I tried and I am very proud of that. It is not always from the grammar that you learn a language; it comes from the heart.

Some hon. Members: Hear, hear!

Mr. Boulanger: When you want to speak and you have it in your heart to do so, you succeed. Do not worry, Mr. Speaker, I do not care if the English I speak is broken or not, but there is one thing that is not broken inside me and that is my pride in being a Canadian. And that I shall remain.

The Monarchy

Mr. Bob Corbett (Fundy-Royal): Mr. Speaker, I appreciate the opportunity of being able to speak on this motion presented this afternoon by the hon. member for Moncton (Mr. Jones). This is private members' hour and I wish to advise hon. members that I do speak as a private member for Fundy-Royal, although I have no problem in my identification of the party that I represent in this House because, like myself, they agree there should be no dilution of the role of the monarchy or the Queen as head of state of this country.

Some hon. Members: Hear, hear!

Mr. Corbett: Nevertheless I did become somewhat concerned when I heard the hon. member for Hamilton Mountain (Mr. MacFarlane) protest in a rather loud and inordinate way about the proposals introduced in Bill C-60. My feeling is that he is protesting too much. For what reason? I am concerned when members opposite and the government of this country begin to dabble in what we refer to as constitutional tinkering. I am concerned that if there is no intention on the part of the government to dilute the authority of the monarchy in this country, why is it necessary to include any reference to this in Bill C-60? Bill C-60 very definitely states that the powers of the Queen are not to be diminished or diluted—words to that effect—while she is in Canada. That is absolutely contrary to my understanding of the constitution and the role of the monarchy in this country.

I intend to move along with my remarks and I will not take up the entire time allotted to me.

Canada has recently entered a period of reappraisal. Canadians feel that the time has come to reconsider what we are and to determine what we want to become. From the Atlantic to the Pacific we have been discussing our history and our future. We made a country out of a continent. It has been a great adventure. We built with our own hands a country stretching from Newfoundland to Vancouver Island, from Point Pelee to the northernmost reaches of the Arctic Islands. It took scarcely longer than a span of a man's life to do it. Many Canadians still remember the era of new settlements, the clearing of the lands, the great beginnings, the time when there were only five million of us, when our major cities—there were a dozen or so—had populations of barely more than 20,000, and when the railway and a handful of newspapers were the only means of linking region with region.

In order to adapt to the new continent, discover its spirit and learn to survive in its environment, our ancestors had to borrow the ways and customs of many peoples. But no custom and tradition has had more influence on the peaceful and orderly development of our great nation than the Crown. The Crown and the concept of constitutional monarchy have never been easy matters to explain. And because there is a tendency among all people to dismiss what they cannot easily explain, the monarchy in Canada has frequently been tossed off as either an historical anachronism that should long ago have gone the way of knights and round tables, or a stale leftover of colonialism, the fact being that we are a sovereign, independent nation with a foreign—that is, British—head of state.

I submit that such a description of the Queen of Canada is a highly simplistic explanation of her function which is used to advantage by those who wish to erode the functions and traditions of the parliamentary system of government in Canada. Elizabeth II is the personal expression of the Crown of Canada, not the Crown of England. She is the Queen of Canada as well as the Queen of England and is the constitutional monarch of Canada. It is this combination that explains her role as head of state and as an institution of the Canadian government.

We note immediately that the Queen plays the same role in many other parts of the Commonwealth, and we face the question of a shared Crown and head of state. What is the advantage in modern times of this arrangement? Does it limit or compromise the sovereignty of Canada as an independent nation? This afternoon, Mr. Speaker, I wish to examine these questions with you.

The Commonwealth serves 850 million people and includes huge nations and tiny states. Of its 33 members, all recognize the Queen as head of the Commonwealth. Sixteen new states plus India are republics with their own heads of state distinct from the Queen; 11, including Canada, are monarchies with the Queen as head of state; and five, all new states, are monarchies with monarchs other than the Queen as head of state.

Much has been written and said about the Commonwealth and I feel one particular attribute is worthy of mention this evening. That particular attribute is the ability of the Commonwealth to allow its member nations to participate in the orderly transition from colony to nation, the one singular force allowing such peaceful transition being the Crown.

Over the centuries many nations have conquered many other nations and developed lands into colonies. But they have rarely been inclined either to give easily the fruits of their conquests in development, or to admit to accusations of exploitation. The gaining of nationhood by dependencies has usually required a long process of negotiation, perhaps rebellion, and the aftermath may be bitter. As far as Britain's original dependencies were concerned, there were struggles but in the separation of the control of the mother country there was a stage which permitted a gradual, peaceful and face-saving change to independence under the Crown.

The British learned their lesson when the American colonies broke away, and since then they have followed a natural process comparable to the experience of any child who grows beyond dependence upon his parents, becomes able to support himself and handle his own affairs, and maintains an independent family relationship. Other empires disintegrated leaving little friendship either among the parts or between them and the original mother country. Such was not the case with the British Empire.

Canada, being a member of that British Empire, was able to weaken and then sever all governmental connections with Britain until she had complete control of her own affairs. Colonial status changed to dominion status and then to independent status when conditions in Canada justified the change.

The existence of the Crown permitted face-saving on both sides. The provinces got all the trappings, symbols and ceremonies early to make them appear more grown up, even when there was little else to justify their identities. The government of the mother country saved face every time it gave up some power because the old links appeared at first to remain. But the old links did not remain and when everyone on both sides of the Atlantic realized it the Crown became a symbol, not of colonialism but of nationhood.

The Queen and the Crown therefore represent, among other things, the origin and growth of government. It was the Crown that gave out the original letters patent which gave the colonies their official status and served as a mark of sovereignty when they desperately needed to provide legitimacy, and this remained as a constitutional umbrella under which they grew to maturity. This shared heritage of the Crown was very important for it was in the midst of this tradition, even before colonies were politically stable, that the Crown helped to bring three of them together as four provinces in 1867 when they had little else in common besides their allegiance to a common sovereign. On their own initiative and terms they set up another central system with the same structure they had known for so long.

Then the new structure developed further on a national scale and this system was continued or set up in six new provinces. Meanwhile the constitution remains stable in a century when constitutions elsewhere were created and destroyed in reckless fashion, until now Canada's government is one of the oldest in the world and, as we have noted, her people have enjoyed, by global standards, a remarkable freedom from real political trouble.

All this did not take place because Canadians were superior people. They have a system that transplanted well in their environment and then worked. The question which we must now ask is what attributes of constitutional monarchy have made it work so well once it was transplanted in Canada. I suggest that a prime minister in Canada or a provincial premier is made to know from the start of his administration that he is advising on the use of the Queen's power, not wielding power that he actually possesses. There is an enormous practical difference between these two concepts. However much the Prime Minister can do on advising on the use of power, and even though he is among the most powerful, responsible heads of government in the world, he is always in the democratic position of being merely a trustee; and he knows it because of frequent and colourful reminders. He is a trustee to whom much responsibility can be entrusted but also readily taken away. It clearly puts the Prime Minister and his cabinet on the defensive at election time in an era when several heads of government elsewhere possess so much power that they are able to control elections or abolish them altogether.

The Crown has therefore a means of meeting a difficulty—so evident in history and contemporary politics throughout the world—that of preventing officials at the summit of govern-

ment from becoming too powerful, irresponsible and perhaps immovable.

This brings us to a definition of what the Canadian constitutional monarchy is all about. After centuries of political evolution we have arrived at the stage where all the powers of the state are vested, not in the state—that is, the formal governing structure—but in the community, with the person chosen to symbolize or personify those powers having no or scant powers to wield at all. That is, we separate the possession of power from the wielding of power. One institution, the monarchy, possesses the power without wielding it; the other institution, government, wields the power without possessing it.

● (1752)

Even though we may associate executive power with certain officials under our present constitution, we do not in law or in fact make it the personal possession of any of them. We put it outside the government structure, not in someone's hands but in an abstraction, and we call that abstraction the Crown.

The Crown, therefore, is not the monarch. The Crown is the people, and the monarch symbolizes the people, with all the dignity, stature, mystique and aura of her office. As the Prime Minister (Mr. Trudeau) once told her at a state dinner, "I always like being seen in public with you; it's the only time I never get booed"!

Some hon. Members: Oh, oh!

Mr. Corbett: Those are the Prime Minister's words, not mine. If hon. members get complaints, take it up with the Prime Minister. Some of those opposite who are interested in retaining the monarchy have an awful lot to say when someone on this side is interested.

Mr. MacFarlane: Talk it out.

Mr. Corbett: You will have your chance in three minutes. To begin modifying the system risks destroying it. To begin shifting the focus away from the Queen to some government appointee, of whatever "suitable stature", risks destroying it.

"God save the Queen" really means "God help us to govern ourselves". "God save the Governor General" does not sound so convincing. I urge that this motion not be talked out but that the question be put forthwith.

Mr. D. M. Collenette (Parliamentary Secretary to Postmaster General): Mr. Speaker, I would like to oppose this motion. There is not an ounce of truth in the sentiments expressed in it. The motion of the hon. member for Moncton (Mr. Jones) says that the government should not proceed with proposed changes with respect to the status of Her Majesty the Queen of Canada or with respect to the status of the Governor General as set out in Bill C-60.

I am not aware of where the hon. member for Moncton was for the summer months. He obviously was not in Ottawa attending meetings of the joint Senate and House of Commons committee. If he had been, he would have found out, as reiterated in this House by the Prime Minister (Mr. Trudeau) and others on this side, that this government has no intention whatsoever of changing the role of the Queen or Governor General. In Bill C-60 the government was trying to codify the role of the monarchy and Governor General as it now exists.

The hon. member for Fundy-Royal (Mr. Corbett) raced through his words as if he was ashamed to have this House ponder them for a moment. He stated that Bill C-60 should not have mentioned the Queen and her role, that it should have been silent. As the Prime Minister told the House, if the government had omitted any reference to the Queen in Bill C-60 it would have been charged with being anti-monarchist.

The role of the monarchy has changed over the years. In 1947 there were letters patent which changed the role of the monarch with regard to the signing of treaties. There have been other changes over the years.

I might point out that the Queen acquiesced to the sentiments of the government in Bill C-60. She was fully in agreement; she was not alarmed like the Tories.

I find it ironic that it is the hon. member for Moncton who has had the intestinal fortitude, otherwise known as guts, to bring this motion before this House of Commons. We know where he stands on the monarchy. I respect his views.

It is the Tory members who should have introduced this motion. They should have been leading the argument. However, the Tories like to have it both ways. They have done this country irreparable harm in the way they have dragged the honourable name of Her Majesty the Queen and the institution of the monarchy through the mud of Canadian politics over the last six months. It is not the government that is mucking around with the monarchy; it is the Conservative party which is trying to make political hay out of this issue.

Some hon. Members: Hear, hear!

Mr. Collenette: I represent a constituency in metropolitan Toronto. I am proud to say that it is perhaps the last bastion of monarchial strength in that area.

I was born in Great Britain under the flag of Great Britain and the shadow of the Queen. Like the hon. member for Mercier (Mr. Boulanger) and the hon. member for Hamilton Mountain (Mr. MacFarlane), my father fought in the war. He fought for those things in which we believe. He fought for the monarchy, its institution and the parliamentary system of government. I take umbrage at the Conservatives, especially those from metropolitan Toronto, but also the hon. member for Fundy-Royal and members from the west coast, who dare to say the Liberal party is anti-monarchist. That is not true.

It has often been said there is little support for the monarchy in the province of Quebec. The hon. member for Mercier underscored the fact there is great support in that province.

Mr. Corbett: Who said that?

Mr. Collenette: That is what the Tories say. Perhaps the hon. member for Fundy-Royal has not been here long enough to know what his colleagues have been saying day in and day

out for the past four years. I object to the Conservative party spreading this across the country. Even though this motion was brought forward by the hon. member for Moncton, it is Tory trickery at its worst.

Mr. Jones: Mr. Speaker, I rise on a point of order. I just want to point out there was no collusion between myself and other parties in this House. I would like the hon. member to correct that.

The Acting Speaker (Mr. Ethier): Order, please.

Mr. Collenette: We know what happened to the hon. member for Moncton in 1974. He wanted to join the Tory party but was unable to do so. I suppose that is a bit irrelevant to the debate. I see it is six o'clock, Mr. Speaker.

The Acting Speaker (Mr. Ethier): Order, please. The hour provided for the consideration of private members' business has now expired. Perhaps the House will permit our going back into committee of the whole before the Chair calls it six o'clock.

Some hon. Members: Agreed.

GOVERNMENT ORDERS

[*English*]

INCOME TAX ACT

AMENDMENT TO PROVIDE FOR CHILD TAX CREDIT

The House resumed consideration in committee of Bill C-10, to amend the Income Tax Act to provide for a child tax credit and to amend the Family Allowances Act—Mr. Chrétien—Mr. Ethier in the chair.

The Assistant Deputy Chairman: It being six o'clock, I do now leave the chair until eight o'clock p.m.

At six o'clock the committee took recess.

● (2002)

AFTER RECESS

The committee resumed at 8 p.m.

The Deputy Chairman: Order. At five o'clock we were discussing the amendment to clause 8.

Mr. McGrath: Mr. Chairman, I should like to say a few words in connection with the amendment and in so doing review briefly our attitude toward it. My hon. friend from Lambton-Kent has already referred to the position taken by the National Indian Brotherhood and the concern it has expressed with respect to the lump sum payment. My hon. friend from Churchill could not be here today because of the weather but he has had a great deal to say about this provision and its sociological impact on native people living on the reserves.

The National Anti-Poverty Organization has already made its feelings known to the minister. I quote from its release of November 7:

> The method of paying the refundable tax credit in one lump sum could adversely affect welfare recipients cheques depending how individual provinces view this tax credit.

This is an ongoing concern to us, especially in light of the fact that we have received assurances from only five of the provinces that they will not discount the payment. I continue to quote:

> Welfare recipients are also restricted as to the amount of money they may have in the bank so it may prevent them from saving the money. Also, we do not know what effect it will have on provincial programs such as GAIN in B.C., or GIS payments to the elderly. Many senior citizens receive family allowances.

Other groups have expressed concern about this provision and its probable sociological consequences. The Consumers Association of Canada, for example, recommends that payments be spread out, not only because of welfare considerations but because some people will find great difficulty in coping with one large payment. The minister should consider that a great many of those who will be helped by this bill—some 1.5 million are involved—do not file income tax returns.

We have seen marked increases in food prices over the past year. The price of bread is going up. The Anti-Inflation Board has lately produced a report showing that food prices have risen in the past year by 15 per cent. We have seen the effect of the removal of the subsidy on skim milk powder. The government likes to say that all these problems will be addressed by the child tax credit it is introducing. I have no doubt they will, but the fact remains that it would be more orderly and more humane if these payments were spread out.

● (2012)

The minister herself told us today she would be considering this suggestion and monitoring the experience of the first year of the program. What the minister does not take into account sufficiently is the fact that, as a consequence of this bill, there will be a reduction in the universal family allowance program; and if we take into account the effect of indexing, there will be a substantial reduction as of January which will amount to $8. So the low income earners who will be able to reap the benefits of this bill at the end of the tax year will have to cope also with the decrease in the amount of the family allowance payments until that time.

Of course, there is also the question of the discounters, one that is causing us a great deal of concern notwithstanding the fact that a measure has been put through the House putting a ceiling on the rates of tax discounters. There is no question about the fact that in the first year of the operation of this bill, at any rate, there will be a real bonanza for the tax rebaters. They will be swooping down on low income families like

vultures in order to reap the 15 per cent that they are now able to claim as a result of the tax rebate.

For all these reasons—and we have expressed our concern throughout the debate on the bill, through second reading and in the very full discussion we had on clause 1—we feel that the amendment should commend itself to the House. Certainly it should commend itself to the minister and to the government because I believe it is a reasonable amendment. We could argue all night on its merits, but I think we have gone over it sufficiently and I commend it now to the committee.

Mr. Chrétien: I just want to say on that that the clause does not necessarily need to be amended in order to achieve what the hon. member for Broadview and hon. member for St. John's East wish to see achieved. We can do that under the present law. If, after one year of experiment with this new program, we find it would be advisable to have three or four payments, or whatever it is, we will be happy to make the administrative change. We do not necessarily need the amendment to achieve the goal proposed by the hon. member for Broadview and supported by the hon. member for St. John's East. Those points have been taken into account by the government and in due course we will take the necessary decision. We have the necessary power to accommodate the view of the House.

Mr. McGrath: Perhaps then the minister could tell us why the government will not go ahead with some kind of a quarterly system of payments, commencing with the first quarter of next year and spreading it out over the year. Must we have the first year's experience in light of the concerns already expressed by the various organizations involved and the concerns expressed in the House? Surely the election next year would have nothing to do with it?

Mr. Chrétien: I am informed that my colleague, the Minister of National Health and Welfare, has taken a long time in the House to explain the reason or the administrative purpose for not changing it. She said it was not possible and advisable to do so this year, and I do not wish to repeat her argument; I think hon. members have been well advised of it. If the system is found not to be working after the first year's experience, a change can be considered, but in terms of administration it is obvious that only one payment is much simpler.

Mr. Knowles (Winnipeg North Centre): Mr. Chairman, there are two points to be made with respect to this amendment. First of all, the Minister of Finance has referred to the fact that the Minister of National Health and Welfare has taken a good deal of time to explain to us why it is not necessary or desirable in the first year to make these payments on a quarterly rather than on a one per year lump sum basis.

The impression I have gained from listening to the minister is that she and others know that it will not work. That being the case, why do we have to go through a year's unhappy experience? Why not make the decision now? I see the parliamentary secretary shaking his head as if saying she did not say that. She did not say it in so many words, but certainly that is the impression I have gained from what has been said.

The other point I should like to make arises out of what has been said today on the two amendments proposed by my colleague, the hon. member for Broadview. When it was proposed that there be a special treatment for income tax purposes in the case of common-law relationships, the argument from the other side was that there was no provision for that elsewhere in the Income Tax Act. It was said that what we are amending is the Income Tax Act and in this respect we have to run parallel with what is being done under the Income Tax Act generally. Now when we get this proposal to write in a provision for quarterly payments, we are told that is not necessary because it is already permitted under the Income Tax Act.

I point out that these payments are being identified as an overpayment, a tax credit that people get after they have filed their income tax return. So far as I know, the practice under the Income Tax Act is that once a department has decided that you have a payment coming back to you, you get that payment in one cheque, you do not get it spread out monthly or quarterly. If, on the one hand, the government is going to argue that in relation to this we have to stay with the practices under the Income Tax Act, how can it say on the other hand that with respect to this we can do something different from what we would do with respect to overpayments generally?

It seems to me that it is not good enough just to say that the government can do this if it wants to, if it is clear from all the evidence that has been put in, that these payments should be at least on a quarterly basis and that the government should be willing to allow the House to write that provision into the act. That is why I believe we should accept the amendment proposed by the hon. member for Broadview.

Mr. Holmes: Mr. Chairman, I will be very brief in my intervention. I presented the major arguments this afternoon, but I do want to say a few words in support of this amendment, particularly as it relates to status Indians.

My colleague, the hon. member for St. John's East, has advanced arguments in favour of dividing this lump sum payment into quarterly payments, or indeed perhaps into monthly payments. I want to put on the record the concerns expressed by the National Indian Brotherhood. I should like to read from their statement as follows:

> A further concern is that the payment of the child tax credit in one lump sum annually will very likely lead to unwise spending of this money by families unused to handling such large amounts at one time. The resultant potential for damaging effects to Indian famiiies from this bill should be fully considered.

I think that is the important element with respect to the lump sum payment. We must remember that we are talking about this segment of our society, status Indians, most of whom are disadvantaged and need this money on a monthly basis, on a day to day basis, because they are concerned about the very essentials that are necessary in terms of food and clothing. I suggest that it would be very awkward for them in some instances to provide for their essential needs with a lump sum payment.

With respect to that, they did make a proposal which is consistent with the amendment put forward by the hon. member. I wish to read it into the record as follows:

That payment of the child tax credit in quarterly instalments, rather than in a single annual payment, be allowed at the option of the mother and that this option be allowed for the year 1979.

For all those reasons, for those indicated by my good friend the hon. member for St. John's East, and for other reasons put forward throughout this debate, I commend the amendment to the minister in the hope that it will meet with a favourable response.

● (2022)

Mr. Martin: Mr. Chairman, the minister will return in a moment to answer the hon. member's question more fully. As has been indicated previously, we feel there is adequate flexibility in clause 8 as it stands for any refinements to be made in subsequent years as to the frequency and the method of paying this credit.

Without going over all the same arguments, the representations by the hon. member for Lambton-Kent, the hon. member for St. John's East, the hon. member for Broadview, and perhaps others certainly will be taken into account. Clause 8 contains the type of flexibility which will enable the government to move away from a one-shot payment basis, if it was felt advisable in subsequent years.

Mr. Holmes: There has been a great deal of comment and discussion regarding the monitoring system. What sort of monitoring system do the government anticipate putting in place? I would appreciate the parliamentary secretary commenting or elucidating a little further on that. If that has been done in the past, I apologize. What do they envisage in the monitoring system to ensure the lump sum payment is preferable to a quarterly payment, which I think quite frankly would be desirable?

Mr. Martin: Mr. Chairman, perhaps we need some further elaboration by the hon. member for Lambton-Kent as to what he has heard or has in mind. As regards determining the effectiveness of a lump sum payment as against periodic payments, I am not sure any particular measures are being designed at this time as to how this will be done. I am sure we will hear from various groups and individuals.

The present plan of the government is to wait and hear what representations are made as a result of the lump sum payment method. I am not clear as to any other monitoring schemes. I do not believe the Minister of National Health and Welfare has indicated any specific plans during the course of this debate. Perhaps the hon. member can elaborate either on what he has heard or on what he has in mind.

Mr. Holmes: Mr. Chairman, that is precisely the problem. I have defined in very clear terms what I believe to be a positive alternative to that suggested by the government. It is my understanding the Minister of National Health and Welfare indicated that a monitoring process will be in place. If such a monitoring process will be in place, it would provide us with some indication, at the end of a fiscal year, as to how positive the response has been. I want some elaboration on that monitoring process as it is perceived by the government.

Mr. Martin: Perhaps there will be two methods. One will be to listen to representations which may be made by various groups and individuals. As I have indicated before, it is quite a new program. It is a departure from what has happened in the many years the family allowance system has been in vogue. Perhaps Revenue Canada, through its own experience with refunds, will be able to give some indication as to the reactions it receives through its various offices across Canada. Also we will have the benefit of the reactions received in the offices of the Department of National Health and Welfare and the provincial welfare offices. I am sure there will be no lack of input when the payments actually go out in the spring. As I have said, the government will take note of the reactions, in addition to the comments made during the course of this debate.

Mr. Rae: Mr. Chairman, I should like to raise in summary form the concerns which we have respecting the lump sum payment. I should like to deal with the most recent arguments put forward by the Minister of Finance, his parliamentary secretary, and the Minister of National Health and Welfare. As I understand their comments, it is better to leave the discretion in the hands of the minister to decide how and when the payment will be made.

I am sorry the minister is not here to listen to my words, but one thought which crosses the back of my mind is that we are looking at a situation where it is possible to abuse the method of payment to individuals who are entitled to the credit. For example, the payment of the credit can be manipulated so that it is given at a politically opportune time. It is no secret that a large sum of money ranging from $200 to $1,200 will be going to recipients right across the country in the spring of 1979. It is of no surprise that the government is reluctant to put into the law a system which would regularize the payment.

According to the evidence given by the National Indian Brotherhood and the national anti-poverty organization, the payment would tie the hands of the Minister of National Revenue and the Minister of Finance and tell them that they cannot manipulate the system in that manner. We on this side of the House are very aware of what we are receiving: a large bundle of goodies which will go out to the people of Canada in April. Perhaps they will not be distributed in the most beneficial manner from the points of view of those people, and perhaps they will not be doing the most good in the long run.

As the hon. member for Winnipeg North Centre pointed out, there is no provision in the Income Tax Act for an overpayment to be made over time. There is a firmly established practice in the Income Tax Act that when the government owes an overpayment to an individual, that payment is owing in total when it is due. There is no provision in the Income Tax Act for the delay of an overpayment over time. The only way to ensure that this benefit will be paid in a regular quarterly sum and not be subject to administrative or

political abuse is that it be written in the law that this payment will be made on a quarterly basis, rather than making a lump sum payment.

If we are looking for a socially responsible tax credit scheme which will allow low income families to budget for an increase in their payments over time, then I suggest very strongly we must move to a quarterly system rather than a lump sum system. Why must we wait for a year or two for the minister to see the political or social repercussions of this matter? Why can we not move to the other system? The answer is very simple: it is because the election is coming up.

My second point relating to the lump sum payment deals with tax discounters. As far as my party is concerned, we see the lump sum payment as a windfall benefit to income tax discounters. It was never anticipated, at the time the income tax discount bill was passed last year, that there would be 1.5 million new low income filers waiting for a large cheque from the government in April. The income tax discount bill was passed at a time when the only moneys to be received were overpayments on one year's wages which would be rebated to individuals. It was never anticipated that the overpayments to be paid out would be in the range of $200, $400, $600, $800 or $1,000. Therefore, the passage of the lump sum payment guarantees a subsidy of a very sizeable nature. We are talking about millions of dollars of benefit to the income tax discounters of Canada. That windfall benefit was never anticipated at the time the income tax discount bill was passed. All of us who represent people in low income districts know this is the case.

As friendly and open as the government has been to our suggestions, the lack of response to this very real problem is a disgrace. Quite honestly, I say to the minister that none of the explanations provided have been satisfactory.

● (2032)

We are looking for a system that provides legal guarantees to people that there will be regular quarterly payments on which they can budget and in respect of which they can see their incomes growing over time. We are talking about people living on welfare, or close to living on welfare, making a minimum wage, and suddenly receiving $1,000 or $1,200 from the government. The government is putting this forward as a socially responsible tax scheme. It is not that; it is an irresponsible scheme because it guarantees that much of this money will be wasted, that much of it will get into the hands of people on the outskirts or the fringes of the financial community in this country who do not deserve it and should not be getting the money. This money should be going to the people who are in need on a regular quarterly basis. This is what is wrong with the scheme, Mr. Chairman.

Mr. Chrétien: Mr. Chairman, I think my colleague the Minister of National Health and Welfare and I have explained the situation over a long period of time. We have been advised by the Department of National Revenue and the Department of National Health and Welfare that in introducing this system, because of the nature of refunds under the tax system, for the first year we should go with one payment.

We have been advised that if we do not adopt the one payment suggestion in this time of restraint we will probably bog down very substantially in the tax system. I am not a financial technician in this regard and I must rely on the advice of these expert people. My colleague the Minister of National Health and Welfare has handled this bill during this debate and has answered many of these points in the House. We want to have this program in place and we think we should follow the advice regarding one payment at one time.

The hon. member has referred to the problem of loan sharks and so on who will try to take advantage of the situation. I think there will be some, and we cannot deny that. This House of Commons was called upon not long ago to pass legislation to make sure that people on low incomes who receive income tax refunds do not fall into the hands of these people. We passed legislation to protect them as well as possible. I am sure the problem will be similar if we adopt a system of three or four payments; perhaps these refunds or payments could be negotiated over a longer period of time so that by the end of the year there would be nothing left and all the money would fall into the hands of these people.

I just say in all honesty that the minister decided on one payment on the basis of the best advice she could receive from those people who have an enormous task in the Department of National Revenue in the context of budgetary restraint. The Minister of National Revenue, like other ministers, has to maintain a lower level of manpower. Of course, the number of civil servants and so on is not a preoccupation of the hon. member for Broadview. He does not give a damm about the size of the deficit.

Mr. Rae: That's not true.

Mr. Chrétien: That is a feeling I do not share with him. We have to make sure this program is administered as efficiently and as well as possible, and that is why I must report to this House that we had no choice but to go with the one payment scheme.

Having regard to representations made in respect of the Indian population, this program will be well advertised. All Indian families with children who live on reserves, or who live off the reserves but with Indian background, will receive information at the time the cheques go out. They will have forms mailed to them.

I do not underestimate the intelligence of the Indians. I know a little bit about them having had the pleasure of being their minister for six years, one month, three days and two hours. I am sure that they can handle their affairs pretty smartly, and I am not too preoccupied about that. I have a different type of Indian sitting in front of me, one who I am sure is capable of looking after his own affairs. I do not see a big problem in this regard. The Indian people are better organized on the reservations. They have good administrations made up of very capable Indian people, many who are quite young and who assist in their endeavours. I am quite sure that the money available to these families will find its way to them.

For these reasons, Mr. Chairman, I do not think we require an amendment. I do not think we can do otherwise for the first year. If we find difficulties occurring we can correct the situation, but according to our experts there should be no problem.

If we were following the suggestion of the hon. member for the first year, making payments according to tax returns, the same procedure would have to be followed in respect of payments for family allowances, welfare and other things, on an instalment basis. Some people may not claim the benefits for children and would end up receiving the payments on an instalment basis. That would be very cumbersome and very unfair to those people.

It is my feeling that we should stay with clause 8 as it now is. If the hon. member is back next year he can make another representation and we will listen to him then as attentively as we have listened at this time.

Mr. McGrath: No, we will be listening to him. You will make a good financial critic.

Mr. Chrétien: I am glad that the hon. member attributes qualities to me that I might use on the other side. One problem with that party he represents is that they are too keen and anxious.

[*Translation*]

Do not count the chickens before they are hatched.

[*English*]

Hon. members opposite give the impression that they know they will be over here on this side. I have seen some members of the opposition measuring the size of the rug in my office. I think that is a bit premature at this time. Some have said they do not like the colour, and I think that too is a bit premature. One of the problems with the loyal opposition is that they win all the elections before the election and by the night of the election they lose. I would not be surprised if the same thing happens again as happened in 1965, 1968, 1972 and 1974. Six months before those elections we were supposed to be in pretty bad shape and it was suggested that we could sit back and lead a more relaxed life. That never materialized, so I want to say to hon. members opposite that I do not expect too much in this way. But I should like hon. members opposite to live with their illusions at least until spring.

An hon. Member: Let's get back to the bill.

[*Translation*]

Mr. Dawson: Mr. Chairman, could the minister tell us whether he has carefully considered the possibility of deferring in some way the implementation of the bill in order that we might find a system whereby the $200 would be distributed over a few months because families with six or seven children could receive cheques for $1,200, $1,500 or $1,800?

Mr. Chrétien: Mr. Chairman, the hon. member is repeating what the hon. member for Broadview (Mr. Rae) said a few minutes ago. Since the debate is seen on television, perhaps I might repeat my explanation in French so that French-speaking viewers can have their own version. Here is the problem: this bill was presented in the fall of 1978 and we want it to be the payments to be made in the spring of 1979. This implies that millions of forms will have to be filled in by ordinary taxpayers who have children and also by those who never had to pay income tax before. The Department of National Revenue has informed us that if we pass now an act under which people would receive cheques every three or four months, this could create very difficult problems in the administration of the program because that program is not only for taxpayers who can benefit from family allowances in the form of a tax credit, but also for a large number of new recipients.

• (2042)

[*English*]

Mr. McGrath: It's all right, Jean, the whip has enough members to carry it.

Mr. Chrétien: I want to give the same explanation in French.

[*Translation*]

Here is one of the most serious problems: All individuals who will file income tax returns early in the year will send them in, even though their wives may not be eligible for a reimbursement, or even though they were eligible for one and received the tax credit every three months, the greatest reimbursement the person would come every three months, whether eligible or not under the act. This would result in a considerable development of bureaucracy to solve all the problems which could not be solved automatically and which would probably necessitate the hiring of a very large number of civil servants, at a time when public opinion is greatly preoccupied with the number of civil servants. I am surprised to see that the official opposition which always complains about the considerable number of civil servants, the huge deficit of the government, is willing to agree with all the proposals which are likely to be even more expensive for taxpayers.

Mr. Chairman, I had a striking example this afternoon at a meeting of the committee, when it was suggested to grant manufacturers reimbursements on the sales tax which we have reduced by 3 per cent. The opposition was already asking me to increase my deficit—would you believe it?—by $300 million for this year alone so as to accommodate this tax cut on inventories which have increased not only in the area of automobile, but also with respect to all the other activities which have been affected by the sales tax reduction, a proposal which was unanimously adopted by the House. This was part of the NDP platform, part of the Progressive Conservative party platform, as it has always been part of the Liberal party platform.

Under the circumstances, Mr. Chairman, I do not think we can find an administrative solution which would meet the

requirements of the hon. member for Broadview. We have taken note of his representations as well as those of the hon. member for St. John's East and other members, but only if the system of an annual lump sum payment becomes questionable and ineffective will we be prepared to amend it next year. Clause 8, as described, allows us to do so at will and we will have to find during the year the mechanisms which will enable the Department of National Revenue to set a more elaborate system. However, if indeed we want to proceed through this bill which has received the unanimous support of the House, I think that we can proceed only as described in clause 8, that is with the payment of a lump sum when the income tax forms will be filed. This could be done from March to—some income tax refunds are sometimes paid in July, August and even in September. Now I would have hoped that the hon. member for Broadview, whom I know quite well, would have risen above political considerations. He has already taken the bad habits of his colleagues of the New Democratic Party, but I hope that he will improve as he grows older.

[*English*]

Mrs. Holt: Mr. Chairman, I would like to urge the minister to spread this payment out ultimately, but right now we must recognize the fact that until we have equal opportunity with respect to jobs and with respect to earning a living for women so that they can support their children, children will suffer by default. Everyone here knows that delinquency arises out of poverty. For the next few years it will be good that women will get lump sum payments because most single parents are women who do not have the capacity to earn large amounts of money.

Ultimately I hope these payments can be spread out, and I hope that can be done on the basis of the needs of children. Our society must recognize that children should have equal rights. No child should be penalized because his parents are poor. I hope ultimately there will be a spread and that the amounts will be larger, but this is a time of hardship. We must move toward equal opportunity. The proposed lump sum will help mothers get through this period of hardship. I would appreciate hearing from the minister if he thinks there is a way to bring about equality for children through these tax allowances and if he thinks there is a way to prevent the delinquency which comes with poverty.

Hopefully our human rights legislation will ultimately provide for equal pay for work of equal value, which does not seem to e the case yet. Hopefully that legislation will help solve the problems of children, and hopefully they will get the money they need. I would prefer that for a while women get lump sums to help them solve problems which face them now.

Mr. McGrath: Mr. Chairman, when the minister replies, would he tell the committee how much time he and his colleague, the government whip, need on this clause? Because we are ready for the question. How much time do hon. members opposite want to spend on this clause?

Mr. Chrétien: Mr. Chairman, I just want to say that I share the view of the hon. member for Vancouver-Kingsway. We have much confidence in the mothers of this land. We put confidence in them. We put so much confidence in them that we are ready to vote right away.

The Deputy Chairman: Is the committee ready for the question?

Some hon. Members: Question.

Amendment (Mr. Rae) negatived: Yeas, 19; nays, 25.

Clause 8 agreed to.

• (2052)

On clause 9—

Mr. Stevens: Mr. Chairman, there are certain phrases in clause 9 that I think the minister should at least try to explain to us. As members familiar with the bill will realize, this is one of the clauses that, perhaps for the first time as far as the Income Tax Act is concerned, reverses the general secrecy privilege that has always been assumed with regard to filing income tax returns.

The minister is asking for authority in the following words:

"(*d*) communicate or allow to be communicated to a taxpayer, such information obtained under this act regarding the income of his spouse or of any other person as is necessary for the purposes of an assessment or reassessment of tax, interest, penalty or other amount payable by the taxpayer or of the determination of any refund to which he is entitled for the year."

I have three separate questions concerning this provision and I hope the minister will be more forthcoming than his parliamentary secretary was the other day. First of all, what did the minister have in mind with the words "communicate or allow to be communicated to a taxpayer"? Whom did he have in mind would be given the privilege of communicating with a taxpayer?

[*Translation*]

Mr. Chrétien: Mr. Chairman, National Revenue officials will be allowed, under the authority of the Minister of National Revenue, to consult the spouse's file for the purpose of this program only because it is based on the family income and if an individual does not want to give information to the department—obviously his file will be examined only to establish if the family income is sufficient or insufficient to qualify the spouse for that child tax credit.

[*English*]

Mr. Stevens: Mr. Chairman, I, like the minister, can read the clause. I understand what the thrust of the clause is but my question was very specific. Clause 9 states that information can be communicated concerning the income of any other person. The preceding passage states that not only will it be communicated but it will be allowed to be communicated to a taxpayer. Why are those words used instead of simply the

words "communicate it"? What did the minister mean in this clause by saying he would allow it to be communicated to a taxpayer? To me that conveys the impression that a third party is somehow involved here.

[*Translation*]

Mr. Chrétien: Mr. Chairman, it is the standard clause allowing National Revenue officials to consult a file and get the necessary information about the family income for tax credit purposes. So it is the standard clause as traditionally drafted by the Department of Justice for that purpose.

[*English*]

Mr. Stevens: Mr. Chairman, when ministers are stuck for an answer they like to say it is a standard clause. Would the minister simply tell us if the words "communicate or allow to be communicated to a taxpayer" indicate that it will be communicated by a civil servant in the Department of National Revenue?

Mr. Chrétien: The answer is yes, Mr. Chairman.

Mr. Stevens: My second question deals with this very odd phrase "regarding the income of his spouse or of any other person". Who did the minister have in mind? Why is it not sufficient simply to get the tax information, if it is necessary, with respect to the spouse as opposed to "any other person"?

Mr. Chrétien: The "other person" means they can look into the revenue of a child.

Mr. Stevens: If that is what the minister is trying to accomplish, why did he not say that? Why cannot it be worded, "the income of a spouse or of any dependant", or whatever wording he wants to use? The proposed wording appears to be wide enough to include income of a spouse or any other person. I cannot understand why the minister would use that wording if he was simply trying to look at the income of a child in addition to that of the spouse.

[*Translation*]

Mr. Chrétien: Mr. Chairman, this clause was inserted to obtain the information needed to authorize or refuse the payment of a child tax credit. It is its only purpose. I mentioned children. In assessing the income of an individual we might also raise the issue of other dependants to establish if there is a dependent relationship with a child not legally adopted. There is also the child who has no legal relationship with the taxpayer but is his dependant. I think for instance of a child not legally adopted but who is treated as a member of the family. I think that in those circumstances we might consider some children as dependants even if legally they are not children of the taxpayer.

[*English*]

Mr. Stevens: Would the minister agree that the "other person" could be somebody not even living in the household of the recipient of the tax credit?

Mr. Chrétien: Mr. Chairman, there are also the words "as is necessary", so I do not know exactly what the hon. member has in mind as not being part of the household. If he can describe the situation he has in mind, I will probably be in a position to say that a third person of that nature could be investigated. I think that is the answer I would give; but if he has a case to put to me, I would be in a position to say yes or no.

Mr. Stevens: What we are dealing with here, Mr. Chairman, under the Income Tax Act is something that has always been looked upon as necessary to the proper working of the income tax system, and that is secrecy. One taxpayer is not supposed to have the right to learn the amount of tax payable by another. The clause the minister is asking us to approve seems to expand that. I can understand his concern somewhat.

When a spouse is entitled to a tax credit, they want to know if the other spouse, presumably the mother, has some income, or vice versa, which would mean that the tax credit might either not be available or at least have some taxed back element. Why does the minister feel it is necessary not only to reveal the income of a spouse, but also the income of any other person? That would presumably give the Department of National Revenue the right to disclose, for whatever reason they thought fit, the income of any other person irrespective of whether it had any relevance to the tax credit program itself.

Mr. Chrétien: Mr. Chairman, I tried to give as good an explanation as I could. I explained that if you tried to describe a child or children, then because of the legal situation or relationship between two persons it could be classified as family income, and we have classified income as family income. I can read more elaborate information on to the record.

Hon. members will note that the language in clause 9 is very restrictive. Only information regarding the income of his spouse can be communicated to the taxpayer. This does not necessarily mean that the exact amount of the spouse's income must be communicated. Revenue Canada will provide only the explanations that are absolutely necessary for a taxpayer to understand why the amount of the credit he is allowed does not correspond to the amount he has claimed. I understand that the explanation to be provided by Revenue Canada will be along the following lines:

● (2102)

Your spouse has been reassessed and his net income exceeds the sum of X dollars; hence you may not claim any credit.

I think that is the intention of the Department of National Revenue. It will be very restrictive and just for that purpose. If the hon. member is afraid that the Department of National Revenue will use that provision to look at the books of his wealthy friends, he should not be worried about it. In fact, a woman would not apply for the credit. If she applies for the credit to find out how much her wealthy husband is earning on the side, she will not find out. As soon as the Department of National Revenue is able to determine how much the wealthy

husband has made, it will be impossible for her to apply for the credit. We will not say how much; we will say, "Your husband has enough income, and you, madam, do not qualify." I can read a long explanation in more technical terms, but the purpose of the law is clear; we would not disclose anything just for the pleasure of doing so.

Mr. Stevens: Mr. Chairman, in giving his explanation I know hon. members noticed that the minister referred to communicating the income of his spouse. But in his explanation he specifically did not refer to the words, "or of any other person". His explanation has not covered the fundamental point that I am raising. Why do you have to include the income of any other person when in fact it is simply the children or the dependants that you are concerned about? Or it is the so-called "spouse's income" that you are concerned about?

Mr. Chrétien: Mr. Chairman, this provision also allows information to be communicated in cases where a taxpayer is reassessed because the income of his spouse or of a dependant differs from the amount originally reported in his tax return. This measure is also necessary to permit Revenue Canada to explain to a taxpayer the reasons why he has been reassessed. This provision will apply in cases where the taxpayer claims a deduction for personal exemptions in respect of his spouse or in respect of a dependant, or in cases contemplated by section 110.3, that is, involving transfers between spouses of unused deductions. In all these cases the amount that a taxpayer can deduct depends on the income of his spouse or of a dependant. The language used in section 241 created some uncertainty as to whether Revenue Canada had the necessary authority, in the cases listed, to provide a taxpayer with the explanations required to justify the assessment or the reassessment.

In either case this power conferred upon Revenue Canada does not constitute a breach of the principle of the confidentiality of tax returns and is necessary to allow taxpayers to obtain the necessary explanations from Revenue Canada.

Mr. Stevens: Mr. Chairman, again we have gone one small step ahead. We are now getting an explanation as to why his spouse's income gets shown to use the words of this clause. All of the explanation which the minister has read into the record deals with his spouse's income or that of a dependant. I now come back to the basic question that I am asking. If it is only the dependants you are trying to get at, why do you use the wider phrase "or of any other person"?

Mr. Chrétien: Mr. Chairman, it could be anybody in that context. That is the legislation and I have explained the purpose. I have said that a dependant and the nature of a dependant can vary from one situation to another. We have used a more general term. The power is restricted for a very obvious reason, and that is to make sure the family income is well assessed before the credit is given. I cannot add any more to the explanation than I have given in the last 15 minutes.

Mr. Stevens: Mr. Chairman, the minister refers to 15 minutes. He must be including his own time because I have not been talking for more than about seven minutes.

I would like to ask the minister this simple question. If he is not trying to cover anything but a dependant, would he accept an amendment to the clause which says "or of any dependant"?

Mr. Chrétien: Mr. Chairman, I think I have given enough explanation. This is the legal terminology which has been developed by the experts to cover all possible situations. I am sure that Revenue Canada will not abuse that. I think we should have a little confidence in the bureaucracy, especially when they have taken care to avoid any abuse. It is in fact just to cope with general situations. This credit will not go to the wealthy people so the hon. member should not be worried on behalf of his friends.

Mr. Stevens: Mr. Chairman, at least the minister admits I have friends; that is maybe more than he can say.

Mr. Nystrom: Bay Street Tories.

Mr. Stevens: If I could come back to the wording, the more I hear the minister's explanation the more puzzled I get. Is it not possible to have a procedure where it will be required, if there is some suspicion, to have all family income disclosed as opposed to taking the other approach where people are apparently going to be entitled to communicate information of a tax nature respecting not just a spouse but any other person concerning a certain income tax return? I am still puzzled as to why, if it is dependants that the minister is after, he has to use this wider wording "of any other person."

The Chairman: Shall clause 9 carry?

Mr. Stevens: Mr. Chairman, my old friend from Welland says this is repetition, which means he realizes that the minister has not answered the question. The clause we are on was reached about ten minutes ago, and if questions were answered concerning clause 9 this afternoon, it is rather remarkable that somebody was allowed to put questions regarding clause 9 before we reached that point.

If I cannot get an answer to that point from the minister, my next question is: To what extent does the minister anticipate that the working out of this negative income tax position, if you like, is going to encourage people living in what is generally looked upon as a kind of cash society to try to show as little income as possible in order to qualify for tax credits? One of the greatest downsides to a so-called guaranteed annual income will be that it would encourage people actively to minimize whatever income they eventually disclose to the government. Has the minister considered that, and to what extent does he feel that the provision he is now providing for here is simply a device on the part of the government to counteract that type of evasion?

Mr. Chrétien: Mr. Chairman, traditionally in Canada we have had a system of tax collection that relies on the good will

of Canadians who behave, generally speaking, responsibly in relation to the payment of their obligations to the government. I do not think that wording will induce anyone to cheat the government. Perhaps the hon. member knows more cheaters than I do.

• (2112)

Mr. Stanfield: Come on.

Mr. Chrétien: The hon member should be in the chamber for weeks at a time to see what we have to go through. He would be more scandalized than at this moment. I do not have to withdraw anything. I just say I do not know. I said that probably I know fewer cheaters and I have more confidence in the people of Canada than the hon. member for York-Simcoe. That is my view. The hon. member is entitled to a different opinion. It would not be the first time. I just say we have a system of tax collection in Canada which presumes that Canadians are honest.

Mr. Stanfield: Mr. Chairman, I have been sitting here this evening hearing the Minister of Finance repeatedly making innuendos about the hon. member for York-Simcoe instead of answering questions. It gets a bit thick after a while. The Minister of Finance should bear in mind that his responsibility in this connection is to give answers, not to try and insult those asking questions.

Mr. Chrétien: Mr. Chairman, I do not want to comment on that. I have said what I have to say. The tax system in Canada is based on the presumption that Canadians are honest and want to pay their taxes. The hon. member says that this system whereby we are trying to divert money to the poor people of this country will induce people to cheat. I do not think Canadians tend to cheat. They pay their share like anybody else. If someone was reflecting on Canadians in a cheating way, it was the hon. member for York-Simcoe. It is always like that. The hon. member should stay in the chamber a bit more; he would have a lot of occasions to be scandalized. It is too bad he is not here more often.

Some hon. Members: Hear, hear!

Mr. Stanfield: Mr. Chairman, I am constantly scandalized by the lack of information this minister gives both in the House and in committee.

Mr. Stevens: Mr. Chairman, I am sorry the minister loses his cool when questions are being put to him. Perhaps I can sum up my question in this way. I agree that the taxpayers in Canada are generally of a very honest breed.

Some hon. Members: Oh, oh!

Mr. Stevens: Mr. Chairman, I will just wait until hon. members quieten down. If that is so, I ask the minister why in this peculiar way does he want this provision inserted. It is obviously designed to communicate tax information that heretofore has never been available with regard to anything in the Income Tax Act. If the minister believes in the honesty of taxpayers, why is he asking for this special way of communicating tax information such as is contemplated in this clause?

[*Translation*]

Mr. Chrétien: Mr. Chairman, I explained at great length a few moments ago when answering other questions that in the present system the only communication will be to advise the spouse who has applied for the refundable tax credit that, unfortunately, he or she does not qualify because the spouse has an income which is high enough to prevent him or her from being eligible for this program. It's as simple as that. There will be nothing above the amount of the refundable credit.

If the inspector from Revenue Canada studies a file and finds out, for instance, that the income is $10,000 above the limit, we will not tell the spouse: Your partner earns $10,000 more than necessary. The spouse will simply be told: You cannot quality for this program because your spouse earns more than permitted, without giving any more detail. That will be limited to the total amount of the refundable tax credit. Nothing more.

[*English*]

Mr. Stevens: Mr. Chairman, do I understand the minister correctly that the communication the department has in mind here is simply the bald statement that they will get in touch with the spouse and say, "Unfortunately your spouse's income is of such a nature that you are disqualified"? There will be no revelation as to the amount of the income or the tax being paid by the spouse, or any such information?

Mr. Chrétien: Mr. Chairman, I read for the record some minutes ago what Revenue Canada will inform the other partner. I quote:

> Your spouse has been reassessed and his net income exceeds the sum of X dollars; hence, you may not claim any credit.

That is very clear. If there is a lot more income, they will not know. They will simply say "The income of your spouse is more than what is allowed". They will state what is the requirement. If there is one child, it will be so much. If there are two, it will be more, and if there are three, still more. There will be told what they would have qualified for if the spouse had no income. If it is more, they do not qualify; it is as simple as that.

Mr. Stevens: For greater clarification of the statement which Revenue Canada will be making to the other spouse, included in the spouse's income the minister is referring to will be the income of any dependant or, to use the minister's general wording, "or of any other person".

Mr. Chrétien: Mr. Chairman, they will look at the revenue of the children. The "other person" could be a divorced wife. In that case, she would no longer be a spouse.

Mr. Jones: I would like to ask the minister what provision or regulation there will be when during the taxation year spouses

separate or begin to live separately with or without a separation agreement. That is a practical example of what could take place during a taxation year. The spouses could begin to live separate and apart, with or without a separation agreement or with or without an order of the court.

Mr. Chrétien: Mr. Chairman, in that case the mother will file herself. If they are not living together, the family income will not be looked at.

Mr. Jones: That is what I want to know. What time is the "D-Day" in such a situation? A year is 365 days. They may separate on December 25.

Mr. Chrétien: Mr. Chairman, I did not catch the hon. member's question. I wonder if he would repeat it.

Mr. Jones: What happens if during the taxation year—at the beginning, the middle or the end—the parties begin to live separate and apart, with or without a court order or with or without a separation agreement, and during that year the spouse, the husband, made income in excess of the minimum amount? How would Revenue Canada handle such a situation? What regulation would be followed, or have they anticipated this type of difficulty? I anticipate it.

Mr. Chrétien: Mr. Chairman, if they are not living together on December 31 of the year for which they are filing, they can file separate forms and they can qualify.

Mr. Knowles (Winnipeg North Centre): Mr. Chairman, I should like to ask just one question of the Minister of Finance. I do so for the purpose of emphasizing a point I was trying to make earlier today about the ambiguity of the English language, although if I understand the French, I believe the same ambiguity is there as well.

Every time words in the legislation state "his spouse," there seems to be a tendency in this place, especially among my friends to the right, to think that the reference is to a woman or wife since it is "his spouse." It was my contention in an earlier discussion, relying on section 26(6) of the Interpretation Act, that a word that is masculine imports the feminine as well. I think clause 9 helps us to understand this. At the beginning of the paragraph there is a reference to a communication to a taxpayer and, later, a reference to his spouse. If that taxpayer is a woman, "his spouse" is really "her spouse."

● (2122)

Mr. Chrétien: Yes.

Mr. Knowles (Winnipeg North Centre): So wherever we have the words "his spouse" we can read them as "his or her spouse"?

Mr. Chrétien: Yes. In French, the problem does not exist.

Mrs. Holt: I would just like to continue the argument and statement of the hon. member. I would ask the minister, as other members have done, to eliminate the discriminatory contemptible Interpretation Act. I think it is absolutely unforgivable that we cannot add five more letters to a bill to say "his and her" or "his and/or her" spouse. I think the Interpretation Act, and every bill on the codes today, discriminates against women and certainly most have inscribed inhibitors to equality in our society. I notice that there are a few bills, such as the human rights bill, that say "his or her." I do not see any reason why every time they refer to "his" we have to look up the Interpretation Act to find it refers to "him, her or it." I am tired of being thought of as equal with "it."

Clause agreed to.

On clause 10—*Family Allowance for 1979.*

Mr. Stevens: Mr. Chairman, after prolonged questioning on Thursday the parliamentary secretary was finally persuaded to put certain figures on the record concerning the likely increase in the cost of family allowances in aggregate terms from the 1979 base year onward. As we know, the government claims it has, in effect, saved $690 million as a result of the de-indexing of the family allowance payments. That is the thrust of this clause.

My question to the Minister of Finance arises out of his budget of November 16. As we know, this bill was brought in before that budget. Is the $690 million expenditure reduction for fiscal 1980 reflected in the 1980 fiscal figures as shown in the budget of November 16?

Mr. Martin: I believe a higher amount is actually shown because of the indexing factor, but as the hon. member is aware the indexing factor will be less expensive under the provisions of Bill C-10 than would have been the case under the provisions of the act prior to the passage of Bill C-10.

Mr. Stevens: I am sorry that the parliamentary secretary did not answer the question I had in mind. He will recall that on Thursday he told us that the whole family allowance expenditure for fiscal 1980 would have been $2.4 billion, and he stated that as a result of the passage of this bill the new expenditure would be $1,710 million. That leaves a smaller expenditure for fiscal 1980 amounting to $690 million. I am asking whether in the budget which was delivered on November 16 that reduction in family allowance expenditures is reflected for the year 1980?

Mr. Martin: The answer to that question is yes, it is reflected in those figures. I am assuming the hon. member is referring to the year 1979-80.

Mr. Stevens: The parliamentary secretary is correct. So that there may be no doubt, then, in the budgetary figures the expenditure shown for fiscal 1980 of $51,100 million would in fact be $51,790 million if the family allowance was not reduced as contemplated by Bill C-10.

Mr. Martin: Yes, Mr. Chairman, that is correct.

Mr. Stevens: Again to make sure there is no confusion, in the national accounts presentation the expenditure we see there of $53,400 million would in fact have been $54,090 million if this reduction had not been anticipated?

Mr. Martin: That provision has been included in all the figures for 1979-80.

Mr. Stevens: And again for greater clarification, the figures that were shown by the parliamentary secretary and earlier, I think, by the minister with respect to the financial requirement as a result of the passage of Bill C-10 are also reflected in the budget, I take it. In short, the financial requirement was reduced by $170 million as far as 1979 in concerned, and by $35 million for fiscal 1980?

Mr. Martin: The answer is yes.

Mr. Halliday: I wonder if I could convince the parliamentary secretary to make a slight change in the wording of line six for the sake of clarification. The French text says "*par mois*" which, if I understand it correctly, means "per month". But on the English side it merely says "a month". If it said that the payments would be made "each month" or "per month" the meaning would be much clearer.

Mr. Martin: I can only say that the wording of this clause has been very carefully considered by the legal advisers and my understanding is that the wording as it stands is quite clear. It relates to the amount of new payment per month, and my understanding is that the wording as it stands is quite sufficient.

Mr. Halliday: It could be interpreted as being for one month only, but if we were to say "per month" or "each month" there would be no doubt about it. I know the minister's intent but the wording does not express it.

Mr. Martin: All I can say is that the information I have is that the wording presently in the bill conveys the intent adequately—that the payment will be $20 per month.

● (2132)

Mr. Knowles (Winnipeg North Centre): Mr. Chairman, on the point just raised by the hon. member for Oxford, perhaps I might point out that since 1976 at any rate, and I suspect for a lot longer, the wording of the section has been as it now is in both languages. In other words, at the present time the act reads:

—the amount of family allowance to be paid for a month in 1976 shall be $22.08.

That was the figure for 1976. That has been the wording in the act for a long time and I believe that family allowances have been paid every year every month, not just in one month of the year.

However, I rise at this point because I want to register our objection to clause 10 being in this bill at all. I feel very strongly that it was a good idea to bring in the tax credit for families where the incomes are not above a certain figure, and even though there have been debates and arguments about some of the provisions in clauses 1 to 9, we support the provisions in those clauses. But the effect of clause 10 is to reduce the amount of family allowance from its present figure of $25 and some cents to $20, and if one looks at what the family allowance would have been in January, 1979, it is a reduction from about $28 back to $20.

I know that the Minister of National Health and Welfare—and the Prime Minister got into the act the other day as well—makes a lot out of the fact that even though there is this reduction in the amount of the family allowance cheque, there is a net increase when you put together the reduction in the family allowance and the amount gained by the child tax credit. I point out, however, that other changes have been made by this bill, notably with respect to the tax exemptions in certain brackets. These tax exemptions, as was brought out during many hours of discussion between the government and the hon. member for York-Simcoe, do effect savings for the government. In other words, persons who are receiving family allowance, if they are in upper brackets, pay more in income tax than was the case before. I believe that is perfectly proper and a good idea, but I think that idea should be carried forward, that we should continue to pay the family allowance as its present rate and indexed in 1979, as it should have been indexed, leaving it to the income tax, both the present arrangements and the new ones that are brought into effect, to do some of the levelling that is obviously desirable. But I feel very strongly—in this I speak for my party—that we should not be taking away these several dollars a month from the mothers of this country who receive these family allowance cheques. When the point comes that you ask if clause 10 carries, we want a vote to be called, because we wish to vote against clause 10.

May I point out that if there are those who think that their side of the argument is stronger because of the net gain, taking into account the reduction in the family allowance and the child tax credit, may I emphasize the fact that for three months in 1979, January, February and March, all the families of this country will be receiving a lesser amount in their family allowance cheques. There are those in the upper income brackets to whom that will not matter at all, but there are thousands, perhaps millions, of homes in which it will make a difference.

I enjoyed the very forceful speech which the Minister of National Health and Welfare made at the close of the proceedings on Thursday night in which she talked about middle income and low income families in realistic terms. I think she used the phrase "there is never enough money". That was her description of the hundreds of thousands, if not millions, of low income families in this country who never have enough money. Yet these same families will experience in January a reduction in the amount that they receive of $5 or $6 per child. Where there are families with four or five children, that is a pretty sizeable reduction. I say that this House should not be supporting clause 10, which has that effect.

There is something else which I want to say about it, Mr. Chairman, and I know I will not receive the plaudits of all members of the House for mentioning it but I feel it should be said, and that is that members of the House are being asked to vote for a reduction in the family allowance cheques which go out to the mothers of Canada in January. Yet in that same

month members of this House will receive a sizeable pay increase.

Some hon. Members: Oh, oh!

Mr. Knowles (Winnipeg North Centre): There is nothing that members of the House have to do about it. They do not have to say a word, they can keep quiet, and even though the news media are reporting that some legislatures are taking steps to increase their members' pay, nothing needs to be done here. It will just happen, because it is in the law.

Mrs. Holt: How many do you support?

Mr. Knowles (Winnipeg North Centre): I did not expect this to be a basis for popularity; but the fact is that it is already in the act and every member of the House will have an increase in January amounting to $2,400 a year. Cabinet ministers and the Leader of the Opposition will have an increase of $4,000 a year, and the Prime Minister an increase of almost $5,000. Whether these increases are right or not, it seems to me that this House is in a very awkward position to be voting for a reduction in the family allowance in January when in that very same month all the members of the House will be getting an increase.

Some hon. Members: Oh, oh!

Mr. Knowles (Winnipeg North Centre): Members know where I have stood on this issue for a long time—indeed, every time it has come up. I believe the House has gone too far.

An hon. Member: And yet you take it.

Some hon. Members: Oh, oh!

Mr. Knowles (Winnipeg North Centre): I do not quite hear what the members over there are saying, but if they are concerned about what I do to back up my stand on this issue, I should be glad to tell them at any time. From the beginning when I first started taking a stand against these pay increases, I knew that in my conscience I could not take such a stand unless I was prepared to take the necessary steps to make sure that I did not gain by what I was opposed to. So let there be no argument or worry about that.

At the moment the complaint I am making is that the government is calling upon the House to vote at this time for a reduction in the amount of the family allowance that goes into the homes of this country in January when in that same month, without members having to say a word, they will be receiving these fancy increases to which I have referred.

Mr. Nystrom: I want to say a word as well, Mr. Chairman, in support of what the hon. member for Winnipeg North Centre said about the fact that clause 10 reduces family allowances from some $25 down to $20 in January. I had more questions about this particular clause in the family allowance bill than about anything else in the bill. Many people will resent the fact that the monthly cheque will be going down by a fairly sharp amount starting in January. A lot of low income people in my constituency depend on their family allowance cheques to a large degree in order to purchase groceries or clothing for their children. Particularly larger families with five or six children depend on that approximately $25 every month in order to meet expenses, such as light bills or heat bills in the winter time. Those people will miss the few extra bucks.

• (2142)

Some cabinet members and members of the Conservative party have indicated that money does not grow on trees, and that the deficit is already large enough. I believe ordinary Canadians, particularly low income earners, deserve a larger piece of the pie or more money.

As was pointed out by John Gray in an article which appeared in the Ottawa *Journal* on Saturday, in the last ten years the bottom 20 per cent of the population received less than the national income. Now they receive less of the national income than they received ten years ago.

I know this bill is a progressive one. It is doing the right thing. It will put more money in the hands of low income Canadians via the tax credit. But I cannot see why the basic amount of family allowance has to be reduced at the same time. Canada can afford the tax credit and the current rate of family allowance quite easily. All members are concerned about stimulating the economy and creating more jobs. If money is put in the hands of ordinary people, they will spend it purchasing consumer goods such as food, clothing and the like. Most of these goods are labour intensive in nature. It would provide jobs and assist in stimulating the economy. It would prime the pump at the bottom. It would not be the old trickle down theory where a few big carrots are offered to a company in the hope that a few more jobs will be created. It would provide ordinary people with money. I am referring to the people on the street, in the neighbourhoods, and on the farms.

An hon. Member: Who is paying?

Mr. Nystrom: I hear the question which a Conservative member is asking me. The ordinary people, the taxpayers of the country, are paying. The ordinary people, the taxpayers of the country, will receive the benefits in return.

Mr. Stevens: The taxpayers are not paying.

Mr. Nystrom: Who pays the taxes, if taxpayers are not paying? Who pays the taxes? Who finances the government?

Mr. Stevens: It can be done only with borrowed money.

Mr. Nystrom: The hon. member can argue that it will be borrowed money because of the deficit, but the same argument can be made in terms of any government spending, whether it be the salaries of members of parliament, the expenses of running this place, or tax concessions to oil companies. I realize that we have a deficit. I am sure the hon. member for York-Simcoe realizes that the Conservative party is the greatest one for deficit financing in the country. The deficit in Ontario is over $2,000 per capita, whereas in my province of

Saskatchewan it is approximately $985 per capita. The hon. member for York-Simcoe should think twice when it comes to deficit financing.

Perhaps the hon. member for York-Simcoe will resent what I say, but ordinary Canadians have asked why family allowance payments are being cut from $25 to $20. It is incumbent upon us to voice their concern in the House. There are people who are concerned about it and do not want to see their family allowance cheques reduced. They have asked me to express their concern. Perhaps a few other members of the Liberal and Conservative parties could express the concerns of their constituents, and then this reduction would not take place.

Mr. Daudlin: I do not want to take the time of the committee, but I must say that I am motivated by reasons of the statements made by the hon. member for Yorkton-Melville. A number of us have heard the same comments, but some of us have accepted our responsibilities, returned to those people and said, "Even though we have a reduction from $25 to $20, you will have to agree that when the thirteenth cheque comes along, the end result is that you receive more." Those same simple people said, "You know, that is so," and their fears are quashed. If the hon. member wishes to do the same thing in his constituency, I suggest there will be far less difficulty in the country. We should put it like it is, rather than attempting to feed on fears.

Clause 10 agreed to: Yeas, 47; nays, 3.

Title agreed to.

Bill reported.

Mr. Deputy Speaker: When shall the bill be read the third time? By leave, now?

Some hon. Members: Agreed.

Mr. Chrétien moved that the bill be read the third time and do pass.

Mr. Stanley Knowles (Winnipeg North Centre): Mr. Speaker, after the days it has taken for us to reach this point, certainly I do not want to detain the House any longer respecting this bill. As far as I am concerned there is enough time for it to be given third reading tonight. However, I feel that as part of third reading proceedings there is something which needs to be said, even if it is a repetition of what I said in committee of the whole on clause 10.

● (2152)

The bill as a whole, sir, is a good one. The institution of the income tax credit is something of which we approve. We tried to win certain changes, and, even though we did not win those changes, the general principle of that part of the bill is good. But we still feel very strongly that there should not be a reduction in the amount of the family allowance itself. We feel it should go on as it has been, that the indexing which has taken place should continue, and any levelling out that is necessary with regard to that aspect of the bill should be left to the provisions of the Income Tax Act.

[Mr. Nystrom.]

I have already said, and I repeat it in a sentence or two, that it is a poor night for the House of Commons to be passing a measure that reduces in January the amount that will go to the families of this country as family allowance, when in that same month members of this House will receive this sizeable increase in pay and allowances to which I referred a few minutes ago.

Therefore, Mr. Speaker, I move:

That Bill C-10 be not now read a third time, but that it be referred back to the committee of the whole House for the purpose of reconsidering clause 10 thereof.

My amendment is seconded by the hon. member for Yorkton-Melville (Mr. Nystrom). The purpose of asking for a reconsideration of clause 10 is so that back in the committee of the whole members could delete the clause that reduces the family allowance from a bill which is otherwise good.

Mr. Deputy Speaker: Hon. members have heard the amendment proposed by the hon. member for Winnipeg North Centre (Mr. Knowles). All those in favour will please say yea.

Some hon. Members: Yea.

Mr. Deputy Speaker: All those opposed will please say nay.

Some hon. Members: Nay.

Mr. Deputy Speaker: I declare the amendment defeated.

Mr. Knowles (Winnipeg North Centre): On division.

Amendment (Mr. Knowles, Winnipeg North Centre) negatived.

Mr. Deputy Speaker: Is the House ready for the question in respect of third reading of the bill?

Some hon. Members: Question.

Mr. Deputy Speaker: Is it the pleasure of the House to adopt the said motion?

Some hon. Members: Agreed.

Motion agreed to and bill read the third time and passed.

* * *

BUSINESS OF THE HOUSE

Mr. Baker (Grenville-Carleton): Mr. Speaker, I rise on a point of order. There was some discussion earlier in the day with respect to a government proposal dealing with the order in council concerning the new Ministry of State. Could the government House leader indicate now whether we will be proceeding on Wednesday with Bill C-12, or will we be commencing the seven-hour debate on the motion, as provided for under the statute?

Mr. MacEachen: Mr. Speaker, I gave notice today of the motion to which the hon. member refers and it is my intention to call it on Wednesday. I do not think there will be any

change in that intention, but if there is I will let the hon. member and members of other parties know early tomorrow.

Some hon. Members: Ten o'clock.

Mr. Deputy Speaker: Is it agreed that we call it ten o'clock?

Some hon. Members: Agreed.

PROCEEDINGS ON ADJOURNMENT MOTION

[*English*]

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

GRAIN—MOVEMENT TO EXPORT POSITIONS

Mr. Don Mazankowski (Vegreville): Mr. Speaker, the question I should like to deal with tonight arises from questions I posed to the Minister of Agriculture (Mr. Whelan) on November 10 as they appear at page 1007 of *Hansard* for that date. They related to the movement of grain to export positions. They arose also from the statement of officials of the Canadian Wheat Board that some 2.3 million tonnes in grain sales had been deferred this year, meaning ultimately a loss of income to the farmers of something of the order of $350 million. It was also stated that some four million tonnes of additional export sales could have been realized in the last crop year if sufficient transportation capacity had been made available, and this amounted to a loss of $500 million.

The Minister of Agriculture in his response to me at that time suggested I was engaged in sweeping accusations, that the situation was being watched closely, and he implied that it was easy to make sweeping accusations but difficult to deal with the problem.

At that time I went on and tried to elicit from him whether the government had any action or plan to increase grain-handling capabilities in order to meet the challenges of the 1980s and, specifically, the challenges which will presented on the west coast, resulting in demand for an increased capacity of something of the order of 70 per cent. There was the usual waffling answer from the Minister of Agriculture indicating that new programs were being worked on, etc.

These questions and this kind of answer are not new in this House. What is becoming increasingly disturbing is the fact that conditions are deteriorating day by day. What we on this side find difficult to comprehend is why the minister and the government are so touchy and so much on the defensive when we raise these issues. They attempt to disregard the magnitude and importance of the matter of grain handling and the transportation system, and engage primarily in rhetoric rather than dealing specifically with answers to the questions.

Again today in the House I brought up a situation which clearly demonstrates a failure on the part of someone—and I am not going to point any finger here—engaged in the grain handling and transportation business regarding a total lack of co-ordination in respect of the allocation of railway rolling stock. There has been a complete breakdown. We now have the situation of empty cars being despatched to country elevator points for which there are no orders. Because there are no orders these railway cars eventually end up in the hands of the railways, empty. There is a complete breakdown in utilization. The Minister of Transport (Mr. Lang) was disturbed and irate, and attempted to twist and distort the question I posed to him this afternoon. He attempted furthermore to try to subvert a reasonable solution which we on this side of the House had proposed.

The fact is that Canada continues to lose sales every day; and the fact that the situation deteriorates day by day is why this matter should be raised in the House every day and why we should be demanding action. Last week the Canadian Wheat Board had to withdraw from the monthly market of the Japanese food agency. The fact is that the United States has now captured a good percentage of our traditional Chinese market and is vigorously pursuing other markets.

It is an additional fact that the Alberta Wheat Pool and other grain companies are now engaged in the movement of grain, particularly oilseeds, to the west coast because there is inadequacy of grain transportation, specifically railway cars. This is a very expensive proposition. The fact that these things are taking place would indicate there is a very serious problem. It is a fact that the barley producers are suffering because markets have literally come to an end, not because there are no possibilities of sales but because there is an inadequate transportation system in place to move that grain. As of this date some 2.3 million tonnes of grain sales have been deferred, and more sales are being deferred every day. I am sure that the total must now amount to at least half a billion dollars.

• (2202)

We have demurrage charges. Our reputation as a reliable supplier of grain continues to deteriorate. We are told that the rapeseed industry is threatened by the fact that there is a billion dollars' worth of export sales which cannot be delivered at this time. These are some of the reasons we are demanding action from this government.

I submit that the reason the ministers responsible find our questions offensive is failure on the part of their government to deliver the goods which they promised, specifically the promises of the 1974 election. There is a failure on the part of the government to act even at this late date on what I refer to as an emergency situation. The Minister of Transport talks of more studies. He talks of the necessity for technical analysis. The system has been studied to death. Surely we do not require technical analysts to come here from the United States to try to figure out what is wrong, when railway cars are being despatched to country elevator points where there are no orders. Surely we do not require that kind of expertise.

As far as we are concerned, there is only one way to resolve this matter today, and that is to bring together representatives of the components which are involved in the grain handling, transportation and marketing systems. Surely the combined expertise of these individuals, with proper leadership and a desire on the part of government, can serve as a catalyst for current planning and for the future. We must stop this political rhetoric and get on with some action, because if the problems are not resolved soon, the tragedy of the 1970s will be the loss of Canada's prominence in the world export grain trade picture.

Mr. Roger Young (Parliamentary Secretary to Solicitor General): Mr. Speaker, this question was thoroughly debated in the House on November 13, but I will repeat the minister's position for the hon. member's benefit.

This government has been concerned for a great number of years about the problems facing the grain transportation and handling system, and we have numerous programs in place to alleviate these problems in the years ahead. These programs are aimed at achieving precisely the same target as that outlined recently by the commissioners of the Canadian Wheat Board. The minister has for several years spoken about "building for a billion" in our programs in support of the grain transportation system. He has more recently spoken about exports in excess of a billion bushels as achieved by the mid-1980s.

But this minister has also done much more than merely talk about the problem. He has instituted solid programs to rescue the transportation system from the rapid deterioration it was subject to following half a century of neglect. Some hard decisions have had to be made, and he has had the courage to make them.

The network of rail lines has been trimmed down to a supportable size, and we are in the process of rehabilitating these lines. Some $100 million has already been spent on this program, and it will have cost in excess of $700 million when it is completed in the mid-1980s. These improvements cannot be made overnight, but we have moved to implement them as quickly as possible.

The fleet of rolling stock for the movement of grain has been gradually aging and taken out of service. This minister recognized this early and started purchasing new, modern hopper cars in 1973. The government has now purchased 8,000 hopper cars at a cost of $256 million.

Canada's grain terminal capacity is also being increased. Under the Canadian Wheat Board's storage incentive scheme, storage capacity at Vancouver is to be increased by 40 per cent. Half of this increased storage, 5.8 million tonnes, is to be completed in time to provide increased capacity in Vancouver this winter. The remainder will come on stream by the end of next year.

There are significant improvements that are being made today to increase our export potential now and in the future. We are also investigating every possible means available to move the maximum amount of grain through the St. Lawrence system prior to the closing of that system, including increasing the hours of operation wherever possible.

But we are not concerned just about the immediate problems we are facing. We are also concerned about the long-term problems facing the grain handling and transportation systems. We have had the Hall commission inquire into the complex social and economic relationships involved in this system. We are now very near to having in place a complete basic network of prairie branch lines that are guaranteed operation until the year 2000. This provides the grain companies with the necessary certainty of service so that they can confidently proceed with the replacement and upgrading of facilities so necessary to provide farmers with the facilities they require.

• (2207)

The federal government is also proceeding with a program of rehabilitating those branch lines that are designated as part of the basic network. This program has seen the commitment of $170 million for the first three years and will see the expenditure of $700 million before it is completed. Improvements to various rail lines in the pairies are already available for all to see.

Once this program is completed, all the basic network lines will be capable of carrying hopper cars that will travel at speeds far in excess of those permitted today. These improvements will provide the capacity necessary to carry the increased volumes of grain necessary in the future.

In conclusion, Mr. Speaker, we are moving to provide the necessary capacity. We are building a system capable of moving in excess of a billion bushels by the middle of the 1980s. It is not a process that can be expected to occur overnight but all the necessary programs are in place now.

NATIONAL REVENUE—REORGANIZATION OF DEPARTMENT—DELAY IN SOLVING TAXPAYERS' PROBLEMS

Mr. Lloyd Francis (Ottawa West): Mr. Speaker, on November 28 I asked the Minister of National Revenue (Mr. Abbott) whether it was a correct interpretation of an article that appeared in the *Globe and Mail* on November 22 that, as a result of the decentralization of operations of the Department of National Revenue, the service to the public in a number of cases would be less efficient and not more efficient.

The report in the business section of the newspaper stated that the director general of the compliance division of the Department of National Revenue, Mr. J. L. Gourlay, had said in a speech to a group of tax accountants in Montreal that the result of decentralization would be to provide a better service for a larger number of accounts than could be handled in the local office; and where there was a problem, reference would have to be made to the centralized records kept at head office in Ottawa and there would be delay in providing the service.

The minister's reply to my question in the House, as reported at page 1565 of *Hansard*, seemed to admit that in perhaps

75 per cent to 80 per cent of cases there would be good service but in the remaining cases there might be further delays.

This raises the whole question of the objectives of the government in the decentralization program that is being implemented and the results of the program. I cannot help but refer to a speech made during the budget debate by my colleague on this side of the House, the hon. member for Sherbrooke (Mr. Pelletier) in which he dwelt at considerable length on the need to go ahead with decentralization. He pointed out that when the policy was announced by the then president of the treasury board, the Minister of Finance (Mr. Chrétien), in May 1975, the objectives were, first, to bring the administration of federal programs closer to those directly concerned; second, to help slow growth and high unemployment areas; third, to make the federal administration more conspicuous in communities where it was not much felt and where activities related to the country as a whole can contribute to national unity; and, finally, to reduce the undue concentration of civil servants in the national capital area. In the national capital region there are fewer than 25 per cent of the entire public service of this country. How this figure can be construed as an "undue concentration" in the national capital is something I fail to understand.

The hon. member for Sherbrooke went on to say that the total capital expenditures required by government for the decentralization program will amount to some $200 million. He said that this will not require additional expenditures since most are charged against the normal construction budget of the Department of Public Works. I offer that as an interesting example of double talk. Without question the program is more expensive. New buildings have to be built and they are costly. The hon. member for Sherbrooke referred to man-years and said this was a great thing. He pointed out that 24 Canadian cities had been selected to receive the transfer of federal employees. As reported at page 1447 of *Hansard*, the hon. member said:

> For the sake of political decency, we cannot let the hopes of a whole population hang in midair without knowing what will happen.

I agree, Mr. Speaker. He went on to say as follows:

> The federal government is determined to relocate that service in Sherbrooke, in accordance with the commitment given to the public servants and all the provinces in the house in 1974. Let us think about it: it concerns 750 employees, plus their spouses and children, a total of about 2,000 people. It means creation of at least 1,500 direct and indirect jobs, total annual wage of over $15 million, and capital investments in the range of $40 million. In brief, a project with absolutely tremendous economic repercussions.

● (2212)

I cannot help but observe that in days past when an army attacked a city, they circled it, pillaged it and took the booty home. Nowadays some members of a political party think they can pillage and take booty away from the national capital and treat it in about the same way invading armies did centuries ago.

My colleague from Sherbrooke referred to the costs. We now have restraint in government expenditures. Surely these costs to which he refers cannot be justified. I say to my colleague from Sherbrooke that the decentralization program was conceived at a time when there was an average federal growth of 3 per cent in the public service. Now we do not have zero growth but negative growth. In the national capital region are 65 per cent of those 5,000 positions that are to be declared redundant, and we have one-quarter of the federal public service in the national capital region.

I stress to my colleagues and friends on all sides of the House the impact of decentralization and relocation on the city of Ottawa. In the central business core of the city, 6 million square feet of office space will be vacated by the federal government as a result of this shift in its operations. Two million square feet of temporary structures will be destroyed. Four million square feet of privately-owned accommodation will be vacated. Vacancy rates are approaching 15 per cent to 20 per cent in the central core, and will approach 30 per cent before very long. The national capital itself, as a result of the diminution of the federal grant and the removal of federal activities, will probably suffer the highest real estate taxes of any metropolitan community in Canada.

I simply point out that the policy of decentralization was conceived in other circumstances and cannot be applied in the way the announcement indicated it would in 1975. The policy is costly, it is wasteful and it is inefficient. It has an undue impact on one region, the capital city. I ask that this policy be reconsidered.

Mr. Roger Young (Parliamentary Secretary to Solicitor General): Mr. Speaker, the reorganization, or more properly the decentralization, of the operations of the Department of National Revenue, Taxation, was initiated as part of the government's decentralization program. Hon. members will be aware of a number of other instances in which the government has moved or is in the course of moving operations from Ottawa to other locations in Canada to create greater opportunities for employment and to increase the federal presence.

In the particular case of taxation, some decentralization is necessary for operational reasons. Every year during the period in which the mass filing and initial processing of tax returns takes place, the department has had to hire several thousand temporary employees who could be expected to achieve a high degree of efficiency in data conversion and associated clerical work at its single processing centre in Ottawa. With the growth in the volume of tax returns it was becoming very difficult to find enough temporary workers of the kind needed in Ottawa. As an interim measure a second and temporary centre was set up in Winnipeg.

Longer term plans to spread the work more evenly were approved which called for the construction of six permanent centres. They are to be called taxation centres. One is to be located in Surrey, B.C., one in Shawinigan-Sud, Quebec—both of which have recently been opened—and four more to be located in Winnipeg, Manitoba, St. John's, Newfoundland, Jonquière, Quebec, and Sudbury, Ontario. As a last stage the Ottawa processing centre would be converted to the new mode, making seven taxation centres in all.

At the same time, it was seen that to have almost entirely temporary work at these centres would not be a satisfactory answer to employment creation as would a good mixture of temporary and permanent work. Therefore it was decided to move not only the initial processing from Ottawa to the centres but also certain work from the 28 district offices which did not require direct contact with the public. In so doing we would provide more permanent jobs at the taxation centres and have opportunities for efficiency through economies of scale.

The taxpayer should experience no decrease in the level of service. Most taxpayers' contact with the department of taxation is by mail. In general the centres, when spread geographically, should be more responsive than was possible with one centre in Ottawa. The district offices will remain where they are to answer the inquiries of those who seek information by phone or by personal visit.

• (2217)

It is true that the individual taxpayer's files now in the district offices will be held in the centres. However, less than 10 per cent of inquiries require reference to an individual file and measures will be taken for quick transportation of the files from the centres to the district offices when they are needed.

IMMIGRATION—ASYLUM IN CANADA FOR SOUTHEAST ASIAN REFUGEES

Mr. Jake Epp (Provencher): Mr. Speaker, on November 14 I asked a question of the Minister of Employment and Immigration (Mr. Cullen) concerning Vietnamese refugees. I asked the minister whether contacts had been made with the United Nations commissioner for refugee matters and what the status was regarding the acceptance by Canada of some of these refugees on the *Hai Hong*.

I think all Canadians have been concerned about what has been happening in that part of the world to those who have been forced to flee from their country. I suggest it is a desperate situation, and not only in Southeast Asia. I do not have time to do this tonight, but one could identify at least five or six areas in the world today where there is conflict and where refugees could be called forward or would want to come to Canada.

While we might say we have peace in the world, we have to keep in mind the fact that there are trouble spots. We have to respond as members of the international community. In fact, the United Nations commissioner for refugees estimates that the world's refugee problem could be in the order of ten million. Whatever the exact figures, the fact remains that at this point in the world's history we have the highest number of refugees and humanitarian cases since the last days of World War II. We all know the tremendous displacement of humanity which was the result of that human conflict, yet somehow today we have not felt the impact of similar numbers who can no longer live in their country.

Statistics and people who have studied this question show that the problem is not likely to decrease, numerically at least, in the foreseeable future. In Thailand today there are 130,000 to 150,000 persons who are either refugees or are what are sometimes termed displaced persons. The small country of Malaysia has between 30,000 and 40,000 refugees. That is the situation. Daily people are leaving in unseaworthy craft or small fishing vessels. They are embarking on a search for freedom in a country which at that point in time they simply do not know but which might accept them.

Who is a refugee? We must first keep in mind that he or she is a person, a human being who has lost his home and ability to make a living. Very often it is a human being who has lost his or her family, or at least some members of that family.

In 1976 we passed the Immigration Act which was proclaimed this year. For the first time we placed into an Immigration Act in Canada the provision that we would accept refugees. This is part of Canada's immigration policy at the present time. We said we would accept as refugees those who were defined as conventional refugees. We would also accept humanitarian cases, people who might not be classed as conventional refugees but who are displaced by emergency situations of war, social upheaval or natural disaster.

There are those who say that refugees take jobs. They say they are not people such as we are. I want to say that these are people who are doers. They are builders. I had a teacher who often said to me that in life it is a risk to meet people, but a risk well worth taking. No better can we use that argument than with these refugees.

The natural flow for the next year has been defined by the minister as in the order of 100,000, of which 6,000 are to be refugees. Who is taking these refugees? The United States, France, Belgium, Australia and Canada. How about Sweden? According to statistics, they are not taking refugees from Southeast Asia yet that much maligned country, the United States, is taking a minimum of 25,000. Where are those who protested during the war? Where are they today? Is the suffering of humanity at the hands of a government, be it of the right or of the left, no longer important? Where, for instance, are the clips on television of people protesting the war that we saw in the sixties?

• (2222)

If all that was valid, how is it that the carnage in Southeast Asia today is not something we should protest? Where are the Berrigans today, where are the Fondas? Where are those who actively resisted the government? The genocide in Cambodia at the present time defies imagination. What about Vietnam? We do not hear reports of genocide in Vietnam as in Cambodia, but what about the people who are forced to leave Ho Chi Minh city and go into the countryside where they can find nothing to live on? What about the displacement of families? Is Vietnam setting up a gulag such as was described so well by the Russian writer Solzhenitsyn?

I am not protesting to the government, but surely in the name of humanity, as members of the international community we should look seriously at the responsibility we have as Canadians. We have taken 600 refugees from the *Hai Hong*.

That is commendable. I recognize we cannot solve the refugee problems of the world. What I am saying, hopefully with the support of a great many Canadians, is: let us be sensitive to the needs of these people and, having analysed the situation, recognize from a humanitarian point of view what our obligations should be in terms of settling people here, not only giving them the benefit of freedom but, as Canadians, ourselves getting the benefit of their drive and loyalty to this country.

Mr. Frank Maine (Parliamentary Secretary to Minister of Employment and Immigration): Mr. Speaker, it would be remiss of me if I did not, first of all, compliment the hon. member for Provencher (Mr. Epp) on his erudite commentary concerning the situation of these refugees in the world today. I agree wholeheartedly with his comments and I, too, look to Canada to show the way by adopting a humanitarian approach to this whole difficult question.

Canada and other concerned countries have for some time been in consultation with representatives of the U.N. high commission for refugees on the plight of the *Hai Hong* refugees. As a result of these discussions, the minister announced on November 18, 1978, that Canada was prepared to accept 600 of these people.

At the time of the announcement, the minister called upon church groups, service clubs, other groups and concerned Canadians in general for such as welcoming committees, accommodation, clothing, and other personal assistance in integrating these people into community life. The minister also indicated at that time that Canadian groups of five or more could sponsor Southeast Asian refugees. These would be in addition to the 600 announced, and the monthly commitment of 50 "small-boat escapee" and 20 Thailand "camp" refugee families.

I am confident that, as in the past, the Canadian people will demonstrate their charity in assisting and welcoming these refugees to their new home country.

Mr. Deputy Speaker: The motion to adjourn the House is now deemed to have been adopted. Accordingly, this House stands adjourned until two o'clock p.m. tomorrow.

Motion agreed to and the House adjourned at 10.27 p.m., without question put, pursuant to Standing Order.

HOUSE OF COMMONS

Tuesday, December 5, 1978

The House met at 2 p.m.

● (1407)

ROUTINE PROCEEDINGS

[*English*]

CANADIAN WHEAT BOARD

CRITICISM OF PURCHASE OF HOPPER CARS BY BOARD—MOTION UNDER S.O. 43

Right Hon. J. G. Diefenbaker (Prince Albert): Mr. Speaker, I rise, under the provisions of Standing Order 43, on a matter of urgent and pressing necessity. I move:

That the government immediately make a declaration that it does not view with approval the purchase by the Wheat Board of thousands of freight cars, the responsibility for which should rest on the railway companies, as the cost thereof will ultimately reduce the returns that the farmers will be entitled to and thereby unjustly penalize the farm producers.

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

Some hon. Members: Agreed.

Some hon. Members: No.

* * *

LOTO CANADA

REQUEST FOR STATEMENT ON REPORTED WASTE IN CORPORATION—MOTION UNDER S.O. 43

Mr. Paul Dick (Lanark-Renfrew-Carleton): Mr. Speaker, I rise on a matter of urgent and pressing necessity, pursuant to the provisions of Standing Order 43.

In view of the shocking reports on national television that Loto Canada may end up with bills of up to $37 million because of, in the words of our national television network, "a gamble that did not pay off", and in view of the fact that the minister was urged by the provinces and by members of the House of Commons as far back as early June not to proceed with this gamble, I move, seconded by the hon. member for Central Nova (Mr. MacKay):

That the minister make an immediate statement on motions setting out in complete detail the background of this fiasco, the reasons which motivated her, and a complete picture of the losses involved to the Canadian taxpayers so that members of the House of Commons can better understand the enormity of the blunder and ascertain, by questions after her statement, ways to prevent her from doing it again, assuming she remains in her portfolio until the spring.

Mr. Speaker: Is there unanimous consent for the introduction of such a motion?

Some hon. Members: Agreed.

Some hon. Members: No.

CALL FOR INVESTIGATION BY AUDITOR GENERAL—MOTION UNDER S.O. 43

Mr. Edward Broadbent (Oshawa-Whitby): Mr. Speaker, I hope there will be a more responsive reaction to my Standing Order 43 motion on the same subject.

In view of last night's news report which presented a horror story of waste, incompetence and mismanagement related to Loto Canada, involving the possible waste of some $37 million of the taxpayers' money, I move, seconded by the hon. member for Winnipeg North Centre (Mr. Knowles):

That this House calls upon the Auditor General of Canada to undertake immediately a specific investigation of Loto Canada and, if these reports are confirmed, that the minister responsible for Loto Canada hand in her running shoes and resign.

Mr. Speaker: Is there unanimous consent for the introduction of such a motion?

Some hon. Members: Agreed.

Some hon. Members: No.

RESTRAINT ON SPENDING OF LOTO CANADA—MOTION UNDER S.O. 43

Mr. Otto Jelinek (High Park-Humber Valley): Mr. Speaker, I rise on the same grave and serious matter, under Standing Order 43, dealing with the government's mismanagement of Loto Canada with respect to an apparent $37 million blunder with the on-again, off-again Loto Select computer system.

In view of the government's commitment to restraint, and keeping in mind the millions of dollars wasted which could have been allocated to research and development and other casualties of this government's priorities for restraint, I move, seconded by the hon. member for Oxford (Mr. Halliday):

That the Prime Minister make a meaningful commitment to saving taxpayers' money by moving to restrain his Minister of State (Fitness and Amateur Sport), hereby to be known as the $37 million woman.

S.O. 43

[*Translation*]

FINANCE

PROPOSAL THAT 3 PER CENT REBATE ON AUTOMOBILE INVENTORIES BE APPLIED TO DEALERS—MOTION UNDER S.O. 43

Mr. Armand Caouette (Villeneuve): Mr. Speaker, under the provisions of Standing Order 43, I wish to raise a matter of urgent and pressing necessity.

On November 16 last the Minister of Finance (Mr. Chrétien) suggested in his budget a reduction of the federal tax from 12 per cent to 9 per cent. That reduction does not apply to everybody since automobile dealers who have cars in stock or in transit will not benefit from it. That kind of step would surely help small businessmen and give some cash to consumers, and it would be appropriate for the government once for all to take its responsibilities. I move, seconded by the hon. member for Richmond (Mr. Beaudoin):

That this House urge the Minister of Finance to introduce a bill providing for a reduction of the federal tax on cars in stock or in transit to do justice to automobile dealers.

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

Some hon. Members: Agreed.

Some hon. Members: No.

* * *

[*English*]

ENVIRONMENTAL AFFAIRS

FEDERAL FUNDING OF WATER QUALITY RESEARCH—MOTION UNDER S.O. 43

Mr. Lorne Nystrom (Yorkton-Melville): Mr. Speaker, I rise on a matter of urgent and pressing necessity under the provisions of Standing Order 43.

The current issue of *Critical List Magazine* outlines growing evidence that the quality of water for human consumption in our country is deteriorating to the point where scientists are concerned about the danger of water as a transmitter of major contaminants. It is increasingly evident that bacteria, viruses, chemicals and metals in our water supply constitute a basic health hazard. Since this issue affects all Canadians and is one over which we, as consumers, have little individual control, I move, seconded by the hon. member for Winnipeg North Centre (Mr. Knowles):

That this House instruct the Minister of State (Environment) to resume federal funding of water quality research in Canada.

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

Some hon. Members: Agreed.

Some hon. Members: No.

[Mr. Jelinek.]

[*Translation*]

AGRICULTURE

REQUESTED ESTABLISHMENT OF MARKETING BOARD FOR POULTRY—MOTION UNDER S.O. 43

Mr. Roch La Salle (Joliette): Mr. Speaker, pursuant to Standing Order 43, I seek the unanimous consent of the House to move a motion on a matter of urgent and pressing necessity.

In view of the urgent necessity of setting up a national marketing board for broilers, the fact that the Department of Agriculture obtained long ago the provinces' agreement to this project, as well as the warranted concern which is rising among producers about the postponed announcement by the ministry of the setting up of this board, I move, seconded by the hon. member for St. Boniface (Mr. Hare):

That the House unanimously urge the Minister of Agriculture (Mr. Whelan) to announce before the adjournment of the current session the setting up of the national marketing board for broilers and that April 1, 1978, be considered as the final date for the calculation of the import base.

Mr. Speaker: Order, please. The House has heard the hon. member's motion. Pursuant to Standing Order 43, this motion requires the unanimous consent of the House. Is there unanimous consent?

Some hon. Members: Agreed.

Some hon. Members: No.

* * *

[*English*]

INQUIRY OF THE MINISTRY

MOTION UNDER S.O. 43

Mr. Maurice A. Dionne (Northumberland-Miramichi): Mr. Speaker, I rise, pursuant to Standing Order 43, on a motion of urgent and pressing necessity arising out of the weekend musings of the Leader of the Official Opposition (Mr. Clark).

I move, seconded by the hon. member for Kent-Essex (Mr. Daudlin):

That this House directs that the proposed Tory San Clemente on the Athabasca River consist entirely of a fleet of $100,000 motor homes to be paid for by the Alberta Heritage Trust Fund.

* * *

● (1412)

ENERGY

KITIMAT OIL PIPELINE PROPOSAL—MOTION UNDER S.O. 43

Mr. Stuart Leggatt (New Westminster): Mr. Speaker, in view of the report today that the Kitimat pipeline proposal is "still alive and well", in view of United States legislation which sets December 9, 1978, as the deadline for proposals, and in view of the meeting of the Kitimat consortium with the cabinet of the British Columbia government in October this

year to seek approval of this project, I move, seconded by the hon. member for Cape Breton-East Richmond (Mr. Hogan):

That this government, on motions today, reaffirms its position that the Kitimat oil pipeline proposal is dead.

Mr. Speaker: Presentation of such a motion for debate would require unanimous consent. Is there unanimous consent?

Some hon. Members: Agreed.

Some hon. Members: No.

* * *

FRESHWATER FISH MARKETING CORPORATION

REQUEST CORPORATION CEASE SELLING SUPPLIES TO FISHERMEN—MOTION UNDER S.O. 43

Mr. Jack Hare (St. Boniface): Mr. Speaker, I rise, under the provisions of Standing Order 43, on a matter of urgent and pressing necessity.

The Freshwater Fish Marketing Corporation was originally set up to market fish from inland waters. Currently, the FFMC is also in the business of selling supplies such as nets, fuel, clothing, etc., at cost to fishermen from whom they purchase fish. In view of the fact that private companies are involved in selling supplies to fishermen, this action of the corporation is an intervention by the government into the private sector and is contrary to the marketing objectives of the FFMC.

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

That the government take steps immediately to discontinue sales of supplies to freshwater fishermen.

Mr. Speaker: Introduction of such a motion for debate at this time, pursuant to Standing Order 43, can be done only with unanimous consent. Is there unanimous consent?

Some hon. Members: Agreed.

Some hon. Members: No.

ORAL QUESTION PERIOD

[*English*]

THE CANADIAN ECONOMY

ADVERSE EFFECT OF BUDGET AND BANK RATE ON EMPLOYMENT SITUATION

Mr. James A. McGrath (St. John's East): Mr. Speaker, my question is for the Minister of Finance. It is based on the labour force survey for last month which showed 850,000 Canadians unemployed, an increase of 50,000 and the startling and alarming increase in the number of young people unemployed in this country, officially standing at 14.5 per cent. It seems that the only growth factor in this economy is unemployment.

I ask the minister what steps the government intends to take to offset this very serious trend in the growth of youth unemployment and the lack of jobs generally, given the restrictive measures of his budget and the restrictive measures of the bank rate which is slowing growth in this country.

Hon. Jean Chrétien (Minister of Finance): Mr. Speaker, this month there is a slight increase in unemployment. It is 8.3 per cent, which is in fact one-tenth of a point less than it was a year ago. During the year we have created 371,000 new jobs. Of course, it is always a problem: unemployment is too high in Canada, but the capacity of the Canadian economy to create new jobs is unprecedented.

* * *

EMPLOYMENT

ACTION TO CREATE JOBS

Mr. James A. McGrath (St. John's East): Mr. Speaker, perhaps I could put a question to the Minister of Employment and Immigration. Given the fact that the employment growth was 370,000, while the growth in the labour force was 380,000 which means a lag of 10,000 jobs—which is a very serious trend, and notwithstanding what the Minister of Finance had to say, what recommendations is the Minister of Employment and Immigration prepared to make to his colleagues in government, given the very serious situation in this country today where there are only 46,000 jobs and 850,000 Canadians looking for them?

Hon. Bud Cullen (Minister of Employment and Immigration): Mr. Speaker, it is not what recommendations I will make, but what recommendations have already been made and accepted whereby we are pumping something like $50 million into the job experience training program and expect to create jobs for about 58,000 young people over this winter. Through the job creation program I announced in September, $250 million has been made available which will impact on youth and youth unemployment. There is the co-operative education program, in concert with the provinces, and the year-round youth corps program. All of these programs are in place to meet a very important need.

I think the hon. member neglected one statistic, namely, the employment to population ratio, which is now 57.6 per cent for the second consecutive month. I think that is a better measure of the strength of the economy than the histrionics of the hon. member.

Mr. McGrath: The young people of this country, especially, want jobs, not the minister's programmed, empty rhetoric. In light of the importance of the labour force survey, not only in measuring the impact of the disastrous policies of this government on the economy but in terms of the minister's responsibil-

ity as minister of immigration and his responsibility for manpower training, I ask him if the government intends to do away with the job vacancy survey as of the end of this year, as they have planned, even though it will probably be more embarrassing to the government as we get into next year. If he intends to do away with it, can he tell the House what he intends to replace it with and will these new figures be made available every month?

Mr. Cullen: Mr. Speaker, if we had all the money in the world we could probably meet all the requests and suggestions of members of the opposition. We just do not have that kind of money available.

● (1417)

I am as concerned as the hon. member about the level of unemployment. I have indicated a whole series of programs that we have in place to deal with this particular problem, with very heavy emphasis on the youth component of the unemployment figures. I think that is a legitimate response from the government. The fact that 370,000 more people are working this year than last year, that 2.3 million more people are working today than were working ten years ago, is some indication of a move in the right direction.

Mr. Clark: Desperation.

[*Translation*]

INQUIRY AS TO SUCCESS OF JOB CREATION PROGRAMS

Mr. Roch La Salle (Joliette): Mr. Speaker, my question is also directed to the Minister of Employment and Immigration. The minister is always very keen to speak about his training and job-creation programs. Last September, he announced the implementation of several job-creation programs. However, Statistics Canada declared this morning that 265,000 persons had been looking for a job for more than 14 weeks, including 107,000 unemployed people between 15 and 24. Given the circumstances, I would like to ask the minister if he would be in a position to prove the efficiency of his programs that have been implemented for three months and should help improve the situation. Instead of that Statistics Canada announced this morning that the unemployment rate was rising sharply. Also, I would like to point out that the Minister of Finance proved in his budget that he will be unable—

Mr. Speaker: Order, please.

Mr. La Salle: The minister of Finance has proved that he will be unable to meet the demand. Under the circumstances, to guard against a situation which seems not only alarming but dangerous, will the minister introduce programs other than those which have until now proved totally inefficient?

[*English*]

Hon. Bud Cullen (Minister of Employment and Immigration): Mr. Speaker, inevitably hon. members opposite say, notwithstanding what the Minister of Finance has said, but we cannot be notwithstanding in this respect. The Minister of Finance has indicated that 370,000 more people are working this year than last. That is a record rate of creation of jobs in this country. I think to ignore the employment to population ratio of 57.6 per cent does a disservice and a discredit to the kind of statistics the hon. member is quoting. Every three months in Canada, 1.4 million jobs change hands, so there is hope for the people notwithstanding what the opposition would have us believe.

[Mr. McGrath.]

* * *

[*Translation*]

THE CANADIAN ECONOMY

REQUEST FOR ESTABLISHMENT OF CERTAIN PROGRAMS FOR QUEBEC

Mr. Roch La Salle (Joliette): Mr. Speaker, I can understand the minister pointing out that more people are entering the labour market in large numbers but to my mind the government should have foreseen that. My question is directed to the Minister of Finance. I shall not speak of my riding but of the Saguenay-Lac Saint-Jean, Gaspé and Abitibi regions where the level of unemployment has hovered between 16 per cent and 18 per cent. Seeing those programs were a complete fiasco and taking into account the new super-department, does the Minister of Finance now intend to ask the minister responsible for economic development to create programs that could meet the needs of such vital sectors of the Quebec economy as I mentioned a while ago: does the Minister of Finance intend to ask help from his new boss?

Hon. Jean Chrétien (Minister of Finance): Mr. Speaker, I brought down a budget a month ago the main thrust of which encouraged investments in Canada, because the demand in many sectors is increasing. Take, for instance, the use of the capacity for production of Canada which now stands at 87 per cent, that is much higher than the average over the last 15 years. We provided for special stimulants to slow growth areas, accelerated rates of investment credits, higher credit rates to research and development. We feel that because of the much improved competitive situation of Canada, the economy in the private sector will pick up. And we do not believe that injecting new government funds at this point would solve the problem, all the more so that every time we speak of spending money, the opposition complains about our having deficits that are much too high.

[*English*]

LOTO CANADA

REPORTED WASTE IN CORPORATION—GOVERNMENT KNOWLEDGE

Mr. Edward Broadbent (Oshawa-Whitby): Mr. Speaker, it is strange to hear the Conservatives huff and puff when they see the consequences of the government implementing their own economic policy.

Mr. Woolliams: Keep it clean.

Some hon. Members: Oh, oh!

Mr. Clark: Get your target straight, Ed.

Mr. Broadbent: I would like to ask the Prime Minister, given the report last night that Loto Canada has conceivably wasted up to some $37 million of taxpayers' money through a series of mismanagement decisions, was the government aware that people were actually being hired and expensive equipment was being put into place by Loto Canada precisely at the time the federal minister was negotiating with the provinces alternative arrangements for lotteries in this country?

Right Hon. P. E. Trudeau (Prime Minister): Mr. Speaker, I do not know to what report the hon. member refers, but I will gladly take notice of the question.

• (1422)

Mr. Broadbent: For the Prime Minister's information, there was a report on the news last night to the effect that there has been substantial waste. The Prime Minister can shrug his shoulders; however, most Canadians are concerned about a $37 million waste even if he is not. The allegations made in the news report were extremely serious if they turn out to be accurate.

Will the Prime Minister take to the Auditor General a specific request from the government that he investigate these allegations of serious waste in the operations of Loto Canada?

Mr. Trudeau: Mr. Speaker, if I was shrugging my shoulders, it was only because of the fact the hon. member referred to a newscast as the source of his allegations. I said I had not heard it. I am not aware of it. I will try and get a report on that newscast and see if it is more accurate than another one of last night.

Mr. Broadbent: I hope the Prime Minister is informed about something. I will go to the minister directly responsible. Can the minister inform the House whether she has had a chance to investigate the allegations that were made in the newscast last night? If not, does she intend to do so? Specifically, will she recommend that the Auditor General, as an impartial servant of this House, investigate these serious allegations?

Hon. Iona Campagnolo (Minister of State (Fitness and Amateur Sport)): Mr. Speaker, I am very pleased that the hon. gentleman finally got around to asking me the question.

Some hon. Members: Hear, hear!

Mrs. Campagnolo: I think the CBC has taken stories from a possibly disgruntled ex-employee and given them the virtue of fact. There is no fact to this $37 million figure. I have to refute my value to this House, but far from being a $37 million woman at the moment, I am only an $800,000 woman. So we put a price on it. In this connection I would like to give some detail, if I may, because the figures given were totally incorrect.

Some hon. Members: Oh, oh!

Mrs. Campagnolo: Mr. Speaker, they cannot bear to hear the facts: I will wait until they are ready.

Some hon. Members: Hear, hear!

* * *

[*Translation*]

AGRICULTURE

REQUESTED ESTABLISHMENT OF MARKETING BOARD FOR POULTRY

Mr. Léonel Beaudoin (Richmond): Thank you, Mr. Speaker. My question is directed to the Minister of Agriculture.

Mr. Speaker: Order, please. The hon. member for Richmond.

Mr. Beaudoin: My question has to do with the motion moved in the last few days by my colleague the hon. member for Bellechasse, asking the Minister of Agriculture to establish without delay, considering the approval of the provinces, a poultry marketing board. Can the Minister of Agriculture tell us whether he considered that matter and, if so, when he will take action?

[*English*]

Hon. E. F. Whelan (Minister of Agriculture): Mr. Speaker, I have looked into the matter. The answer is "Soon."

[*Translation*]

REQUESTED BAN ON IMPORTATION OF CUT-UP POULTRY FROM UNITED STATES

Mr. Léonel Beaudoin (Richmond): I would like to direct a supplementary to the Minister of Industry, Trade and Commerce. Considering that some producers complain about the fact that poultry from the United States enters the country as we find it in our supermarkets, unidentified, in quarters or cut-up, can the minister tell us whether he is aware of that situation and whether he will inquire or take steps to end it.

[*English*]

Hon. Jack H. Horner (Minister of Industry, Trade and Commerce): Mr. Speaker, I do not know whether poultry is

coming into Canada that is listed as anything other than poultry. I will certainly look into the question raised by the hon. member and report to him directly.

* * *

LOTO CANADA

REPORTED WASTE IN CORPORATION—GOVERNMENT KNOWLEDGE

Mr. Paul Dick (Lanark-Renfrew-Carleton): Mr. Speaker, I should like to put a question to the Minister of State (Fitness and Amateur Sport). I regret her histrionics of a few minutes ago, saying she would have to wait to answer questions, when she has an opportunity on the motion under Standing Order 43 to make a statement.

• (1427)

In view of the fact that the CBC has recognized what the opposition has been talking about since last June regarding Loto Canada, and in view of the fact that the president of Loto Canada made a statement on June 26 that the contract with General Instruments had been "carefully and prudently managed", can the minister tell the House whether the story appearing in last night's national news entitled "A gamble that didn't pay off" is true and, if it will not cost up to $37 million, what figure does the hon. lady estimate it will cost? The figure I gave in the debate on October 25, as reported at page 469 of *Hansard*, was between $23 million and $28 million.

Hon. Iona Campagnolo (Minister of State (Fitness and Amateur Sport)): Mr. Speaker, I have informed the hon. member for Lanark-Renfrew-Carleton on a number of occasions that when the contracts were terminated I would consider tabling a full disclosure of those terminations in the House. I do think some of the principles behind this issue should be made known to the House. The federal and provincial governments together now have a gross intake of close to $900 million a year from lotteries. Of that amount, only $200 million a year is assigned to Loto Canada; the rest remains with the provinces. We have given $100 million per year by transferring the $1 lottery to the provinces of Ontario and Quebec.

As to the hon. member's question with respect to the CBC report, that is completely erroneous. I was asked what the termination cost would be. I can tell the hon. member only one part of the termination cost, because the assignment of the contract is not completed. In the area of software and attendant equipment, we originally expected the cost to be $14 million. The resolved cost will be between $2 million and $3 million, of which Ontario and Quebec will pay $1 million.

As to the other contracts, as I have said in the House repeatedly, I will consider tabling the data as soon as I have it. I do not have it at this time because it is not completed. As for the hon. gentleman's statement of June 26, I have here his notes of that day: he asked that the House instruct the Crown corporation, Loto Canada, to withdraw from any agreement with General Instruments Canada. I would say we have fulfilled his request.

[Mr. Horner.]

Some hon. Members: Hear, hear!

Mr. Dick: It would have been pleasant, Mr. Speaker, if this had been done at the time and saved the $23 million to $28 million they will end up losing on this deal. However, this has cost the Canadian taxpayer a great deal of money.

In view of the fact that at the meeting with the provincial ministers in Toronto at the end of September or early October, at which the minister responsible for Loto Canada was accompanied by the Minister of Justice, who was then minister in charge of federal-provincial relations, she stated she was using this only as a bargaining tool to preserve a portion of the lottery business for the government, I wonder whether the Prime Minister would consider that a person who only uses as a bargaining tool some $23 million to $28 million should be considered as a person who should be replaced as a minister, one who shows such inept and wasteful habits, poor management ability—

An hon. Member: Shameful.

Some hon. Members: Order.

Mr. Speaker: Order, please.

Mr. Dick: Mr. Speaker, I have a further supplementary—

Some hon. Members: Sit down.

Mr. Speaker: I am sure the hon. member realizes the argumentative nature of his question. The hon. member for Grey-Dufferin-Waterloo.

Mr. Dick: Privilege, Mr. Speaker.

Mr. Speaker: The hon. member for Wellington-Grey-Dufferin-Waterloo.

• (1432)

COMPENSATION PAID TO CORPORATION EMPLOYEES LAID OFF

Mr. Perrin Beatty (Wellington-Grey-Dufferin-Waterloo): Mr. Speaker, I also have a question for the Minister of State (Fitness and Amateur Sport) arising out of the CBC report last night.

The minister will be aware that the CBC reported that several dozen employees of Loto Select were fired after the decision was made to terminate the program, many of whom were hired only days or weeks before the decision was made. One man allegedly has been given some $10,000 under a termination agreement, despite the fact that he never even showed up for work.

Can the minister indicate how much money will be paid in compensation to employees who were laid off after the plan collapsed, and can she indicate how many employees are involved in this?

Hon. Iona Campagnolo (Minister of State (Fitness and Amateur Sport)): Mr. Speaker, there are 71 such employees, 49 of whom have already found alternate employment or taken their severance pay. As the House knows, we felt that these people should be treated humanely because some of them had come from other jobs.

This is another matter in which the opposition wants to have it both ways. I clearly recall hon. members opposite on many occasions saying that there were no jobs at all for Canada in this Loto Canada promotion.

With regard to the reference made earlier by the other hon. gentleman, I want it to be clearly—

Mr. Speaker: Order, please. If I cannot permit the question, I cannot permit the answer.

Mr. Beatty: Mr. Speaker, in the minister's speech she neglected to tell the House what the cost would be for paying benefits to people who were laid off. The CBC report also stated that over $300,000 worth of fittings and furniture are mothballed in Loto Select's Vancouver headquarters, which are leased at the present time at a cost of $160,000 a year for five years.

Can the minister tell the House how much has been committed for the leasing and furnishing of unused facilities in Vancouver, Toronto and Montreal, and how much of this cost can be recovered?

Mrs. Campagnolo: Mr. Speaker, the leases were set out originally at $1 million, and the amount we feel we necessarily will have to pay is $185,000. We will be vacating the Vancouver office in 90 days. Two lessees that we think are very suitable are looking at the property and at some of the fixtures now.

INVOLVEMENT OF TREASURY BOARD—NEGOTIATIONS WITH PROVINCES

Mr. Elmer M. MacKay (Central Nova): Mr. Speaker, I would like to ask a question of the President of the Treasury Board with respect to this matter. Can he shed any light on the rationale of Treasury Board approving this rather substantial negotiating ploy for the Minister of State (Fitness and Amateur Sport) without tenders, since it obviously was not to help Canadian business or to promote a depressed area of the country, as is the case with other undertakings?

Can the President of the Treasury Board tell us if he now knows on what basis this rather foolish transaction or ploy was permitted?

Hon. Judd Buchanan (President of the Treasury Board): Mr. Speaker, it is my understanding that Treasury Board was not involved in this. Loto Canada acted as a Crown agency and did so on its own behalf.

ROLE OF PROVINCES UNDER AGREEMENT

Mr. Elmer M. MacKay (Central Nova): Mr. Speaker, I am sure the President of the Treasury Board is very happy that he can give the answer today that Treasury Board was not involved.

Perhaps I can ask the Minister of State (Fitness and Amateur Sport) to give us a little more information about the role of the provinces, which protested so bitterly when these negotiations were going on over what the *Financial Times* of Canada called a hushed-up, rushed-up deal. Can the minister tell us exactly what benefit or equity she expects from the provinces to help her extricate herself from this situation?

Hon. Iona Campagnolo (Minister of State (Fitness and Amateur Sport)): Mr. Speaker, I do not think there is any question of the provinces helping me to extricate myself from this particular proposal, since it is an agreement between both provinces and the federal government. This is the cost to rationalize the lottery market in this country. It is a fraction of the cost which was mentioned by the CBC, which it conjured up from its own facts: the CBC did not bother to come to Loto Canada to get any facts.

As an aside, the CTV began this story three weeks ago and the CBC has just started on it. The federal government lottery and the lotteries of Ontario and Quebec are working together and, depending on the buy-out cost, that will be how much will be shared by the provinces. I have already told hon. members that in one section of the phase-out there is a $1 million input from the provinces. In the other, I cannot give the details. It is not that I do not want to tell the House; it is that I cannot without pushing up the price. If hon. members opposite think they are performing a favour by doing this—

Some hon. Members: Oh, oh!

Mr. Speaker: Order, please. The hon. member for Oxford.

INVOLVEMENT OF DEPARTMENT OF INDUSTRY, TRADE AND COMMERCE

Mr. Bruce Halliday (Oxford): Mr. Speaker, my question is for the Minister of Industry, Trade and Commerce, and it is with respect to the Loto Select debacle. Prior to the signing of the agreement with General Instruments Corporation, was the minister or his department consulted by any of his cabinet colleagues or their officials regarding the letting of a contract, without bids, to an American firm when it was known that no part of the work would go to Canadians, and when 14 Canadian firms were capable of bidding; and, if so, did he agree?

Hon. Jack H. Horner (Minister of Industry, Trade and Commerce): Mr. Speaker, actually the Crown corporation acted without the advice of the government, but I would be glad to take a look at this matter.

Oral Questions

INVOLVEMENT OF MINISTRY OF STATE FOR FEDERAL-PROVINCIAL RELATIONS

Mr. Bruce Halliday (Oxford): Mr. Speaker, my supplementary question is directed to the Minister of State for Federal-Provincial Relations.

With respect to the ill-fated Loto Select scheme envisaged by the government last spring, can the minister indicate whether his predecessor and his departmental officials were in agreement with the Minister of State and the government forging ahead for their own glory and self-aggrandizement without consulting the provinces prior to negotiating a contract with General Instruments Corporation, in view of the fact that the Minister of Industry, Trade and Commerce in June, 1976—now the Secretary of State for External Affairs—said in committee: "We could decide to carry on or withdraw completely if there is an understanding between the provincial governments and the federal government."?

Hon. John M. Reid (Minister of State for Federal-Provincial Relations): Mr. Speaker—

Some hon. Members: Hear, hear!

Mr. Reid: I want to thank hon. members for their expression of confidence. I say to the hon. member that I do not know the answer to his question, but I will make inquiries.

Some hon. Members: Oh, oh!

* * *

EXTERNAL AFFAIRS

SAFETY OF CANADIANS IN IRAN

Mr. Ralph E. Goodale (Assiniboia): Mr. Speaker, I have a question for the Prime Minister. In view of the representations which I, and no doubt other members, have received with respect to Canadians presently in Iran, and in view of proposals which the Secretary of State for External Affairs apparently now has under consideration to assist citizens of Canada who may be in some difficulty in the tragic events now unfolding in Iran, can the Prime Minister indicate more specifically what contingency plans are being prepared to ensure the safety of Canadians caught in this conflict and, particularly, what steps their relatives and friends in Canada should take to ascertain their whereabouts and their circumstances?

Right Hon. P. E. Trudeau (Prime Minister): Mr. Speaker, I am informed by the Secretary of State for External Affairs that he is preparing such contingency plans, but that at the time being there is no cause for alarm. The embassy is in touch with the some 1,200 Canadians who are in Iran. About one-third of them are in Tehran. The others are either on the Caspian or in the south where there is no immediate danger. Because of the fact that the embassy does know their whereabouts, we are convinced that the government will be able to act, if action is necessary. However, at the present time there is no cause for alarm.

* * *

FINANCE

REQUEST POLICY ON CUTBACKS BE RECONSIDERED—WORSENING UNEMPLOYMENT PICTURE

Mr. Max Saltsman (Waterloo-Cambridge): Mr. Speaker, I would like to direct my question to the Minister of Finance: it is in connection with the worsening unemployment figures which were released today.

Since the minister does not seem to have any concrete proposals to put forward to reduce the level of unemployment in Canada, and since unemployment in the Ottawa-Hull area has increased almost 30 per cent in one month as a result of government cutbacks, would the government reconsider its policy and put off the cutbacks in order to ensure that we do not reach double-digit unemployment in the winter months?

[*Translation*]

Hon. Jean Chrétien (Minister of Finance): Mr. Speaker, in our budget policy last month we announced that we were hoping for economic recovery through higher investments in Canada and that, to our mind, was the best policy to adopt at this time. I think that because of a major improvement in our competitive position on world markets, our economy should pick up in the next few months. As for our cutbacks, that policy was announced last August. We thought it was essential to lessen the government deficit, and in so doing we have tried to minimize staff cuts. That, of course, may be too much for the hon. member, but it is still four times less than what the Progressive Conservative party proposes at this time.

[*English*]

Mr. Saltsman: Mr. Speaker, it is quite clear that whatever the intentions of the government were, its policies are not working, unemployment is increasing and it looks as if it will continue to increase. Just to give the minister another figure from the labour force statistics which were released today—rather startling statistics—the service sector lost 22,000 jobs in November.

● (1442)

As this is unquestionably a result of the reduction in consumer spending, at the very least will the government reconsider its position to withdraw the $250 million in purchasing power from the economy in the first months of 1979 as a result of the reduction in family allowance payments from $28 to $20? Will the government at least defer that proposal in order to ensure purchasing power is maintained at a high level?

Mr. Chrétien: Mr. Speaker, parliament was called upon last night to vote on that proposition. Almost every member of the House voted in favour of the bill. A clause was proposed by the

New Democratic Party and three members voted in favour of it.

Some hon. Members: Hear, hear!

Some hon. Members: Oh, oh!

REASON FOR INCREASE IN WHOLESALE PRICE INDEX—VALUE OF CANADIAN DOLLAR

Mr. Sinclair Stevens (York-Simcoe): Mr. Speaker, my question is directed to the Minister of Finance: it deals with the wholesale price index.

Mr. Nystrom: The three good guys voted in favour of the clause the minister referred to.

Some hon. Members: Oh, oh!

Mr. Stevens: I will wait until the Liberals and their socialist cousins calm down.

Today, the wholesale price index indicated that in October prices rose 2.1 per cent, or at the rate of 25 per cent per year. Would the minister explain to the House why this rapid increase should be occurring? Would he agree that this is another example of the disastrous effects on prices of the cheap dollar encouraged by the minister?

Hon. Jean Chrétien (Minister of Finance): Mr. Speaker, we receive the total picture every month when the consumer price index is produced in order to reveal the real reason for it. In the last three months, inflation in Canada increased at the rate of 1.1 per cent, which was the lowest three-month period of inflation we have known for many years.

Mr. Stevens: Mr. Speaker, again my question is directed to the Minister of Finance. So far this month the government has lost $200 million in attempting to defend the dollar, on top of the $500 million which was lost last month.

Would the Minister of Finance indicate if the chairman of the Standing Committee on Finance, Trade and Economic Affairs was stating government policy at the Skyline hotel when he was reported as calling for the pegging of the dollar at approximately today's value?

Mr. Chrétien: Mr. Speaker, I cannot accept the figures given by the hon. member concerning what happened to the reserve this month. It is not known. It will be known by the public at the end of the month. It is not very useful to throw around figures like that just to create more speculation concerning the dollar.

In terms of the policy of the government, the hon. member made a speech at noon. He is entitled to his opinion. The policy of the government is a floating currency and we have no intention of pegging the Canadian dollar.

Oral Questions

STATUS OF WOMEN

REPORT OF ADVISORY COUNCIL CONCERNING ADVANCEMENT IN PUBLIC SERVICE

Mr. David MacDonald (Egmont): Mr. Speaker, my question is directed to the Minister of Justice in his capacity as the minister responsible for the status of women. The minister may recall that last Monday I asked him about the unusual procedure of the advisory council in sending to the Public Service Commission its annual assessment on the progression of women in the public service. The minister saw no problem with that if it only dealt with statistics.

Has he determined whether this further delay has resulted in any amendments to that report? How much longer will the report be delayed before it is made public in parliament and to the people of the country?

Hon. Marc Lalonde (Minister of Justice): Mr. Speaker, last week I told the hon. member that the advisory council was an autonomous agency and that I did not intend to interfere with its operations. I do not intend to start interfering this week any more than I intended to last week. However, I would be very happy to relay to the council the question raised by the hon. member. I am sure the council will be quite pleased to communicate directly with the hon. member if there is anything to communicate.

As far as the report itself is concerned, as I have said, I do not have any information. I do not intend to interfere with the operations of the council. The hon. member would be the first one to blame me if I were to attempt that. I will relay the question, and if I receive an answer I will be very happy to pass it on to the hon. member.

Mr. MacDonald (Egmont): Mr. Speaker, while the minister is making that inquiry and keeping his pristine purity respecting the operations of the advisory council, perhaps he could also investigate why a further report which was produced some time ago, entitled "Problems of Immigrant Women in the Canadian Labour Force", was referred to the Department of Employment and Immigration for its assessment and criticism, instead of being published in the normal manner? Why, in particular, did an official of the department recommend a deletion from that report with specific reference to the new Immigration Act because of its critical nature toward the department?

Has the minister had discussions about what seems to be a new operating procedure respecting the advisory council, taking what were formerly independent reports, without the consent or the knowledge of the authors, and referring them to the appropriate departments and commissions for some possible amendment or censorship before they are finally published?

Mr. Lalonde: Mr. Speaker, I find the allegation of the hon. member rather preposterous, to say the least. I am not aware of this other case. Again, I do not intend to ask the council why they are doing it, and I certainly will not ask them to stop

doing it. The only explanation I can find is that the council wants to act in a very knowledgeable and competent manner.

Rather than doing as hon. members of the opposition do so often, I want to be sure their facts are correct before broadcasting various things publicly. I cannot but applaud the sense of responsibility and objectivity on the part of an advisory council which operates independently of the government. I see nothing wrong with that, and I am amazed the hon. member should scandalize himself about this.

* * *

BILINGUALISM

REPORT OF TASK FORCE ON CANADIAN UNITY

Hon. James Richardson (Winnipeg South): Mr. Speaker, my question is directed to the Prime Minister. In view of widespread reports that the task force on Canadian unity has concluded that the government's policy on national bilingualism is divisive and unworkable, will the Prime Minister now agree to delay the rewriting and redrafting of the constitutional amendment bill, former Bill C-60, at least until the Pepin-Robarts task force has reported to the public and to the government?

Right Hon. P. E. Trudeau (Prime Minister): Mr. Speaker, the so-called reports are unfounded rumours. One of the co-chairmen of the task force said that he could not comment in any way on it and that the report would speak for itself. We are happy with that situation. We are confident the report, on the contrary, will be favourable to the government: I have no guarantee of that, of course. But I believe it is irresponsible journalism to take a rumour such as that, which has no foundation, and give it the prominence it has been given.

As far as the government is concerned, linguistic equality in Canada is the basis of unity in this country. We have fought three elections on it.

Some hon. Members: Hear, hear!

Mr. Trudeau: It is a policy which had the support of every party in the House. It would be very surprising if a task force were to go against the policy accepted by all parties in the House.

Some hon. Members: Oh, oh!

An hon. Member: What about Horner?

Mr. Trudeau: Unless the Tories are telling us now that they do not support this policy, in which case we are prepared to fight a fourth election on it.

Some hon. Members: Hear, hear!

Mr. Paproski: We should like to.

Mr. Lawrence: We will do everything to get you to the polls.

[Mr. Lalonde.]

Mr. Richardson: Mr. Speaker, my supplementary question is directed to the Prime Minister. The Prime Minister seems to say that he does not have the evidence, and that these reports are unfounded. I have in my office the evidence that I am talking about.

Some hon. Members: Oh, oh!

An hon. Member: Question.

Mr. Richardson: I receive in my office 400 or 500 letters a day, from all provinces of Canada, which indicate—

Mr. Speaker: Order, please. I must ask the hon. member to put his supplementary question.

Mr. Richardson: In brief, my question is: in light of this evidence, will the Prime Minister listen to the Canadian public? Will he modify and reconsider his plans to entrench language rights and his concept of language equality into the Constitution of Canada?

Mr. Trudeau: Mr. Speaker, I repeat, I know and admit that a certain number of Canadians do not favour this policy, and I believe the hon. member is one of them. I can only say that it was our policy in 1968, 1972 and 1974, and it will be our policy in the next election. I do not think any party will fight against the concept of linguistic equality in Canada.

Some hon. Members: Hear, hear!

Mr. Paproski: What about Horner?

Mr. Hees: Jack says he is going to.

* * *

● (1452)

ENVIRONMENTAL AFFAIRS

POLLUTION OF GREAT LAKES

Mr. F. A. Philbrook (Halton): Mr. Speaker, my question is for the Minister of State (Environment) concerning the problem of phosphorus waste pollution in the Great Lakes and the production of excess algae and plant growth.

Last week the technical adviser for the Ontario environment ministry, Mr. William Steggles, stated, "some states and U.S. cities continue to pollute the lakes because no legislation controlling phosphorus levels has been passed, particularly two or three big, populous states—Ohio, Pennsylvania and Illinois—while apparently controls are being applied well on the Canadian side."

Will the minister take any measures to persuade our American neighbours to institute much more effective controls for this problem?

Hon. Len Marchand (Minister of State (Environment)): Mr. Speaker, since the signing of the Great Lakes water quality agreement, 99 per cent of the population on the

Canadian side of the Great Lakes has been serviced by adequate sewage treatment facilities. On the American side of the Great Lakes, 65 per cent of the population is now serviced by adequate sewage treatment facilities, compared to 5 per cent when the agreement first began. So real strides are being made in this area.

Under the 1978 agreement, new final deadlines have been set by which industrial and municipal pollution control programs are to be completed and operating by December 31, 1982, and December 31, 1983, respectively. We expect to make great strides in all aspects of pollution control in the Great Lakes under this new agreement.

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POST OFFICE

STEPS TO AVOID INTERRUPTION OF MAIL SERVICE AT CHRISTMAS

Hon. W. G. Dinsdale (Brandon-Souris): Mr. Speaker my question is for the Postmaster General. I presume that the Postmaster General is aware of the growing tension in major plants across the country in the wake of the recent work stoppage.

In view of this situation, would the minister inform the House as to the action he is taking to ensure that there will be no interruption of mail service during the Christmas season by either illegal strikes or work slow-downs?

Hon. J. Gilles Lamontagne (Postmaster General): Mr. Speaker, many media reports have indicated that we are taking our responsibility seriously. Disciplinary action has been taken against the workers who acted illegally or defied parliament. Had we not taken this action, I think it would have indicated complicity on our part to such actions. Everything is being done to see that the workers are treated justly and fairly. We are concerned that things be done fairly, particularly for those workers who abided by the law.

I can assure the hon. member that if there is an illegal strike during the Christmas season, we will take appropriate action to prevent it.

Mr. Dinsdale: Mr. Speaker, I appreciate the minister's comments. Could the minister tell the House if he is aware of the particular circumstances, and whether they are indicative of the situation in other plants across the country, in the Calgary post office in which, once again, management has restricted access to the cafeteria for workers who are on weekend and late shifts? If this is the case, would the minister instruct managers in other post offices across the country not to engage in this sort of unnecessary confrontation?

Mr. Lamontagne: Mr. Speaker, if a position such as the hon. member has described has been taken, it is for good reason. I am not aware of this decision because it is made at the local level.

Coming back to the danger of a strike during Christmas, I read an article in a newspaper this morning about a possible wildcat postal strike threatened by CUPW and just below the article was another one headed "Jobless rate up slightly." I am sure there are many people who are not employed and who would be glad to take the place of postal workers who do not wish to work.

* * *

LOTO CANADA

DISPOSAL OF ASSETS OF CORPORATION—COMMITTEE STUDY

Mr. Joe Clark (Leader of the Opposition): Mr. Speaker, I have a question for the "minister of fitness and amateur purchasing". The minister has said frequently that she will not tell the Canadian people or this parliament the full cost of this transaction until it is completed. Would she give us some idea when she expects the transaction to be completed?

Hon. Iona Campagnolo (Minister of State (Fitness and Amateur Sport)): Mr. Speaker, I do not admit to any amateur purchasing. It was done in conference with the provinces which the hon. Leader of the Opposition has been proposing take over the lottery. I expect the contract to be terminated within two or three months.

I mentioned today two separate items. One is the General Instruments contract—that is, the automated equipment—for which Loto Canada will be reimbursed a portion by Ontario and Quebec when it is completed. Part two, which I have already mentioned in the House today, concerns the peripheral equipment respecting which the provinces are providing $1 million of what we expect to be somewhere between $2 million and $3 million in pay-out costs.

Mr. Clark: Mr. Speaker, I would like to put a question to the Prime Minister. He will know that since there has been federal-provincial co-operation forced upon the government in this matter, the price attached by the provinces—I gather, agreed to by the federal government—for disposal of these assets is about half of the $23 million that the federal government in fact paid.

In the interests of having the Canadian public and parliament know about the quality of the decisions that went on within this Crown corporation—ministers have been very careful to blame Crown corporations and avoid responsibility themselves—and in order to ensure that this kind of waste of money does not occur again, would the Prime Minister be prepared to refer this matter to the appropriate committee of this House and allow a committee of parliament to begin work, this week, in examining what went on and what went wrong in this waste of millions of dollars on behalf of Canadian taxpayers either by the minister or by the Crown corporation?

Right Hon. P. E. Trudeau (Prime Minister): Mr. Speaker, I do not admit the premises of the question or even the way the question is posed. The Leader of the Opposition suggests that

there is a waste of money. The minister has told us that when the contracts are completed, she will table them if they are requested. Then the question can be debated.

In the meantime, I would remind the Leader of the Opposition that he and his party are the ones who wanted to give all the product of the lottery to the provinces; they did not want the federal government to keep anything. Now, as a result of the negotiations by the minister there is an equitable division, one which is accepted by the provinces—which hon. members opposite continue to scoff at—and which will permit the federal government to gain something substantial from the $900 million which is the annual product of the lottery. I understand that the opposition is not interested in having the central government preserve any of its attributes, but that is not the view of this government.

Mr. Clark: Mr. Speaker, it becomes more and more evident that the Prime Minister does not, in fact, know the facts in this situation. I am sure that he will want to brief himself and that after briefing himself he will agree that there has been a considerable waste of Canadian taxpayers' money the details of which should be known to this House.

I would ask the Prime Minister to acquaint himself with all the facts in this transaction, assuming the minister will tell him, then come back to the House of Commons tomorrow and tell us the minimum loss which will be sustained by the people and the treasury of Canada, and that he then make a decision to refer the subject matter involved here—this wastage of millions of dollars—to the appropriate standing committee of this House.

Mr. Trudeau: Mr. Speaker, I repeat, when the contracts are completed, I would certainly be willing to look at the exact figures; but as of now I think that I can answer the question asked by the Leader of the Opposition, based on the minister's answer.

If the minister says that out of the $900 million, which is the total product of the lotteries to the Canadian provinces and federal government, $200 million of that comes to us, we are $200 million ahead of the position which was suggested by the Leader of the Opposition.

Some hon. Members: Oh, oh!

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CONSUMER AFFAIRS

FUTURE AVAILABILITY OF LEADED GASOLINE

Mr. Lorne Nystrom (Yorkton-Melville): Mr. Speaker, my question is to the Minister of Consumer and Corporate Affairs. I am sure he is aware that most of the service stations in our country are now in the process of replacing leaded, super or premium gasoline with super, unleaded gasoline, which will affect approximately 5 per cent of Canadian car owners. That is approximately 500,000 cars.

• (1502)

The problem is that there has been virtually no warning. There was something of a conspiracy of silence by the gas companies, the car companies and the government that this was about to take place. Can the minister confirm that new cars are still being sold which require leaded gasoline, and can he tell us whether fuel will be available for the lifetime of such vehicles?

Hon. Warren Allmand (Minister of Consumer and Corporate Affairs): Mr. Speaker, my preliminary information is that cars are still being sold which require that type of gasoline, but that has been changed for the latter part of this year and next year. There will be a greater demand, especially in Quebec where these complaints came from, for leaded gasoline for high-test type vehicles. We expect a change to take place, and I will be watching the situation closely and will get more information.

Mr. Nystrom: A supplementary question, Mr. Speaker. Can the minister assure us that adequate gasoline will be available for people whose cars require leaded fuel? Can he also tell us whether he has checked into the possibility of there being misleading advertising by Imperial Oil and other companies who have said that people who use leaded gasoline should switch to unleaded gasoline? I think he knows the dangers this might pose to some engines. Has he checked to see whether this is misleading advertising and, if he has, what action does he plan to take?

Mr. Allmand: Mr. Speaker, in the first place, we would recommend to the oil companies that they let consumers know where they can find leaded gasoline for high-test vehicles, just as they let people know where they can find diesel fuel.

Mr. Nystrom: How?

Mr. Allmand: They can put out a list of stations which supply that kind of fuel. They do it already for diesel. I will look into the other matter to see whether there is any false advertising involved.

* * *

PRIVILEGE

MR. DICK—ARGUMENTATIVE QUESTION ASKED DURING QUESTION PERIOD

Mr. Paul Dick (Lanark-Renfrew-Carleton): Mr. Speaker, it is with some reluctance that I rise to bring up what I feel is a question of privilege.

Today I was ruled out of order for allegedly asking a question which was argumentative or political in nature. I know, of course, that we would not want to have any questions which are argumentative or political in nature in this political debating chamber. The fact is, however, that the question which I put had a part which was directly on point, and is on point, regarding the matter we have been dealing with today

and what has been revealed about it, that is, that there has been waste of money, that there has been poor manageability and ineptitude in carrying out something they should not have got into last June, and on which I have a motion to put—

Mr. Speaker: Order, please. The hon. member does not need to argue that point. The first part of his question was perfectly in order, but the last part was argumentative in nature. He must surely recognize that. If he suggests that we should permit argumentative questions he is asking me to go against the precedents of the House. Surely he could not argue at this point that his question was not argumentative in nature in light of the language he used at the end of it.

The first part of his question was perfectly in order. I have to exercise my discretion in respect of questions and supplementaries, however, on the basis of precedents. He finished his question with a clearly argumentative aspect. I have no choice. That is a discretion that I have to exercise and, having exercised it, it seems to me the matter is finalized.

Mr. Dick: Mr. Speaker, perhaps I could continue for a brief moment. Of course, the last part of my question is something which we have heard before, and I suspect that we will hear it again. I was asking the Prime Minister (Mr. Trudeau) if he would dismiss a minister who showed wasteful tendencies, inability and ineptitude in managing his department. I think that fully 50 per cent or maybe 100 per cent of the questions asked in this House have some political colouring or some argumentative character. Be that as it may, however, I would like to move at this time, on my question of privilege:

That the matter of questions or answers being argumentative or political in nature be referred to the Standing Committee on Privileges and Elections in order that new guidelines of clearness in questioning and answering can be decided upon as argumentative political questions and answers should be forbidden in this political debating chamber.

Mr. Speaker: Order, please. I do not know why the hon. member insists upon using the word "political". I never said anything about the political nature of his question, and I have never ruled a question out of order on the grounds of it being political. Never! I do not know why he uses that argument. It has no bearing on the situation that we face.

The hon. member spoiled a perfectly good question on a very important subject by an argumentative conclusion. If I am to be consistent with him as I have been with his colleagues, I could not permit his question. Order, please.

Mr. Dick: Mr. Speaker—

Mr. Speaker: Order, please. The hon. member for Calgary Centre (Mr. Andre) on a point of order.

Mr. Dick: Mr. Speaker, privilege—

Mr. Speaker: Order, please.

Mr. Dick: Privilege—

Mr. Speaker: Order, please. The hon. member for Lanark-Renfrew-Carleton (Mr. Dick) has been heard on his question of privilege and I have indicated to him that it is not a question of privilege. I am sure I have not said anything to him that was not in keeping with the practices of the House. He has had his day in court to raise his question of privilege and has not been successful. I should like to move on to another member. The hon. member for Calgary Centre.

* * *

POINT OF ORDER

MR. ANDRE—SUPPLEMENTARY ESTIMATES (A)

Mr. Harvie Andre (Calgary Centre): Mr. Speaker, I rise on a point of order with respect to an item in the supplementary estimates of which I gave Your Honour notice and about which I have communicated with the hon. member for Winnipeg—

Mr. Speaker: Order, please. The hon. member for Calgary Centre (Mr. Andre) might wait until we call orders of the day, which is supply today, in order that I may take this in accordance with practices which I have indicated to the House and which he is now following very carefully.

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PRIVILEGE

MR. OBERLE—ANSWER GIVEN BY MINISTER OF STATE (FITNESS AND AMATEUR SPORT) DURING QUESTION PERIOD

Mr. F. Oberle (Prince George-Peace River): Mr. Speaker, I wish to raise a question of privilege in regard to questions put to the Minister of State (Fitness and Amateur Sport) (Mrs. Campagnolo) and particularly her answer to my leader toward the end of the question period. She left the impression that purchases of Loto Canada gadgetery were only made after consultations with the provinces. I am sure Your Honour would want to give the minister the opportunity to correct her statement as it is clearly misleading. Consultations were not held with the provinces before the decision was made to extend the service of Loto Canada, but consultations with the provinces resulted in the cancellation of the contracts.

Hon. Iona Campagnolo (Minister of State (Fitness and Amateur Sport)): Mr. Speaker, I shall have to refer to *Hansard* to see the exact words, but I think it should be placed on the record that the abandonment of the Loto Canada game is consistent with Loto Canada's marketing philosophy.

The game was introduced in the first place to give balance and stability to a one-product line. We had a one-product line and we needed to have more strength in order to meet the head on competition coming from the provinces on a continuing basis. In those circumstances the one-product line was simply too fragile. That decision was made by the Crown corporation, and I believe it is one that is often taken in the market place. When you are dealing with a Crown corporation you are

dealing with a business, and these kinds of affairs take place in business all the time.

When we had the agreement with the provinces some six months later, and when we had secured the federal-provincial memorandum of agreement on October 5, it was based on market sharing of the revenue which was originally planned.

In order to define this question properly for the hon. member opposite, I would tell him that when we went to the federal-provincial conference in Regina we offered the provinces a 50-50 share of the federal portion of the revenue of Loto Canada. Subsequently, when we came to an agreement with the provinces on October 5, we felt that we no longer had the previous highly competitive situation, that the market situation has changed markedly, and that exclusive access to the $10 and up section of the market would give Loto Canada reasonable scope to develop products which would continue to yield roughly the same current revenues.

What I am saying, Mr. Speaker, is that originally, in June of the previous year, we faced heavy competition with the provinces and we determined to go ahead with the $1 lottery. Subsequently, when we came to an agreement, we determined that we did not need the $1 lottery because the competitive issue was being resolved. We therefore moved into the $10 and up sector, where we remain.

I will be placing legislation before the House some time next spring so that we will continue to have the $10 lottery. Many of these facts may be clarified at that time.

One point I should like to add, Mr. Speaker, is that when I mentioned $800,000 today, that is close to the amount of money that I know has been settled. It is for three areas, that is, for the—

Mr. Speaker: Order, please. I think we have gone a little far afield from the original point, which was whether there was an agreement with the provinces and the circumstances. The hon. member for Central Nova (Mr. MacKay).

Mr. Elmer M. MacKay (Central Nova): Mr. Speaker, if I may take the time of the House for just a moment, since there has been some background given about policy in this matter, about the federal government and the provinces vis-à-vis the lottery, I want to put on the record that in 1973 Mr. C. M. Drury, then president of the treasury board, as quoted in the *Financial Times*, as he moved to set up the lottery to help finance the Olympic Games, said:

● (1512)

The federal government is not in the least interested in operating a national lottery.

I think that ought to be brought to the attention of hon. members as part of the background of this whole affair.

Mr. Speaker: The hon. member for Prince George-Peace River (Mr. Oberle) has raised what I think hon. members will realize is a disagreement. On the basis of the remarks made I do not see that there is more than that. However, if there is, upon examining the record I will return to it tomorrow. My impression is that the matter is a disagreement and not a procedural question.

[*Translation*]

MR. CAOUETTE (VILLENEUVE)—REQUEST FOR CORRECTION IN HANSARD

Mr. Armand Caouette (Villeneuve): Mr. Speaker, my question of privilege relates to a question I asked the Minister of Employment and Immigration yesterday afternoon, December 4, 1978. The second line of my supplementary question, which appears on page 1736 of *Hansard* reads, and I quote:

I am very happy with the answer of the minister—

It should read:

I am very unhappy with the answer of the minister's—

Since the minister says that the three Yugoslavian immigrants are now working illegally in the Val-d'Or area, I must say that this is absolutely false because those three immigrants obtained a permit from the immigration department in Canada to work in that area.

* * *

[*English*]

BUSINESS OF THE HOUSE

Mr. Alexander: Mr. Speaker, yesterday the hon. member for Grenville-Carleton (Mr. Baker) directed a question to the government House leader regarding Bill C-12. I understand that tomorrow, as he stated, we will be dealing with the order in council concerning the new Ministry of State. The government House leader said he would let us know if there was anything different in mind, because we would like to know where Bill C-12 is in terms of second reading debate. Further, could he indicate to the House, because there is some rumour that perhaps bills that may becoming out of committee stage will be dealt with in terms of precedence prior to Bill C-12, which is the indexation bill. Could the government House leader just set us straight? There are a number of us who would like to know what has happened to Bill C-12 and whether there is any bill that would take precedence over that particular bill.

Mr. MacEachen: Mr. Speaker, the hon. member invites me to set him straight. That would require more time than I have in this brief moment.

Tomorrow it is the intention to call the resolution establishing the new President of the Board of Economic Development Ministers. Then I think it fair to tell my hon. friend that on Friday, because of the absence of the Prime Minister and of the President of the Board of Economic Development Ministers, I would not return to that resolution but would probably call Bill C-12 on Friday. I hope that it will be possible for hon. members to deal with that bill expeditiously and send it to committee, with the intention of having the committee study

completed and the bill given third reading before we rise for the Christmas adjournment.

Mr. Alexander: Mr. Speaker, I am pleased to know that the government House leader is now prepared to give us some direction. But let me tell him this: do not start dictating terms to us. After all, Mr. Speaker, on March 9 there was a statement made with respect to indexation. I do not know whether the President of Privy Council is aware of that, so if there is any food dragging I blame the government side. It is not fair to indicate that we should rush ahead with this particular bill, because as the government House leader is very much aware, we have to hear from—

An hon. Member: Order.

Mr. Alexander: Order? I think we are getting the game plan here. We have to hear from the Public Service Alliance, PIPS, members of Tomenson-Alexander, and from those who were involved with the air traffic controllers, the servicemen, and the RCMP.

Mr. Speaker: Order, please.

ROUTINE PROCEEDINGS

[*English*]

HUMAN RIGHTS

FREE POLITICAL EXPRESSION FOR PUBLIC SERVANTS

Mr. Stuart Leggatt (New Westminster) moved for leave to introduce Bill C-446, respecting political partisanship.

Some hon. Members: Explain.

Mr. Leggatt: Mr. Speaker, the purpose of this private members' bill is to amend two acts, the Human Rights Act and the Public Service Employment Act. At the present time some 500,000 public servants in Canada are denied the right to participate in the political process as a direct result of section 32(1) of that latter act. The effect of my bill would be to amend those clauses to deny only the deputy heads the right to participate in this process, and to allow those generally employed by the civil service to participate, as we all have a right to do.

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

* * *

[*Translation*]

QUESTIONS ON THE ORDER PAPER

(Questions answered orally are indicated by an asterisk.)

Order Paper Questions

Mr. Yvon Pinard (Parliamentary Secretary to President of Privy Council): Mr. Speaker, the following questions will be answered today: Nos. 21, 28, 33, 148, 150, 198, 210, 230, 250 and 480.

[*Text*]

PRIME MINISTER'S VISIT TO B.C.

Question No. 21—**Mr. Cossitt:**

During the Prime Minister's visit to British Columbia in the first quarter of 1978, did he make the statement "Do you think we are out to screw the Canadian People?" or anything similar and, if so (a) what is a full explanation of what the Prime Minister meant by this remark (b) is the Prime Minister prepared to immediately produce evidence to parliament showing that he is not out to "screw" the Canadian people?

Right Hon. P. E. Trudeau (Prime Minister): No. (a) and (b) Not applicable.

ST. LAWRENCE RIVER—SPEEDING VESSELS

Question No. 28—**Mr. Cossitt:**

1. Is the government aware that residents in the area of Brockville, Ontario, living on the banks of the St. Lawrence River, are again expressing concern over the matter of ships, particularly ocean-going vessels, exceeding speed limits set for the area and causing property damage and, if so, will steps be taken by the government to make such vessels conform to the law and, if so (a) what are they (b) what methods of enforcement will be used and who will be in charge?

2. What are the speed limits for the area from Johnstown, Ontario to the end of the Brockville Narrows?

3. How many ships in each of the past two years have been (a) warned (b) charged (c) fined and, in each case, what was the name of the vessel, the country of origin and the penalty applied?

Hon. Otto E. Lang (Minister of Transport): The St. Lawrence Seaway Authority advises as follows:

1. The St. Lawrence Seaway Authority has received two complaints about alleged speeding in the Brockville area. These are the first complaints in the last two years.

(a) Since 1970, the St. Lawrence Seaway Authority has established vessel speed limits in various sections of the St. Lawrence River including the Brockville area. Speed enforcement is carried out on a spot check basis, very similar to the approach used by law enforcement officers on the highway. Vessels' speeds are checked by means of a radar unit.

(b) Speed limits are enforced by the St. Lawrence Seaway Authority in the section from Lake St. Louis to Brockville, as well as in the Thousand Islands area from 15 observation sites. The specific sites at Brockville are: McDonald Point, Hillcrest Point and Brockville Dock. For actual observations, a system of rotating shifts is used so as to have 24-hour per day coverage. Enforcement is not limited to week days; weekends are included as well. Masters of vessels who are found to exceed the speed limits are contacted by radio and instructed to reduce speed immediately. In addition they are charged with a violation. In general, a speeding violation is assessed $200 per knot over the limit. On August 17 the authority issued a Seaway notice drawing attention to this problem and

requesting masters to maintain uniform speeds through the area until well clear of it.

2. Speed limits from Johnstown, Ontario, to the end of the Brockville Narrows: 13 knots (15 mph).

3. Ships warned in Brockville area:

1976

Name	Date	Country of Origin	Penalty
Northern Venture	May 18	Canada	Letter of reprimand
Nordic	May 26	Germany	"
White Rover	May 28	Monrovia (Liberia)	"
Stinnes Zephir	June 2	Asia	"
Ross Sea	June 2	Norway	"
Kathleen	June 8	Monrovia (Liberia)	"
Canadian Mariner	June 17	Canada	"
Santa Katarina	July 7	Asia	"
Ralph Misener	July 7	Canada	"
Richelieu	July 8	Canada	"
Lake Winnipeg	July 30	Canada	"
Efploia	Aug. 10	Greece	"
Olympic Progress	Sept. 3	Monrovia (Liberia)	"
Shelter Bay	Sept. 8	Canada	"
Auriga	Sept. 8	Italy	"
Sir Denys Lawson	Sept. 8	Canada	"
U.S.C.G. Westwind	Sept. 21	U.S.A.	"
Tadoussac	Oct. 26	Canada	"

1977

Name	Date	Country of Origin	Penalty
Penerf	June 21	France	Letter of reprimand
J.N. McWatters	Aug. 15	Canada	"
Apollon Greece	Aug. 15	Greece	"
Enders M. Voorkees	Oct. 10	U.S.A.	"
A.S. Glossbrenner	Oct. 12	Canada	"

(b) and (c) Ships charged and fined in Brockville area:

1976

Name	Date	Country of Origin	Penalty
Canadoc	May 4	Canada	$300
Kaptai	May 14	Pakistan	500
Mont Louis	May 26	France	600
Silver Isle	May 27	Canada	300
Senneville	June 15	Canada	200
Nafri	June 15	Monrovia (Liberia)	300
Carol Lake	June 17	Canada	600
Georgian Bay	Aug. 31	Canada	300

1977

nil

ATOMIC ENERGY CONTROL BOARD—PROFESSIONAL SERVICES

Question No. 33—**Mr. Orlikow:**

1. For the fiscal year 1976-77, what contracts for professional services were let for studies, surveys and analyses into (a) present or future policies, programmes or information analysis and their efficiency and effectiveness (b) the examination of the administration or internal operation of the Atomic Energy Control Board?

2. How much was committed on each contract and to whom?

[Mr. Lang.]

Mr. Pierre Bussières (Parliamentary Secretary to Minister of Energy, Mines and Resources): Atomic Energy Control Board reports as follows:

1.

(a) Nil

(b)

Name of Contractor	Description of Contract	Value of Contract
Bureau of Management Consulting, Department of Supply and Services, Ottawa, Ontario.	To study the organization and administration of the Atomic Energy Control Board in order to prepare it for the passing of Bill C-14, Nuclear Control & Administration Act.	$18,500

2. See 1 (a) and (b) above.

MARITIME POLLUTION CLAIMS FUND

Question No. 148—**Mr. Forrestall:**

1. What is the present balance of the Maritime Pollution Claims Fund?

2. Since September 1, 1976, what amount of interest has been credited to the Fund?

3. What has been the rate of interest paid?

4. Since establishment of the Fund, what is the total amount of payments made to claimants?

5. What are the total administrative and other miscellaneous costs to date?

6. Who is the present Administrator of the Fund and what is his/her annual salary?

7. Does the Administrator hold any other positions or responsibilities and, if so, what are they?

Hon. Otto E. Lang (Minister of Transport):

1. $48,998,810.93.

2. $7,251,213.67.

3. Rates of interest paid—

October 1—December 31, 1976	8.50 per cent
January 1—March 31, 1977	7.625 per cent
April 1—June 30, 1977	7.875 per cent
July 1—September 30, 1977	7.75 per cent
October 1—December 31, 1977	7.875 per cent
January 1—March 31, 1978	8.00 per cent
April 1—June 30, 1978	8.625 per cent
July 1—September 30, 1978	8.875 per cent

4. $645.90.

5. $84,748.31.

6. Mr. Kenneth Joseph Burbridge whose salary range is $10,000-12,500.

7. The Administrator does not hold any other positions.

NON-CANADIAN VESSELS—CANADIAN WATERS

Question No. 150—**Mr. Forrestall:**

With regard to non-Canadian registered vessels operating in Canadian waters north of the 60th parallel, how does the government ensure that such vessels meet safety and environmental standards?

Hon. Otto E. Lang (Minister of Transport): Non-Canadian registered ships operating in any of the 16 shipping safety control zones into which the waters of the Canadian Arctic are divided pursuant to the Arctic Waters Pollution Prevention Act are required to comply with the arctic shipping pollution prevention regulations and the arctic waters pollution prevention regulations made pursuant to that act. The former contains detailed provisions with respect to the construction, equipment, manning and navigation. To show compliance a steamship inspector may issue an arctic waters pollution prevention certificate; however, the certificate may be issued by an exclusive surveyor to a classification society if the ship is in non-Canadian waters before entry into the Arctic. A pollution prevention officer may board any ship to ensure compliance while it is in any zone. Ships report to the Arctic Canada traffic system (NORDREG Canada) which is based at Frobisher Bay. This system is at present voluntary but serious consideration is being given to make reporting compulsory.

The Arctic waters pollution prevention regulations stipulate the maximum liability of all ships entering the Arctic. In cases where a ship will be carrying more than 2,000 tons of oil, evidence of financial responsibility must be sent to the Department of Transport prior to the proposed voyage in Arctic waters, so that third party claims for clean-up costs or damage may be met.

B.C.—AIRCRAFT/HELICOPTERS

Question No. 198—**Mr. Friesen:**

1. How many aircraft/helicopters in the Province of British Columbia are (a) owned and operated (b) leased and (i) for whom are they leased (ii) from whom are they leased and at what cost, by the Flight Services Division of DOT?

2. (a) What are the base locations of each Flight Services Division in the Province (b) how many aircraft/helicopters are located at each (c) how many personnel does each have?

3. Is there a central repair base in British Columbia for such aircraft/helicopters?

4. (a) How many planes/helicopters are stationed in Prince Rupert, British Columbia (b) what is a description of them and what are their capabilities?

5. (a) How many times in (i) 1970 (ii) 1971 (iii) 1972 (iv) 1973 (v) 1974 (vi) 1975 (vii) 1976 (viii) 1977 was each helicopter, normally operating out of Prince Rupert, out of service for overhauling (b) in each case, how long was it out of service?

6. (a) What is the average length of service in the air before overhauls are completed on each type of aircraft/helicopter at Prince Rupert (b) what is the recommended time for overhaul outlined by the manufacturer of each type?

7. Does the Canadian Coast Guard use Flight Services Division transport and, if so (a) how often (b) for what purpose (c) is it under a lease or a loan contract?

8. How many hours of overtime was logged by (a) permanent staff (b) contract personnel, in the position of (i) maintenance (ii) engineering (iii) pilots (iv) managers in 1973, 1974, 1975, 1976 and 1977 on the Prince Rupert Base?

9. What was the cost of overtime payments for each position, category and for each year listed in Part 8?

10. What amount was paid to cover claims for meals for flight crews and passengers flying out of the Prince Rupert Base in (a) 1973 (b) 1974 (c) 1975 (d) 1976 (e) 1977?

11. Does the Flight Services Division operate any Sikorski 61 Helicopters out of its Prince Rupert operation and, if so (a) how many (b) what was the date of purchase/lease in each case (c) how many times since the date of purchase/lease have they been overhauled or have received major alterations up to December 1977 and what was the (i) date of each inspection/overhaul (ii) number of hours in the air of each helicopter prior to each service (iii) duration on each occasion that the aircraft was out of use due to servicing (iv) cost of each overhaul up to December 1977?

12. Did any overhaul charges on Sikorski equipment at Prince Rupert exceed $5,000 and, if so, on how many occasions and for what reason?

13. Was all of the work, alterations, maintenance, etc., on the equipment mentioned in Part 12, carried out in the Province of British Columbia and, if not (a) how many times was it done outside the Province (b) for what reason (c) where was it done in each case (d) what was the cost of ferrying the aircraft back and forth and the cost for the use of the crew (e) how long did it take to ferry the aircraft outside the province, in each case?

14. (a) Who has the contract to overhaul the equipment mentioned in Part 12 (b) does the contract holder, in turn, contract out any of the work and, if so, to whom and for what service?

15. (a) How many qualified helicopter maintenance engineers are employed by the Flight Services Division in British Columbia and where are they located (b) does each operation have certified engineers for maintenance purposes and, if not (i) for what reason (ii) which cases have been without this facility, either temporarily or on a permanent basis, in 1973, 1974, 1975, 1976 and 1977?

16. In each of British Columbia's Flight Services Division operations, how many times in (a) 1973 (b) 1974 (c) 1975 (d) 1976 (e) 1977, was there a change in the Chief Manager position and, in each case, for what reason?

17. (a) How many pilots were employed in the Prince Rupert station in (i) 1973 (ii) 1974 (iii) 1975 (iv) 1976 (v) 1977 (b) how many resigned, were transferred or left for other reasons?

18. What is the pilot/engineer ratio in the province at each of the Flight Services Division operations?

19. Is each pilot fully qualified to operate the Sikorski helicopter equipment to the fullest extent of its capabilities, from the date of purchase of the equipment or after any major alteration of the equipment located at Prince Rupert and, if not, how many are (a) qualified (b) not qualified?

20. What is the primary role of the Sikorski equipment?

21. Was such equipment used by Cabinet Ministers while travelling in British Columbia in 1974, 1975, 1976, 1977 and, if so (a) on how many occasions (b) what was the duration of each flight (c) who was the minister (d) what was the reason for each flight (e) where did each flight (i) originate (ii) terminate (f) was any other means of transportation available (g) what are the names of all the passengers in addition to the minister, in each case?

Hon. Otto E. Lang (Minister of Transport):

1. (a) 11.

(b) None.

(i) and (ii) Not applicable.

2.

	(a) Bases		
	Vancouver	Prince Rupert	Victoria
(b) Aircraft/ Helicopters	5	1	5
(c) Personnel	9	11	16

3. No.

4. (a) 1 helicopter.

(b) The Sikorski S61N is capable of carrying 5,000 lbs. of cargo or up to 26 passengers. Maximum endurance is four hours.

5. (a) and (b) No records prior to 1973. Since 1973, see Part 11 below.

6. (a) The S61N equalized inspection and maintenance program consists of scheduled inspections based on 1200 hours of service. The major inspection program requires that the helicopter be overhauled after each 9000 hours of service. How-

ever, due to operational conditions and experience, it may be necessary to overhaul the helicopter before 9000 hours.

(b) 9000 hours.

7. Yes.

(a) and (b) As often as required by the Canadian Coast Guard for transportation and icebreaker duties.

(c) No.

			1975	1976	1977
8. (a) (i) and (ii)		Maintenance & Engineering	1455	1127	729
(iii)		Pilots	487	471	268
(iv)		Managers	186	132	69

(b) Nil.

Records are not available prior to 1975

			1975	1976	1977
9. (a) (i) and (ii)		Maintenance & Engineering	17,167	15,077	9,439
(iii)		Pilots	8,838	8,564	5,090
(iv)		Managers	3,404	2,780	1,560

(b) Nil

Records are not available prior to 1975

10. (a) No records
(b) $2,398.60
(c) $3,196.90
(d) $3,537.90
(e) $3,119.75

Claims are for flight crew only. The cost for passenger meals is not available.

11. Yes
(a) One
(b) Purchased December 1972
(c) Three times as below

Inspection/ Alteration Carried Out	(i) Date Completed	(ii) Aircraft Hours	(iii) Time Out of Service	(iv) Approximate Cost for each Inspection/Alteration
1200 Hr Insp	Dec. 10, 1974	1189	8 weeks	Labour and Components—$47,000
1200 Hr Insp	Jun. 21, 1976	2383	3 weeks	Labour and Components—$7,100
Prototype/ Avionic Installation	Dec. 01, 1976	2617	9 weeks	Labour, Fuel and Equipment—$71,000

12. See Part 11 (c. iv).

13. No.

(a) Once—Prototype avionics installation referred to in Part 11 (c) above.

(b) The required avionics test equipment and expertise in avionics engineering, inspection and installation was not available at Prince Rupert for the prototype installation.

(c) Flight service branch overhaul base at Ottawa.

(d) Cost of ferrying—$3,600. Crew travel costs approximately $2,627.

(e) 18 days—an estimated eight days longer than anticipated due to unfavourable weather conditions encountered en route.

14. (a) Pratt & Whitney and Sikorski Aircraft Ltd. for major components and General Electric for engine overhauls.

(b) No.

15. (a) 14—Prince Rupert, Victoria and Vancouver.

(b) Yes. (i) Not applicable.

(ii) None.

16.	Base	Times	Reason
(a)	Vancouver	Nil	
	Prince Rupert	1	Transferred
	Victoria	1	Loss of License
(b)	Vancouver	Nil	
	Prince Rupert	1	Resigned
	Victoria	Nil	
(c)	Vancouver	Nil	
	Prince Rupert	Nil	
	Victoria	Nil	
(d)	Vancouver	1	Organizational Change
	Prince Rupert	1	Transferred
	Victoria	Nil	
(e)	Vancouver	Nil	
	Prince Rupert	1	Senior Helicopter Pilot requested to return to pilot duties only.
	Victoria	Nil	

17. (a) (i) 5
(ii) 6
(iii) 4
(iv) 6
(v) 5

(b) (i) 1
(ii) 3
(iii) Nil
(iv) 2
(v) Nil

18. Prince Rupert 5/5.

Victoria 7/7.

Vancouver 6 engineers. Pilots are CAIs or PMs who are primarily assigned to regulatory and inspection duties.

19. No.

(a) 4.

(b) 1.

20. The primary role of the Sikorski helicopter is to transport staff, equipment and materials for the maintenance of lighthouses and marine navigational aids.

21. Records not available prior to 1976.

1976—yes.

1977—no.

(a) 4.

(b)	(c)	(e) (i)	(e) (ii)
Duration	Minister	Originate	Terminate
20 min	Hon. E. Whelan	Prince Rupert	Seal Cove
40 min	Hon. E. Whelan	Seal Cove	Prince Rupert
04 hrs, 30 min	Right Hon. P. E. Trudeau	Prince Rupert	Prince Rupert
01 hrs, 15 min	Hon. O. E. Lang	Prince Rupert	Seal Cove

(d), (f) and (g)—see reply to Question No. 2881, page 8266 of *Hansard* for October 17, 1977.

VIA RAIL—BOARD OF DIRECTORS

Question No. 210—**Mr. Jones:**

1. Have there been any appointments made to the Board of Directors of VIA Rail since June 1, 1978 and if so, who were they?

2. What qualifications do each of these appointees have for their respective positions? What will be the salary of each appointee?

3. Do any of these individuals sit on any other Board of Directors of any other companies and if so, delineate each.

4. Do any of the appointees have shares in VIA Rail Canada, CN Rail or CP Rail and if so, list how many shares and their value for each appointee. Do any of the appointees have shares in any other companies and if so, list how many, what company, and their value for each appointee.

Hon. Otto E. Lang (Minister of Transport): VIA Rail Canada Inc. advises as follows: 1. No appointments have been made to the Board of Directors of VIA Rail since June 1, 1978.

2, 3 and 4. Not applicable.

BARRIE—AIR CRASH

Question No. 230—**Mr. Mazankowski:**

Does Transport Canada's Aviation Safety Inspection Division Report No. 70102 concerning the Beechcraft B55 (Baron) air crash near Barrie, Ontario on September 7, 1977, state that all tall structures, similar to the CKVR television antenna of the Barrie crash, erected after August 1977 are to have white flashing strobe lights and, if so, what action has the government taken, or will take, to update the lighting on towers constructed before 1977?

Hon. Otto E. Lang (Minister of Transport): Transport Canada's Aviation Safety Investigation Division Report No. 70102 concerning Beechcraft B55 (Baron) air crash near Barrie, Ontario on September 7, 1977 does not state that all tall structures, similar to the CKVR television antenna at Barrie erected after August, 1977, are to have white flashing strobe lights. It simply paraphrases statements made in Transport Canada Publication TP 382, Recommended Standards for Marking Obstructions.

ENERGY, MINES AND RESOURCES—LAWYERS IN PROVENCHER

Question No. 250—**Mr. Epp:**

From June 1, 1974 to date, what lawyers in the Constituency of Provencher were given work by the Department of Energy, Mines and Resources and what amount was each paid per year?

Mr. Claude-André Lachance (Parliamentary Secretary to Minister of Justice): In so far as the legal agents of the Minister of Justice are concerned: None.

NATIONAL ENERGY BOARD

Question No. 480—**Mr. McKinnon:**

What were the names and addresses of all lawyers and law firms in the Constituency of Victoria who performed services for the National Energy Board during 1977 and, in each case, what was the total amount paid?

Mr. Pierre Bussières (Parliamentary Secretary to Minister of Energy, Mines and Resources): National Energy Board reports as follows: None.

* * *

[*Translation*]

STARRED QUESTIONS

Mr. Yvon Pinard (Parliamentary Secretary to President of Privy Council): Mr. Speaker, would you be so kind as to call starred questions Nos. 69 and 352?

[*Text*]

*RAILINE RELOCATION STUDY FOR MONCTON

Question No. 69—**Mr. Jones:**

1. In regard to the Railine Relocation Study for Moncton, New Brunswick, were alternate proposals for relocation routes considered and, if so, what are the details of each proposal, including cost, name of landowner, for each respective parcel of land involved and the total land acquisition costs for each proposed relocation site?

2. (a) Which route was chosen (b) on what basis was it chosen (c) what are the names of the landowners involved and the estimated value of each parcel of land?

3. Were any of the lands acquired or to be acquired owned by Members of the Moncton City Council, Members of the Legislature of New Brunswick, public servants, any company, corporation, firm or partnership with which such persons are or were directly or indirectly related, involved or associated and, if so, what are the details and particulars of such relationships, associations or involvements?

[*Translation*]

Mr. Charles Lapointe (Parliamentary Secretary to Minister of Transport): Mr. Speaker, because of the length of the answer to starred question No. 69, I ask for the unanimous consent of the House to have the answer printed in *Hansard* as if it had been read.

Mr. Speaker: Agreed?

Some hon. Members: Agreed.

[*Editor's Note: The aforementioned answer reads as follows:*]

The Canadian Transport Commission advises as follows:

There have been two such studies; one completed; one still in progress.

The first study, completed in 1974-75, was funded by the Department of Regional Economic Expansion and the New Brunswick Department of Economic Growth. Its report focussed attention on three routes that can be conveniently described as:

—the Riverside route on the north bank of the Petitcodiac River;

—the Trans-Canada north route;

—the Trans-Canada south route.

This initial study took place contemporaneously with the passing of the Railway Relocation & Crossing Act, in May, 1974. This act requires that certain transportation plans, urban development plans and financial plans be prepared by a municipality in support of any application for relocation of a railway line or facility. The original study, although of value for planning purposes, did not meet all the requirements of the new act. Therefore, the city of Moncton applied for a grant under part I of the Railway Relocation & Crossing Act, for the purpose of carrying out another railway relocation study which, this second time, would have terms of reference in harmony with the new legislation. The application was granted in September, 1977, and the study is in progress. As yet, we do not have a date for the report of this study.

The further details asked by the questioner in the latter half of paragraph 1 and in paragraphs 2 and 3 are not relevant since the study is still in progress and such questions are premature.

[*English*]

*SUBSIDY TO FEDERAL COMMERCE AND NAVIGATION LIMITED

[*Text*]

Question No. 352—**Mr. Muir:**

Was an application made to the government by Federal Commerce and Navigation Limited, Montreal, for a subsidy to transport goods to Newfoundland and, if so (a) what was the date of the application (b) what was the amount per ton of the subsidy (c) what was the total amount of the subsidy (d) for what period of time was the subsidy negotiated?

[*Translation*]

Mr. Charles Lapointe (Parliamentary Secretary to Minister of Transport): In so far as Transport Canada is concerned, no such application has been received.

[*English*]

Mr. Speaker: Shall the remaining questions stand?

Some hon. Members: Agreed.

* * *

POINT OF ORDER

MR. ANDRE—SUPPLEMENTARY ESTIMATES (A)

Mr. Harvie Andre (Calgary Centre): Mr. Speaker, I rise on a point of order respecting an item in the supplementary estimates, in accordance with procedures that have been agreed to previously. I have given notice to the Chair as well as to the House leader of the New Democratic Party and the government House leader.

My point of order is with respect to vote 30a in the External Affairs Department under the Canadian International Development Agency. It is a $1 item, something about which we have had a great deal of discussion in the past. My concern in regard to this $1 item is highlighted by the last phrase in that particular vote which authorizes to pay:

—amounts in the currency or unit of account indicated, notwithstanding that the total of such payments may exceed the equivalent in Canadian dollars estimated as of October, 1977,—

That amount is $667 million some. But this vote 30(a) is for $1, and one can see by that phrase this $1 vote grants authority to the government to exceed the amount appropriated by the main estimates of $667 million in the spring, and to exceed it by an unknown amount. One could surmise the intent of this $1 vote is that CIDA, probably for reasons of the devaluation of the Canadian dollar, has exceeded the amount appropriated for it in Bill C-61 this spring and requires additional funding.

We have established procedures and practices for handling a circumstance where spending authority has been exceeded.

If there had been anticipation of that, a contingency fund could have been appropriated, or alternatively, through supplementary estimates specific amounts could be appropriated to cover the fact that sometimes spending exceeds original estimates. In this case, for reasons that I am not clear, the government chose not to appropriate the extra amount that CIDA needs, but rather has taken the route of this $1 item to grant CIDA an unlimited authority to spend, subject to Treasury Board approval. Basically they are asking parliament to grant CIDA unlimited authority.

● (1522)

This is contrary to our procedures. The procedure for raising money for government operations utilizes the estimates where full disclosure as to the details and the amounts of government spending is supposed to be declared, followed by an appropriation act which appropriates a specific amount requested by Her Majesty to fulfil the responsibilities that she has. As Your Honour has ruled in the past, an appropriation act should not be used to accomplish, for example, some other legislative purpose. I submit that it should also not be used to grant open-ended authority to spend which, in a sense, is related to legislation.

If $1 votes can be used to grant open-ended authority to spend, we can easily extrapolate to a situation where the whole procedure becomes rather farcical. Rather than lay out in detail the specific amounts that are required, the government need only put down a $1 item and use that authority to spend whatever it wants to spend. That is certainly contrary to our practices and, I might add, contrary to the very strong opinion of the Auditor General in terms of the purposes of the estimates and the intent they are supposed to achieve.

If CIDA requires more funds, and we are not aware if it does or not, the procedure for the government to follow is to

request by way of supplementary estimates B, C, D or E, authority to appropriate additional funds to cover those. It is inappropriate, and I submit out of order, to ask parliament for authority to spend whatever it chooses. The government should not ask parliament for open-ended authority to spend for CIDA or any other department. It is on that basis I raise this point of order.

I have been unable to establish any precedents, in the sense that it has never occurred. I have done a fair amount of research. We have never had a situation where parliament has been asked to grant an open-ended authority to government by way of estimates and appropriations acts. It is certainly my understanding and I think that of everybody else, that an appropriation act should ask for a specific amount of money. It should not be open-ended. Vote 30a of the supplementary estimates of External Affairs asks for an open-ended authority to spend. I submit that should be ruled out of order.

Hon. Allan J. MacEachen (Deputy Prime Minister and President of Privy Council): Mr. Speaker, on the question raised by the hon. member for Calgary Centre (Mr. Andre), I would like to assure him that there is no effort to seek open-ended authority, nor will the approval of this $1 item in the supplementary estimates provide any such open-ended authority. If my hon. friend will refer to the wording of supplementary estimates vote 30a, he will find it is precisely the same wording that is to be found in vote 30 in the main estimates. It is precisely the same amount of money that is provided in the main estimates.

There is a $1 item. In fact the estimate is increased from $667,049,909 to $667,049,910. The global amount is not increased. The ability of CIDA to spend a global amount is not increased. The $1 item provides within that global amount authority to make the expenditures that are listed in the explanation of requirement below vote 30a.

If the hon. member will look at the main estimates he will find there is a grant provided in the main estimates to the United Nations High Commissioner for Refugees. This particular $1 vote will provide an increased grant to the United Nations High Commissioner for Refugees in the amount of $750,000, but within the global amount that is contained in votes 30 and 30a.

The purpose of the $1 item is to seek the authority of parliament to make these grants to various international organizations within the global amount that is sought in the main estimates, and that is carried forward in the global amount plus $1 in the supplementary estimates.

I do not believe that in any way the wording of the vote which the hon. member quoted leads to an open-ended authority. He dealt in particular with the phrase, and I quote:

—notwithstanding that the total of such payments may exceed the equivalent in Canadian dollars estimates as of October, 1977—

That is precisely the same authority that is in the main estimates. The authority sought in that expression is to convert into other currencies, with the fluctuations in the Canadian dollar. I believe that the spending authority globally is not increased. What the $1 item does is authorize within the global amount these items that are listed. I hope it will be possible for the House to deal with these commendable items in the supplementary estimates.

Mr. Stanley Knowles (Winnipeg North Centre): Mr. Speaker, before the minister sits down I wonder if he would answer a question. Is he telling us that in no case will the amount spent under this item, including the supplementary, exceed $667,049,910?

Mr. MacEachen: Yes, Mr. Speaker, that is what I am saying.

Mr. Knowles (Winnipeg North Centre): Will the minister then explain what is meant by the phrase in either the main estimate or the supplementary estimate "notwithstanding that the total of such payments may exceed the equivalent in Canadian dollars." Does that total of such payments mean the total of all payments, which is what I thought it meant, or does it mean the total of certain payments inside the conglomeration?

Mr. MacEachen: It means the payments within the conglomeration. As I understand it, if we made a commitment with respect to a particular program in an underdeveloped country, we would be able to implement that commitment regardless of the change in the currency in which the commitment was made.

Mr. Knowles (Winnipeg North Centre): As Your Honour will realize, I am not arguing. I am trying to get this clear. Is it in effect the right to transfer some of the money from one item for which it was estimated to another item as long as it is inside the total figure? To put my over-all question again, how does the minister square the statement, whether in the main item or in the supplementary item, that there is to be no more spent than the total that has been indicated two or three times, with the statement "notwithstanding that the total of such payments may exceed the equivalent in Canadian dollars" by that much money?

Mr. MacEachen: Mr. Speaker, I am puzzled over the very wording that the hon. member has raised for the second time. In the very short time I have had available to study the matter, and to get information, I find that expression is merely a device that has been used in the main estimates, I understand, for a long time in order to permit the government to make arrangements in foreign currencies.

Mr. Speaker: I think perhaps this matter ought to stand over. The difficulty the Chair has is that, on the face of it, it would appear that no greater authority is being sought by the $1 item than was in fact contained in the main estimates, and that no new legislative authority is being sought by the $1 item. Therefore, in accordance with the precedents in which I have interfered with $1 items in the past, I would say I would not interfere with this one, because it is the proper use of a $1 item to signal the reallocation of funds that are already authorized under the estimates.

Up to that point I would be prepared to accept it. However, I think we ought to satisfy ourselves currently on the meaning of the phrase about whether or not a payment under this particular authorization, either in the main estimate or the supplementary estimate, can in fact exceed the amount. That is the language which seems to trouble everybody at this point. Perhaps we might set this over until tomorrow for further clarification.

● (1532)

The complaint of the hon. member for Calgary Centre (Mr. Andre) is that the item contains an open-ended power. If the meaning of the words in the item is not to confer an open-ended power, there is evidently no problem. The minister has said that is not the intention. As long as we can clarify this, I think the matter can be closed very quickly tomorrow.

GOVERNMENT ORDERS

[*English*]

BUSINESS OF SUPPLY

ALLOTTED DAY—S.O. 58—NON-CONFIDENCE MOTION—PARLIAMENTARY CONTROL OF PUBLIC EXPENDITURES

Mr. Speaker: Hon. members will note that not later than 9.45 o'clock p.m. every question necessary to dispose of the proceedings shall be put forthwith, in accordance with Standing Order 58(9).

Mr. Erik Nielsen (Yukon) moved:

That this House lacks confidence in a government which for more than 15 years has deliberately and steadily undermined the fundamental function of the House of Commons and its standing committees by imposing rules and procedures of this House and its standing committees calculated and designed to stifle or eliminate parliamentary examination and control of public expenditures resulting in the steady destruction of the parliamentary process, and which has refused to undertake a serious review of House procedures or consider the numerous worth-while proposals for reform.

He said: Mr. Speaker, while you were reading the motion the parliamentary secretary interrupted and suggested you dispense with it. I am sure they would like to dispense totally with the opposition. It would save them a lot of trouble. We are a nuisance over on this side. They have done that in Ghana. The government there decided that the opposition was a little too vigorous, too assertive, too inquiring, so they abolished the opposition. I am sure that would be a delightful solution to all the government's critics.

This subject matter deals with the complete runaway of expenditures and the complete lack of control parliament has over those expenditures. If the Parliamentary Secretary to the President of Privy Council (Mr. Pinard) would speak up, I will gladly entertain his questions as I go along.

Mr. Pinard: I will be speaking later. Please stay.

[Mr. Speaker.]

Mr. Nielsen: I will stay, though I doubt very much if I will learn much.

The Auditor General's Report for the fiscal year ended March 31, 1976, has this to say, at page 9, paragraph 2.1.

I am deeply concerned that parliament and indeed the government has lost or is close to losing effective control of the public purse. I expressed that concern a year ago in my annual report.

At page 111, paragraph 2.8, he says:

Control over public funds would appear to have been deteriorating for at least the last 15 years.

Whatever else the Auditor General has to say in his various reports over the years, the ultimate responsibility for the gross negligence and mismanagement of this country's financial affairs must lie with the ministers on the treasury benches, one of whom we are fortunate to have with us today.

An hon. Member: Two!

Mr. Nielsen: They, and only they, are responsible, and they are to blame for embarking on a deliberate course of action which has resulted in so weakening the effectiveness of the parliamentary process as to render this place useless. I see another minister down the way. I am sorry I overlooked him, but the rate of change in the last ten years has been one and a half new ministers a month.

The same thing that has happened with respect to the effectiveness of this chamber has happened in the committees. I have been saying this, now, for some years. These changes have not happened overnight. They began with the Liberal government of the late Lester Pearson. A special committee was set up in March of 1964. It presented some 20 reports, the procedural aspects of which resulted in new provisional standing orders in 1965. One of the most important of these was that for the first time a limitation was placed on the proceedings dealing with financial resolutions. They were restricted to debate for one sitting day only and speeches were limited to 20 minutes, a far cry from the days when the opposition, then led by the late Mr. Pearson, held up estimates in the committee of the whole for 49 days.

Rule changes now began to appear which severely limited time for the discussion of supply. These were all provisional orders to be enforced to the end of the following session. At the time, of course, it was a minority government situation—there was no way those provisional orders would have been adopted had the government tried to force them.

Just before the election of 1968, which for the first time in a number of years returned a majority government, the one we are stuck with now, another series of reports was presented by the committee containing recommendations for changes in the rules which, for the most part, were imposed upon the House by this government with its comfortable majority. Procedure on supply was drastically changed. The year was now divided into three parts and the opposition was confined to a limited number of so-called allotted, or supply days, in each part. At the end of each of these three parts of the year, any supply business before the House must be voted upon—the guillotine.

Thus the standing committees which, by the change in the rules, now have all the estimates sent directly to them, are operating with a gun to their heads.

One of the more interesting provisions in these changes was that the operation of the standing committees, particularly in so far as the new procedures for examining estimates was concerned, was to be reviewed after they had dealt with the estimates for a time. That review has never taken place and under this government it is not likely to take place because it is far too inconvenient for the government in that it suffers no embarrassment simply because the opposition members on the committees examining the estimates are muzzled in their efforts to conduct a meaningful inquiry. I will come back to this in a moment.

We have, then, in this historical development, a situation where the new Liberal majority, by design, completely abolished the committee of supply. Along with that they abolished the right of the opposition to debate motions "that the Speaker leave the chair for consideration of supply." With their majority, they regiment the opposition to a restricted procedure of allotted or supply days. We must give notice of those motions, and only some of them may have a non-confidence motion attached to them.

I might digress here for a moment. They further weakened Her Majesty's Loyal Opposition by giving the right to other political parties to move motions of non-confidence, which is not in the parliamentary tradition. And, over all, there was the application of rigid time limits on debate. These developments, coupled with the abolition of appeals from Speakers' rulings, set the stage for the gradual but inevitable deterioration of the parliamentary process in controlling the public purse. The opposition is now in a straitjacket where its effectiveness in examining supply is simply non-existent.

● (1542)

That is what the Auditor General means when he says he is deeply concerned that parliament has lost, or is close to losing, effective control of the public purse. That is what he means when he says that control over public funds has been deteriorating for 15 years. These changes to our rules and procedures have, for all practical purposes, robbed us of the ability, procedurally, to reduce estimates. No wonder the Auditor General is deeply concerned. The control of the executive is now absolute. But then the Prime Minister (Mr. Trudeau) has always thought parliament to be a nuisance and that, when they leave the Hill, its members to be nobodies. The government has absolute control over time.

Mr. MacDonald (Cardigan): Tut, tut, tut!

Mr. Nielsen: The Minister of Veterans Affairs (Mr. MacDonald) says "tut, tut, tut," but I am sure he does not doubt the accuracy of these quotations. I just happen to have one with me here. I will just refresh his memory.

On July 25, 1969, the Prime Minister said:

> I think we should encourage members of the opposition to leave. Every time they do, the IQ of this House rises considerably.

That is the general attitude opposite. "Get rid of the opposition. We do not need it. It is just a nuisance." The government wants to have full control so that it can travel along untrammelled in the expenditure of taxpayers' dollars.

The Prime Minister said:

> —they are no longer honourable members—they are just nobodies, Mr. Speaker.

The government decides when we in the opposition will be permitted allotted days. The government really has been magnanimous in allowing six non-confidence motions in a year. In my view, the very life of this institution is threatened by that kind of attitude.

I said I would get back to the committees. What a farce they are in examining estimates! Any time the government members wish to do so—which is most of the time—they can stonewall in the committees. They are complete masters on those committees because of the government's majority.

The practice in standing committees has developed to the point where ministers—and, I am sorry to say, in many cases their officials—deliberately frame lengthy answers to questions put to them. This tactic, of course, consumes the time allotted to a member in a committee.

A question may take ten or 20 seconds to ask, and the answer of the minister takes the remainder of the five minutes allotted to a member. The chairman informs that member that his time has expired because the minister or his official has consumed the member's time in answering questions. The result is that we are stonewalled. No real examination of estimates is possible. No real explanations for expenditures are given. This single tactic of the government has done more to destroy any hope of success of standing committees in the examination of estimates than any other single factor. I am strongly suspicious that the chairmen of these committees actually go to clinics or meetings at which they are all instructed on how to handle themselves and us in the opposition in the conduct of committee affairs.

There are other factors which have contributed to the destruction of the committee system, which I say is now a farce. All committees are simply places where members can be kept occupied. Government members can be kept busy and out of the hair of ministers. With one or two exceptions, most government members do not even realize what has been done in this process of destruction. They are not able to compare the system with the system as it operated prior to 1963 or 1965 because they were not here then. They have nothing with which to compare the present system.

Prior to the changes, members were not cut off by committee chairmen—who are backed up by the government majority, which is the situation in all standing committees—because their five minutes had expired. A questioner was allowed to continue his or her line of questioning and thus was able to extract the necessary answers to his questions on the estimates. Now, as soon as government members sense that a line of questioning is getting close to embarrassing the government, the stonewalling begins, aided and abetted by chairmen who

are, for the most part, highly partisan and just as eager to protect the backside of the government as any other government member.

For the most part these chairmen are absolute martinets in their conduct of committee affairs. There is one notable exception. I hasten to make it, and I recommend strongly to all committee chairmen, all of whom are government members, that they would do well to model their conduct as chairmen of committees after that of the hon. member for Windsor-Walkerville (Mr. MacGuigan), who chairs the Standing Committee on Justice and Legal Affairs. The tactic of the government is to control embarrassing committee disclosures by having its committee chairmen rule with iron fists.

The Auditor General has observed the lack of any effective examination of estimates by committees in several ways. I am not alone in these views. I will put on the record just a few of the observations of the Auditor General. At page 12, paragraph 2.18 of his report of March 31, 1977, he said there was no visible action to date on recommendation that the form of the estimates be revamped so information they contain would be more meaningful and useful to parliament and would be the cornerstone for a fully effective government expenditure control system.

At page 105, paragraph 6.1 of his report of March 31, 1978, the Auditor General stressed the need to improve financial information parliament receives by improving quality of information in public accounts and estimates.

At page 105, paragraph 6.3 of his report of March 31, 1978, the Auditor General said that the information parliament receives on actual expenditures must be improved: public accounts mirror the estimates, providing little additional information.

At page 106, paragraph 6.9 of his report of March 31, 1978, the Auditor General said there was a need for improved accountability. More effective monitoring of government departments by parliament would involve: greater disclosure to parliament by department of objectives; greater emphasis on realiability of information in estimates and public accounts; identification by Comptroller General of information to be provided and action to ensure its integrity and comparability; greater clarity re nature of expenditure appropriations are intended to cover.

The reports of the Auditor General are full of observations like these. At page 108, paragraph 6.18 of his March 31, 1978 report, the Auditor General said that the 1969 implementation of 15 standing committees created the need for significantly better information, which was not recognized.

With respect to expenditures, what a sad history of broken promises and deception! The Prime Minister thinks that the opposition is a nuisance. In answering a question on May 8, 1969, as recorded in *Hansard* at pages, 8465 and 8466, the Prime Minister said:

> Apart from the continuing steps we have taken to curtail expenditure . . . we on this side hope that in the budgetary debate, which I take it will take place in a few weeks time, . . . when we announce to the country our further expenditure cuts—

Does that sound familiar? Further expenditure cuts?

> —we will have the support not only of the opposition but also of the various sectors of the community. There will be a need for the government to introduce some very severe expenditure cuts which will hurt different vested interests in the country.

In the year in which the Prime Minister said that, 1969, total expenditures were $13 billion. Now total expenditures are over $52 billion. On February 18, 1970, as recorded at page 3728 of *Hansard*, the Prime Minister said:

> I need not enlarge now on our determination to restrain federal expenditure, on which our intentions were put to the House when the estimates were tabled last week.

In that year, 1970, expenditures rose by another $2 billion, to $15 billion. Now, eight years later, expenditures are $52 billion.

On December 10, 1975—we are now getting more up to date—as recorded at page 9889 of *Hansard* the Prime Minister said:

> It is certain that in the meantime the government is very anxious to draw inspiration from the Auditor General's report and make sure that the government does improve the efficiency of its accounting procedures.

By the time the Prime Minister said that, expenditures had risen to $34 billion. They are now, only three years later, over $52 billion. On March 22, 1976, as recorded at page 11991 of *Hansard*, the Prime Minister said:

● (1552)

> —the President of the Treasury Board announced two or three months ago that the federal government would seriously try to cut its expenditures, and so we have reduced the rate of growth of the Department of Public Works and of several other departments. We have also put an end to some voluntary assistance programs, like LIP.

We might add FLIP, LEAP and a few others. He continued:

> We have reduced expenditures.

When he made that statement in 1976, total expenditures had risen to $41 billion, and two short years later, they are over $52 billion. It is little wonder that we and the people of Canada are rather sceptical of recently announced, so-called cuts in expenditures by the Prime Minister, and the setting up of a super ministry to co-ordinate programs of the brain children of the government which are running away with the tax dollars of Canadians.

At one time this House and its committees were a very real challenge, but no longer, not since the Liberals took office in 1963, and particularly not since the Prime Minister assumed power in 1968. At that time he immediately set about the erosion of the parliamentary process so that this place and its committees would not be a nuisance to him.

An hon. Member: A one-party democracy.

Mr. Nielsen: Right on. His idea of leadership is a cabinet of puppets, manipulated by him as the master puppeteer, all the strings being pulled by him. His idea is not acceptable. Eric Kierans found that out early, in 1971. He was the first to leave, and has since been followed by a long train of those who could stomach no more of it. In his decade of power, no less

than 33 of his ministers have left or were booted out. In the same period, he has had a total of 64 ministers, and has changed ministers no less than 134 times. The life of the newly-appointed minister from Kenora-Rainy River may well be a very short one, terminating even before the next election.

Mr. Reid: Oh, oh!

Mr. Dawson: Do not believe him.

Mr. Nielsen: I wish him well. That averages out to 1.5 ministers per month over the period of office of the Prime Minister.

This chamber has even been rigged so that opposition is less effective. Members are turned on or off by electronic technicians up there—no offence to them—who take their cue from the Speaker. That is not my conception of free speech. That is not my conception of what this place is supposed to be all about. That is not the way it used to be here. That is the main reason for the rowdiness in this place now. We have to shout to be heard, because we cannot be heard unless the technicians turn us on.

Mr. Reid: Do you have to be turned on by somebody?

Mr. Nielsen: The new minister is interjecting, but I cannot hear him from here. But he was not here before. He does not understand how this place functioned before.

Mr. Dawson: Indeed he was here before.

Mr. Nielsen: There were no restrictions on freedom of speech in this place before.

Mr. Reid: I have been here for 14 years.

Mr. Nielsen: He was not here before the changes were made. I am speaking of the period when microphones were hanging from the ceiling, and a whole line of them had to be turned on in order to convey the sound. There was a free exchange then. Members did not have to shout to be heard. The debates were lively; there were great debates in the House. They were not controlled by the simple turn of an electronic knob up there. As a result, I say there was more freedom of speech, more lively debate, and members were attracted to the chamber to hear those debates. Now, apart from the first hour of each day, we are lucky if we have a quorum at any given time in this chamber. Looking around now, there is a bare quorum.

Mr. Dawson: There are 39.

Mr. Nielsen: Yes, a bare quorum; 39 out of 282, is it?

Mr. Dawson: It is 264.

Mr. Nielsen: Approximately 264—282 the next time. Even if that is the conception of how this chamber should operate, held by members opposite, certainly it is not mine. This new system is much more conducive to the puppet syndrome of the Prime Minister.

These subtle changes have altered entirely the character and function of this place. The people of Canada are the real losers, because it is in this chamber where their freedoms ultimately will survive or perish. The restrictions and limitations on us as members—particularly opposition members because theirs is the watchdog role—which have been gradually but inexorably imposed under this government, already have deeply eroded the freedoms of Canadians who elected us to come here to do a job. We are being prevented from doing that job by an autocratic Prime Minister who is interested in power only for the sake of power, and by a weak-kneed bunch of puppets on the treasury benches, each of whom has only one thought at the beginning of each day: "My survival as a minister will depend today on how well I respond to the puppet master's string-pulling."

Some hon. Members: Hear, hear!

Hon. John M. Reid (Minister of State for Federal-Provincial Relations): Mr. Speaker, when I read the motion for the first time yesterday, I was surprised at it because whoever drafted it obviously knows nothing of the procedural history of this place for the last two years. When I saw that it was the hon. member for Yukon (Mr. Nielsen) who was responsible for it, then it was clear how it had been drafted in such a way. The hon. member shows no knowledge of what has gone on in the last two and a half years in procedural terms in this parliament.

Mr. Dawson: He is never here.

Mr. Reid: I am prepared to give him a short lesson in parliamentary procedural history over the last two years. But first I should like to look at the terms of the motion because it is one of the most totally misleading and nonsensical pieces of work which we have seen from the opposition for a long time.

In the dying days of this particular parliament I would have thought the Conservative party would have the nerve to put forward some of their policy proposals for debate. I would have expected them to put forward a motion to debate the status of Petro-Canada. I would have expected a motion to debate their mortgage proposals, to take money from the poor and give it to the rich.

Miss MacDonald: That has been decided by Toronto.

Mr. Reid: What do we receive instead? As most hon. members realize, procedure is one of the most interesting things in the House of Commons. I have never turned down an opportunity to debate procedure before, but it seems to me that this is not an appropriate time to do so. I gather the Conservative party is finding the flak a little tough as they make proposals and find them batted down.

There are a number of untruths in this particular motion. First of all, when we look at the committee system, it should be clear that there are problems with that system. Those problems apply both to members on this side and those on the other side. I should like to refer to two examples which disturb me and, I believe, the government. The first example is the

fact that there was $125 million in supplementary estimates before the Standing Committee on Transport and Communications. That committee has not yet met.

Mr. Paproski: Shame! It is because of Otto Lang.

Mr. Reid: Last Thursday the Standing Committee on Miscellaneous Estimates attempted to meet to consider over $56 million in Treasury Board supplementary estimates. But they could not meet. Why could they not meet? It was because there was not one member of the opposition party present to fill their places.

Mr. Paproski: It was because there was a snowstorm.

Mr. Reid: Then, how did members on this side manage to get there?

Mr. Paproski: They must have slept there all night.

Mr. Reid: Not all members go home for supper at night.

The point I should like to make is that there are problems with the estimates procedure, but the problems do not necessarily emanate from the front benches of either side of this House. A lot of problems emanate from the back benches on both sides of this House. It is something which the government and opposition parties must look after, for this is not something which was imposed upon backbenchers by the government. It is something which has developed over a period of time. We should pay more attention to these things, rather than blabber on about useless motions such as the one before us today.

I am concerned about the manner in which we have proceeded with our procedural debates. The hon. member for Yukon made a totally absurd statement when he said that there has been no review of procedural changes. This is an absolute falsehood. Anybody who has been around the House of Commons for the last two and one half years and who has paid attention to what has been going on in the Standing Committee on Procedure and Organization, who has taken the trouble to pull out those volumes and to read them, would know what absolute bafflegab that is.

● (1602)

I have in my hand the proceedings of those committees. I had the honour to be the chairman of the subcommittee on the use of time. The hon. member for Edmonton West (Mr. Lambert) was the chairman of the subcommittee on committees, and my parliamentary secretary, the hon. member for Hamilton Mountain (Mr. MacFarlane), was the chairman of the subcommittee on private members' hour. We met for a period of one year. We went to England to study their system, we had hearings, and we even met when the House was not sitting, in order to consider the reports which were worked on by these bodies.

It was no surprise to me that the members in the Conservative party, members who have paid a great deal of attention to this kind of problem, such as the hon. member for Edmonton West, the hon. member for Grenville-Carleton (Mr. Baker), the hon. member for St. John's East (Mr. McGrath)—none of whom are in the House at the present time—had the common sense and courtesy not to sign such a ridiculous motion.

I would like to deal with some of the charges made by the hon. member for Yukon. I am concerned about the way in which he has distorted the historical facts. I think it is clear that these reforms, when they began, did not immediately appear out of the blue. The process started with Mr. Pearson's government in 1963. It was started in 1963 because the Conservative backbenchers, under the leadership of the right hon. member for Prince Albert (Mr. Diefenbaker), were totally dissatisfied with the way in which parliament was carried on and with their particular role, and so were members on this side. When the latter became the government they decided to do something about it.

A series of committees was set up and a series of experiments was carried out, culminating in the changes of 1968 to 1969. How are those changes accepted? They were accepted unanimously, without a dissenting vote, and there was not even an "on division." Those rules were not rammed down the throats of the opposition. For those members who may not wish to accept that statement at face value, I would advise them to look at the *Debates* and *Journals* of the House of Commons for December 20, 1968. They were adopted without opposition. I will not bore the House by repeating the substance of those rules, but perhaps I should remind hon. members of the result of those rules with respect to supply.

The several standing committees in the House now spend over 500 hours a year studying main and supplementary estimates, more than twice as long as was spent under the old rules in the committee of suppy on the floor of the House. That time, even though it is not spent as well as I would like to see, is surely spent far more effectively than it was on the floor of the House. If anybody doubts that, all they need do is to go back and take a look at the debates in the good old days and contrast them with even the worst committee hearings to find that there is more substance in committees today than there was in committees of the whole in the good old days.

There has been a significant improvement. It has opened up changes which allow hon. members to be more effective, and furthermore it has given them opportunities to get away from the leader syndrome which this House has always had, and has given ordinary members on both sides a greater role to play. I think we should be grateful for that.

Nobody claims that the system is perfect. Certainly I am one of those who claims that the system is in dire need of a good shakeup. As a result, after the 1974 election, the then president of the privy council and House leader, Mitchell Sharp, took on the chairmanship of the Standing Committee on Procedure and Organization. We undertook a number of experiments, co-operatively, with members opposite, to find out how we could change the rules to make the situation more equitable and meet some of the criticisms that had been launched by members opposite. The most important of these was to permit members opposite to call for examination select-

ed items in the estimates to the committee of the whole—in other words, to go back to the good old days and to permit a vote on those items, to withdraw those items from the committee of supply and to bring them to the floor of the House of Commons and, if necessary, to have a vote.

By this experimental return to a part of the old procedures, we hoped to create a better focus on the business of supply and to give members a wider forum in which to bring forward to the House those items which they found to be wrong and about which they were concerned in the estimates.

I want to congratulate the hon. member for Calgary Centre (Mr. Andre), who did exactly that today. I think that it is an appropriate use of the standing committee and an appropriate use of the way in which the system ought to operate.

To return to the experiment, it was first tried in October, 1974, and was extended to the end of the second session of this parliament in 1976. The experiment was not continued because of the reluctance of hon. members opposite. There are still some bugs in the supply system, but to suggest that it is less effective than the old one is to ignore the facts.

I was not here at the time the hon. member for Yukon came into the House of Commons in 1957, but I have been here since 1963, and I am aware of how the good old days were and how the good old system operated. Having been here and having had an opportunity to absorb the old system, there was as much frustration to the other side then as there is today. I suspect that the frustration has nothing to do with what system we use to handle supply, but rather with the fact there are some members on this side of the House and some members on that side of the House, and by their performance today it is clear that the members opposite will stay opposite.

Mr. Paproski: That is what you think.

Mr. Reid: The present system provides an orderly timetable for consideration of supply, and gives ample time. However, members must prepare and organize themselves. If they go to committees unprepared, they will come away with nothing. If they do not go to committees, they will get nothing. It seems to me that they should not complain about the system under those terms. What I think we really have to deal with is the question of attitude that members bring to this place and to their work.

I am not sympathetic to members who complain that they cannot prepare themselves adequately because of the lack of staff or facilities. I would like to run through a few changes that have taken place since I came here in 1963. Nobody would call me an old man, and that illustrates the great step forward in staff and facilities that have been provided by the Liberal governments since 1963. The list I am about to give is by no means exhaustive. I first came to Ottawa in 1963 as an assistant to a minister. I was elected to the House two years after that. In those days two members shared an office, with one telephone. They had one secretary, who had a separate office, and a pool.

Mr. Knowles (Winnipeg North Centre): A typewriter in a pool, not an office.

Mr. Reid: The hon. member for Winnipeg North Centre is quite right when he says it was one typewriter for two girls.

In those days members had to pay for their long distance telephone calls, they had no weekly air tickets, they had no free passes home as they have today, the Library of Parliament had not yet begun to develop a research facility, and there was no money for caucus research, and no money for leaders' research staff. That was the good old days, and if members opposite want to go back to them, maybe we should give them some consideration. It seems to me that they would find it an extremely embarrassing situation to be in because they would not be able to carry on their functions as well as they are able to carry them on today.

Miss Bégin: Total darkness.

Mr. Reid: The minister says total darkness. Perhaps there is a faint moon in the sky as a result of these improvements.

Today most members have two offices in Ottawa staffed by three aides. Under new regulations which have just come down from the committee on members' services and approved by the Committee of Internal Economy, they can now begin to hire research staff, and members now have control over their staff in terms of what functions they will perform. Members now have a fixed budget, which was the idea that some of us were talking about back in 1966.

The library provides, in my judgment, very good to excellent research material. The caucus research offices provide very good material from a partisan point of view. If we add to this the vastly improved transportation, communication, and constituency facilities—all provided by Liberal governments over the past 15 years—there is little excuse for members to be unable to attend meetings unprepared. It is again a question of attitude. Providing vehicles for scrutinizing government extends well beyond supply procedures.

As I said earlier in response to a point made by the hon. member for Yukon, hon. members rediscover the Auditor General's report once a year, when it comes down. Hon. members realize of course, that it was the present government that introduced the Auditor General Act which greatly increased that official's powers. We also introduced the act dealing with the Comptroller General in order to bring more scrutiny to government activities.

● (1612)

These things have been done basically because the government despairs of the ability of hon. members opposite to take a significant interest in controlling the purse strings. What we have done in effect is opt for a bureaucratic solution to what should really have been part of the political process.

I regret that the government has taken this particular route, but under the circumstances I see no other choice. Hon. members opposite and hon. members on this side, I think have

not paid as much attention as they ought to the question of government spending and the allocation of resources.

The other thing that I should point out is that a very important part of the function of the Standing Committee on Public Accounts is its ability to control its own reference at the beginning of the session. It is one of the few committees which has the staff and which is able to probe the spending of the government. It can go to work at the beginning of the session. In my judgment, it was this government that opened those windows for members of parliament.

Let us remember as well that it was this government that made the first provision for parliament to scrutinize the exercise of delegated legislative authority. We brought forward the Statutory Instruments Act, created the Joint Committee on Regulations and other Statutory Instruments, and gave it authority to engage the professional staff needed to perform its important duties. This government opened those windows.

When we speak of opening windows let us speak about the greatest window opening this government has undertaken, the radio and television broadcasting of proceedings in this chamber.

For years legislative bodies toyed with the idea of broadcasting their proceedings. Most shied away from it, after considerable study. This House, at the government's request, permitted radio and television broadcasting of its proceedings on the same basis as the written *Hansard*. Of all possible parliamentary reforms, this certainly must be construed as the most far-reaching. It is one thing for us to meet in public and publish a printed record, but it was a different thing when we opened the House of Commons to the television cameras and to radio. Our constituents can hear us, and we know that they watch.

I want to return now to my opening remarks on the operations of the Standing Committee on Procedure and Organization, Mr. Speaker. It is my recollection that the first question I asked in this House after my election, was whether we could have a procedure and organization committee made up of members with less than five years' service.

Mr. Knowles (Winnipeg North Centre): You got over that.

Mr. Reid: I am now in the embarrassing position, as the hon. member for Winnipeg North Centre (Mr. Knowles) points out, of having been in the House for 13 years and on those committees for 13 years, and finally of having ascended to the exalted status of chairman. I therefore want to speak with some warmth of the work done by that committee under the chairmanship of the Hon. Mitchell Sharp in the last two years.

The committee spent a great deal of its time and effort trying to come to grips with some of the points raised by the hon. member for Yukon. A series of subcommittee reports have been published in the proceedings of that committee of September 27, 1976. These are available, and if members read them they will find a large number of problems dealt with in detail.

I think I should give particular credit to hon. members opposite who worked hard on that committee. The hon. member for Edmonton West was chairman of the subcommittee on committees. The hon. member for St. John's East and I were participants in the work of the subcommittee on the use of time, the hon. member for Winnipeg North Centre was an ex officio member of all our committees, and the hon. member for Hamilton Mountain (Mr. MacFarlone) was chairman of the subcommittee on private members' hour.

We produced three reports, but I think we made a fundamental mistake because we took them back to our caucuses. At that point the subcommittee reports disappeared and nothing happened. I believe that members on the backbenches became very nervous when they saw the reforms on which the committee had worked. The reforms were far-reaching. They dealt with a matter that the hon. member for Winnipeg North Centre has promoted for a number of years, that is, a regular schedule for the House so that hon. members would work a certain length of time here, and have a certain amount of time in their constituencies. We dealt with the question of finding out the legislative burden that the government wanted to put through and of giving some guarantees to the government that, if we took extra time to work in our constituencies, the legislative program would be dealt with in full. There was a whole series of reforms along these lines that would have gone a long way toward achieving the point that the hon. member for Yukon was trying to make.

I want to point out again, Mr. Speaker, that the hon. member for Yukon was not a member of that committee and, from the content of his speech, it is apparent that the did not read the reports and certainly did not read the record of debates of that committee. I think it is a tragedy that he made the speech he did without reviewing the basic material readily available to him and to the research group of his caucus.

I want to make a number of suggestions in the closing moments of my remarks, Mr. Speaker. Specifically I want to deal with the use of time. We do not use our time very well in the House of Commons, and I do not think we use it very well in committees either. The hon. member for Yukon complained about the ten-minute rule in committee—

Mr. Nielsen: The five-minute rule.

Mr. Reid: The five-minute rule is not in the Standing Orders but is a rule which members imposed upon themselves.

Mr. Nielsen: By a government majority.

Mr. Reid: It is a rule imposed by members themselves at the request of members opposite. There is a great desire on the part of members on all sides of the House to see themselves as equal, and therefore they proceeded to make sure they had equal access to the floor of the committee. Hon. members have big egos, Mr. Speaker, but some members will have to decide to give way to other members of their party. It is clear that with the five-minute rule there cannot be an efficient, functioning committee. That means that backbenchers who make

up the committee system will have to make some difficult decisions. Again, it is a question of attitude.

I have been in this House almost as long as the hon. member for Yukon, Mr. Speaker, and can recall when the House of Commons used to keep more regular hours. I can also recall when parliament basically sat part-time. A session began in February, we took a break for Easter, and returned until June. If the House sat in the autumn, that was an unusual event.

In recent years we have gone to the opposite extreme. In over 13 years in the House I have seen us adjourn for the summer on the planned date only three times—in 1967, 1971, and 1978. The leader of the House held the same post on those three occasions, but I have to temper my congratulations to him. I recall that he also held that position in 1971 when the Christmas adjournment began on New Year's Eve and there was no Easter adjournment.

If parliament is to be a year-round institution, then its members will have to organize their lives in a reasonable manner. In my judgment, this means that we will have to adopt regular sitting periods that would be extended only in cases of genuine emergency.

Let us look at the implications of this. It would put the government of the day, of whatever party, in a most awkward position. The present rules would give it no guarantee that it would be able to have a decision on its legislative program. We cannot establish a system where, on the other hand, however, the government would be able to ram a huge legislative program through without parliament giving it the proper attention. That would be unwise, and I certainly would not recommend it to the House.

In the last 15 years, experience has shown that between 50 and 70 bills must be passed and are passed each year. As a veteran member, and a minister with perhaps what is a small and controllable department, I believe that proper planning and control, from cabinet level down through the public service, could easily reduce this number to 40 or 50 bills per year. I would remind the House that the government has shown some signs of improving this in the last few years.

If a legislative program of a reasonable size is to be dealt with in a limited period of time, then planning is obviously required on both sides of the House. After all, we are all human, and if we do not have incentives to make us plan, then obviously we will not do it.

I should like to propose some things that we might consider. First of all, the rules regarding management of the time of the House should require the government to produce the great bulk of its legislative program early in the debate on the Address in Reply to the Speech from the Throne. This would enable the opposition to evaluate the bills and establish its position. This, it seems to me, would be a considerable reform. I am not talking about a list of bills—I mean the actual legislation as drafted.

• (1622)

Second, representatives of all parties should be able to discuss the amount of time needed for measures and agree on packaging groups of bills, or batching, if you will. We could put them into categories, for instance, major, minor, controversial, and dull, for consideration within set period of time at specified stages.

Third, some device for the government to proceed unilaterally in cases where agreement is impossible must be retained. However, my judgment, and the recommendation made by our committee on the use of time, was to head toward the British system of giving the Speaker greater authority in accepting or rejecting unilateral time limitation proposals. I am prepared to admit that we may have to seek another way because of the nature of this particular House.

Finally, I would not apply the packaging proposals to the third reading stage of major bills. It seems to me that in cases of great controversy, at the final stage the government should be willing, ready and able to take its responsibilities fully and openly. Old-fashioned closure would be the only medicine in these cases, and the government would have to take that decision along with the kudos and the problems that that brings.

The motion before us today is really an admission of failure on the part of the hon. member for Yukon who had not done his homework, had not read his debates, had not read his committee reports, and had not participated in the committee reports. The opposition is saying, through the hon. member for Yukon, that we cannot do our job, that it is the system that is to blame. Quite frankly, if I had been a minister of longer standing than I am now, I think the government could say that too from time to time. I am prepared to say that the truth lies somewhere in between. It is neither black nor white; it is probably gray. After 13 years of being enmeshed in the committee system as it has developed, I am not prepared to say it is perfect. As one of the participants in the design of some of these aspects of it, I find there is a great deal that ought to be changed, but a lot of that could be changed by the members themselves if they wish to change.

However, what I do insist upon is that we deal with the question of attitude of hon. members. There is no shortage of good ideas for reform in this place, but what there is, Mr. Speaker, is a shortage of determination on the other side to grasp the opportunities that are available to them.

Some hon. Members: Hear, hear!

Mr. Stanley Knowles (Winnipeg North Centre): Mr. Speaker, before I deal with the motion put forward by the hon. member for Yukon (Mr. Nielsen) and perhaps for a moment or two with his speech, I should like to say a few words to the Minister of State for Federal-Provincial Relations (Mr. Reid), who has just addressed the House for the first time in that capacity. I suppose it is significant in some way that a member from Manitoba should follow right after we have heard a

speech given by the minister who is sometimes referred to as the minister from Manitoba.

Mr. Reid: I will look after you, Stanley.

Mr. Knowles (Winnipeg North Centre): That is not my identification of the minister, but it is something to be enjoyed in any case. I offer him my congratulations on his elevation to the cabinet after these 13 years, and I wish him well in the important job that has been assigned to him.

Having said a nice word or two to the hon. member for Kenora-Rainy River, I should like to correct one impression that he gave when he talked about the package of rules that was adopted in 1968 and 1969. He went on at great length and used his finest oratory to stress the point that the package that was passed in December, 1968, was passed without a dissenting vote. May I remind him, sir, that there was a lot in that package that was very objectionable and very offensive. It was because the government withdrew portions of what had been put before the House in 1968 that the House accepted the rest of it without a dissenting vote. But one has to look at the package as a whole.

The portion that was withdrawn in December, 1968, came back in June of 1969, I believe, in the form of rules 75A, 75B and 75C, and one of those summers that my friend did not like staying here was that summer of 1969 when that remaining part of the 1968 package was debated and put through under closure. So I say to my hon. friend, do not give us the impression that the package offered in 1968 was that happily received. Part, as I say, had to be put under the closure rule which the Tories brought in back in 1913. One of the troubles around this place is that too often the Liberals take their cue from the Tories, and that was one of the times when they used that old Tory closure rule.

Having said that about the Minister of State for Federal-Provincial Relations, may I say a word about the motion and the speech made on it by the mover. I am not particularly happy with the wording of the motion. There are some things in it with which I could argue. But the heart of the motion is a complaint that this government has done nothing to cope with one particular problem, namely, the control by parliament of the finances of the government.

Some hon. Members: Hear, hear!

Mr. Knowles (Winnipeg North Centre): That point has to be underlined and agreed with, and we certainly do agree. It is because the motion makes that criticism of the government and calls for a vote of non-confidence in the government over that point that we shall be voting for this motion when the vote is called at 9.45 tonight. As I say, some parts of the motion do not interest me that much and I can leave them for another occasion. I can also say that I do not agree with all of the things which the hon. member for Yukon has said in his speech. In particular, I find it difficult to go along with his notion that the good old days were so wonderful and it is only the Liberals that have done damage to this institution. I want to say, and perhaps I shall come to this in a little more detail in a moment or two, that I think it is a better place today than it was in the so-called good old days.

Some hon. Members: Hear, hear!

Mr. Knowles (Winnipeg North Centre): My two friends who have spoken ahead of me have vied with each other as to which one of them was in a position to talk about the good old days. But they are only talking of 13, 15 or 20 years of being around here. I first visited this place as a teen-age student, 54 years ago and first came here as a member 36 years ago.

Mr. Reid: I bow to you, sir.

Mr. Knowles (Winnipeg North Centre): So I do know a bit about the good old days. Mind you, I am going to divide what I have to say about the good old days into two parts. I am going to assert that things are better now than they were then, but there is one respect in which they were better many years ago. Perhaps I might indicate some of the things I think have made this place a better institution than it used to be.

● (1632)

My friend from Yukon told the hon. member across the way that he did not remember the days before the microphones hung from the ceiling. He said in those days there was more freedom of debate. Well, I can go back to the days when there were no microphones at all in this place.

Mr. Broadbent: There were no lights.

Mr. Reid: Those are the good old days I want to go back to.

Mr. Knowles (Winnipeg North Centre): You had to be heard by the sound of your own voice. Many members tried it once and did not try again. I notice now that if the electricity goes off this place comes to a standstill.

When I first came here, I sat in the back row. There was no electronic equipment of any kind. I had to be heard by the sound of my own voice. It was nicer for some of us. In our party we all seemed to have good voices. At least we had lots of nerve, or whatever it took, and we were all participants. However, the two old parties seemed to have 25 or 50 mil-quetoasts. They would make one speech in the session and find it so difficult to be heard that they gave up. That was fine for us.

We did not get caught in these quotas as to time. We were able to make all the speeches we wanted to make. But I think this is a better parliament because there is more participation. It is better not just because of television but because of the microphones that were brought in here. That innovation made more of a change in parliament than anything I have seen since I have been here, even more than television. Once the microphones were brought in, they produced an equality in terms of being heard. From that day on, the participation by all members has increased greatly. In that sense, it is a better place than it used to be.

In terms of the rules, we have made a number of changes which make this a better place. I like what we did with regard

to statements by ministers which we used to call statements on motions. That is not the correct term now. It is statements on statements.

In the old days, every time a minister made a statement there had to be an argument as to whether anybody had a right to reply and, if so, how many. There were no questions. We resolved that. We provided, by rule, that when a minister makes a statement one spokesman from each party can reply and there can be a question period. It may have reduced the number of statements that are made, but the handling of those statements is much better under the present rule than it was under the old.

The institution of "the late show" was beneficial to the operation of this place. Under the old system, members got put down when their questions were out of order. They had to wait for months for some grievance spot to raise something. With the institution of "the late show," if a member is not satisfied with an answer in the question period, it is possible to get on one of nine spots during the week after ten o'clock. I have noticed in changes in the rules that have been made since "the late show" was introduced that it has not been abolished. I think the Chair likes it as well. Mr. Speaker knows that if he puts a member down, that member has a right to get on "the late show".

We have improved our handling of legislation by the method of sending bills, with the exception of tax bills, to a standing committee, then establishing as we did the report stage. Back in the so-called good old days, all bills were dealt with here in committee of the whole. On occasion we would send a bill to a committee. If we did that, when it came back to committee of the whole, we went over it again. Usually members on the standing committee learned something about the bill while it was in progress. When it came back to committee of the whole, they could talk longer than if it had not been to the standing committee. I can give you chapter and verse. It happened quite often.

We now send bills to a standing committee, but we have the report stage here. At the report stage we do not have every clause called as we did in the old committee of the whole set-up. Instead members have to put down their amendments to specific clauses in the bill. In other words, the rights of hon. members who are not on the standing committee are reserved. They can deal with the parts of the bill they are concerned with here on the floor of the House.

In many of these respects, this place has improved. The introduction of television and radio broadcasting of the proceedings of this House is good. We get a lot of complaints. One of the biggest complaints last year was that people did not like the desk thumping. The Tories have tried to correct that by applauding, using their hands. We will have to wait a while to see what the Gallup poll says as to which people like, thumping desks or clapping hands.

The odd thing is that even though people criticize parliament from what they see over television, they seem to want more of it. The broadcasting people tell us there is more and more demand for the question period and other parts of this show to appear over television. I am told it even upstages some of the soap operas during the day. That did not happen in the good old days. I think this is good.

I could go on. I welcome the points that the hon. member across the way made about the opportunities of the facilities that are made available to members to do their job. When I came here, we were given a railway pass which we could use as often as we wanted. We still get it. We got our berth and meals, our expenses for making trips home by train. How often? Twice a year. Now we get 52 air trips a year. Don't tell me about the good old days.

Mr. Broadbent: They were the good old days.

Mr. Knowles (Winnipeg North Centre): In one sense they were. We were not expected to be travelling all over the country all the time.

The free printing, the free telephone, constituency offices, and all the other things that members have had provided to them in order to do their job are a hundredfold better than they were in the so-called good old days.

I must not spend all my time in this way. As I say, in most instances, it is a better parliament now than it was 36 years ago. I look forward to its being a still better parliament in 36 years from now for any of us who may still be here. There is one respect, and I come to this because it is at the heart of this motion, in which I think we did do a better job, not in what my two predecessors referred to as the olden days, but in the olden days to me, back in the forties and fifties. That is with regard to estimates.

Those were the days when all estimates were dealt with in committee of supply. There were no time limits. We used to have long debates, even to get the Speaker out of the chair to get into committee of supply. Those were grievance occasions. However, every estimate had to be dealt with in committee of supply.

Some members who go back a few years may recall an interim period when we dealt with estimates here. However, there was a time limit. The result was a minister stood or sat over there and heard his estimates discussed. He did not worry about them. He knew they went to the bottom of the list and, when the last day came, they were called without further discussion.

Back in the old days when the hon. member for Grenville-Carleton (Mr. Baker) sat in the gallery and watched the show, young boy that he was in those days, there was no time limit. Members could deal with estimates as they wanted. Sometimes when you got to a time when it looked as though they were going to go through and you started to slide down the estimates, and calling them one by one and passing them, all of a sudden John Blackmore would get up and we would spend a couple more hours on them. Maybe the hon. member for Winnipeg North Centre would do the same. The result was we could hold ministers at bay, saying they could not get their estimates until they gave us some satisfaction on some point. I think it was better.

Some members may ask why we changed it. We changed it because we had to do so. The amount of money that parliament had to deal with had multiplied manyfold. The amount of things in which parliament got involved was extended considerably, everything in the social security field, the science field, and international affairs.

There are all kinds of things that parliament is in today that we did not have in the old days. If I may speak from my own experience as one interested in a field all members know about, there was no Department of National Health and Welfare. Before the days of my good friend across the way, and thank God we have it and have her—

Some hon. Members: Oh, oh!

Mr. Knowles (Winnipeg North Centre): That was just to embarrass her. In those days, old age pensions were an item in the estimates of the Minister of Finance. When did we get to that item? Usually in the last two or three days of the session.

There were no family allowances. Earlier than that, there was no unemployment insurance, no guaranteed supplement, no Canada Pension Plan, and no health estimates of any kind. The point I am making is that things which are now the responsibility of a very large department, the Department of National Health and Welfare, just weren't there.

● (1642)

Because the number of things we were involved in became so extensive, we reached the point at which we realized we could not go on giving unlimited time to every item in the book. So parliament experimented. For a while we experimented with the idea of a certain number of days, something in the order of 30 or 35 days. Well, that seemed sensible. It was not many fewer days than we had been taking previously. But once we had started it we found it didn't work because the minister would sit there and let his estimates be discussed for a day or two days at the most, and that would be all. He didn't have to satisfy anybody. He knew that on the thirty-fifth day or whenever it was, his estimates would be called and would be passed. So that did not suit.

There was also a period when we had a committee on estimates. We tried that for two or three sessions. It didn't work very well either. In 1968 we came up with this idea of sending the estimates each to an appropriate committee and getting them off the floor of the House altogether. I do not think it is working. My friend across the way doesn't defend it either. We just haven't found a solution to the problem of parliamentary control over the spending of moneys in this place. I think we have to stay with it until we do, and I think it is perfectly proper that the House should vote non-confidence in the government for not having come up with a solution to this problem. Don't tell me it was in the package that was produced a year or so ago, because it wasn't.

I do not presume, after all this, to say I have the answer, but I know there are some things that should happen. The estimates should be given to us in much greater detail. The block global figures we get do not mean a thing to us. In those good old days there was more detail. You could find the matter you wanted to talk about by going through the book. The book was a lot thinner then than it is now, but there was a lot more in it.

The other thing we should try, bearing in mind that even in this modern age there are still only 12 months in a year and that there is not time to deal with everything in detail, is a selective arrangement whereby in each year during which parliament sits we could deal with four or five departments only. The government should not know in advance what those departments are; it should be the right of the opposition each year to say which departments will be called. And if we had to reduce the number from five to four, to three or what have you, so that we can deal with those departments on the floor of the House, without time limit, I would say we should make that decision. The part of the old system which did work was that the House could hold the minister at bay until he either corrected an estimate, dropped it, or gave a satisfactory answer.

I think the reason the Auditor General is in a position to say the kind of things he said in his recent report is because the way we handle our estimates today is really a farce. I have said this in the context of having been frank enough to say that I think many of our rules have been improved. But on this score we are so far from reality that we might almost as well drop the consideration of estimates altogether.

It is on that basis my colleagues and I are prepared to vote for this motion, as an expression of non-confidence in the government for not having found a way to cope with the estimates. I do not want to be viewed as one who is criticizing what has been done without having an alternative to offer. I would be happy to listen to other suggestions, but most of those who have thought about this subject think more or less along this line—I believe the Minister of State for Federal-Provincial Relations does. As a matter of fact, he may have been cribbing a bit from some of my ideas when he proposed the same general approach to legislation.

I have suggested many times that the government should be required at the start of a session to list all the bills it proposes to bring in, that there should be a conference among the representatives of the parties, that the bills should be categorized as important, semi-important, unimportant or unnecessary, or dull, as the minister called them. Then we should reach agreement as to time limit on the bills that are unimportant and so on.

I see that you are looking at me, Mr. Speaker. Would you pardon me for a moment. I had forgotten we were limited to 20 minutes; I was thinking of 30. I shall wind up right away.

Some hon. Members: Agreed.

Mr. Knowles (Winnipeg North Centre): It is strange around here, the things to which you can get agreement.

An hon. Member: Turn off the lights and mikes.

Mr. Knowles (Winnipeg North Centre): If the mikes are turned off, Mr. Speaker, I still know how to speak up. I think

things that are important and serious should be debated without time limit, but the unimportant should be got through, and in the same vein I come back to estimates and say we should find a means whereby we deal each year with three or four or five departments picked by the opposition, and give them the works.

I must sit down, Mr. Speaker. I should just like to say that, important as I believe procedure to be, it is not the whole problem around here. A large part of the problem has to do with attitudes, with confrontation; another problem is lack of substance in the legislation the government brings forward. We could have the best rules in the world, but with a government which will not cope with unemployment or inflation, well, where are you? Thank you, Mr. Speaker, for giving me this extra minute or two.

[*Translation*]

Mr. C.-A. Gauthier (Roberval): Mr. Speaker, I would like to say a few words on this motion. My remarks will be brief because the cold I caught prevents me from speaking for too long.

At the outset, I wish to congratulate the Progressive Conservative party for having moved this motion, not because I support it in every respect but because it gives us an occasion to address ourselves to certain issues and draw the government's attention to some questions which are of an immediate interest to us. Of course, the motion blames the government for having "undermined the fundamental function of the House of Commons and its standing committees by imposing changes in the rules and procedures of this House and its standing committees calculated and designed to stifle or eliminate parliamentary examination and control of public expenditures resulting in the steady destruction of the parliamentary process." Naturally, like any motion, it is put in a rather strong way, but it gives us an opportunity to deal with matters which we cannot consider in other circumstances. It goes without saying that it is difficult for this government as it was for any previous government to give satisfaction to everybody, politically speaking. We must realize that ours are political formations which are generally more concerned with making political gains than with administering the country properly. I feel this is the first area for which we can heap reproaches on one another, and that we should make a concerted effort to think more of the people we are here to serve, rather than of those who are likely to cast their votes in our favour.

● (1652)

I should like to deal first with the inadequate time planning and distribution in the House. The government seems to operate in a haphazard way, especially in the planning of the legislation which is to come before the House. As the hon. member for Winnipeg North Centre (Mr. Knowles) remarked a while ago, it would be very useful—I do not think I am asking for the impossible—if at an early stage of a new session we could obtain the list of the main bills, leaving out all secondary bills, in their order of introduction in the House, which would make it possible for us to really get ready to debate them. I suggest that this would reduce time spent in discussions. What procedure are we using today? Early in the session, the government appears to be somewhat at a loss as to the bills it wants to introduce. For the first months that went on to such an extent that some days, quite frankly, the government would find it impossible to keep hon. members, busy so unpredictable was the businss of the House, not only for this year but I am referring to the 16 years I have been here. So much so that the government would be embarrassed after we had discussed a bill so rapidly that they had nothing left for us to do the day after.

I think that with perfect planning for every day of the session, those minor, unimportant bills—since among the 30 to 40 bills we might pass during a session there are always 20 to 25 which are rather unimportant and that is why we call them minor—could be deferred till the end of the session. But it is the contrary that happens. Indeed it is at the beginning of the session that all those minor bills are put before us whereas major pieces of legislation are reserved for later on, those precisely we would like to discuss a little longer. But no, they are introduced when we are in a hurry, ten days before the end of the session and particularly before holiday breaks. Yes, just before holidays they would push four, five or six bills and sometimes even some which had never been presented during the session.

They would be presented to us four or five days before the end of the session and we had to adopt them unless we wanted to be deprived of vacations. We were like schoolchildren threatened by the teacher to forgo holidays if they did not do their homework. Well, I think this is not a very serious attitude for any government. The government should think more, give more precise direction to its efforts and be convinced that it is dealing with mature people who come here to do their work, but who must do it as well and as fast as possible in order to give more time to their riding. This question has been raised on numerous occasions. In the 16 years I have sat here, Mr. Speaker, I think we never had enough time to work in our constituency. At Christmas and Easter, we only have a few days—barely enough to get things going—and then we have to get back here. Moreover, summer periods have often been shortened. I have always maintained in this House that an hon. member should at least spend three months in his riding because his work in this regard is not only here but also in his riding. He must meet his constituents to explain to them the government policy.

When the House sits 11 months out of the year, how can one be expected to spend two or three months in his riding? That point should be studied and improvements should be made. Here is the second point, namely the way in which the government introduces bills, and here I am thinking of omnibus bills. One never heard of omnibus bills when I first

came here. They came along with the election of the present Prime Minister (Mr. Trudeau). What is an omnibus bill? Everyone knows it is a bill which deals with a little of just about everything, in which abortion, firearms and hanging can all be mixed up. I say that type of bill should never have existed. It is used to force the opposition into passing bills, parts of which it objects to, but which it cannot refuse to pass because in so doing it would also deny passage of provisions it agrees with. Those are premeditated bills, but they are unfair to the people in the sense that when abortion is being discussed, abortion alone should be dealt with; when firearms are being discussed, they alone should be the topic of discussion. Let us vote on firearms, let us discuss firearms, but let us not mix firearms with abortion. Come on! They do not concern the same type of guns at all! That is why I say a clear distinction must be made between topics, each one of which should be dealt with in a separate bill. That question has often been brought up in the House, but nothing ever changed, and with every new session, we are being faced with new omnibus bills. Packages are made which contain things we do not want; but we have to accept the works, if we want to pass what we agree with in the package. I think it is unfair both for hon. members and the people.

I should like to bring up a third topic. I said I would be brief but I should like to say one word about the sittings of the standing committees. For a long time now, requests have been made—and for a while I believe those requests were met—to the effect that standing committees never sit during the sittings of the House for the simple reason that, in the case of a party like ours, with only eight members, when two are sick, of the six left, if three or four standing committees meet while the House sits, no one is left to attend the sitting of the House. We have to stay here. The others are in committee. I find it unfair. The major parties can manage all right, but a small party cannot, Mr. Speaker. Even in the major parties, some members would like to sit on committees, or at least listen to the discussions, but they cannot go. If these committees sat when the House is not sitting, everything would be fine. That went on for a few years, but we have gone back to our old habits, and it is still with us today that habit of sitting at the same time as the House. The number of sittings is also stepped up, probably because the fewer members there are, the quicker it goes. I do not know, but if those standing committees are unwanted, why are they not simply abolished. I find that standing committees are a good thing. That is where we can seriously study the legislation, ask the questions we want, but at least give us the chance to attend the discussions.

Finally, there is the matter of uncontrolled expenditures. I sit on the public accounts committee and I have heard some pretty good ones on that topic. And this has been going on for years, it did not start this year. Some people feel that what is going on there this year is scandalous. I have been seeing things like that for 16 years. The government seems to remain speechless, unconcerned in front of this. At first, they listen to the criticisms made by the Auditor General, then they lose interest. I would even go further, when the Auditor General does too much, they replace him.

It seems to me that since we do have an Auditor General, we should listen to the advice he gives to the government. Officers can make mistakes, that is understandable, but errors costing $1 billion, $1½ billion or $2 billion must be looked into. Take this year, for example, they are introducing budget after budget, however budgets are becoming a practical joke. They present a budget for $47 billion with a $14 billion deficit, then they borrow $17 billion: $7 billion to reimburse old debts and $10 billion to pay for what is coming. What? We do not know. It becomes a childish game. I think we shall have to take action to try to improve our control over the expenditures of the country if we cannot stop that flow of expenditures, unauthorized expenditures, expenditures which are such that even people in the department have the surprise of their lives. Even the minister in his own department had the surprise of his life. We should ask the House to try to do something, not simply receive the report of the Auditor General and criticize it. We are there in committee, and we criticize the report of the Auditor General; we do not listen to the Auditor General's criticism, we do not take any action afterwards. I am sure that no action will be taken afterwards. If it goes on like that, it is useless for the Auditor General to come and table his report. It is useless to try to examine new methods to control expenditures.

Finally, it is said that in the past the Speaker's decisions used to be appealed. Today no appeal can be lodged. They say that it is an amendment. There has been a development, since we are no longer in a position to appeal. It is unfortunate, but I think that no appeal against the ruling of the Speaker should be allowed, because some time ago, when appeals against the rulings of the Speaker were authorized, I do not know how many useless votes were taken to harass the Speaker. I think the Speaker's task is difficult enough as it is. I think it was advisable to pass that regulation. We must acknowledge it and as long as we have some means to observe the proprieties it will be a good thing, because the people are watching us in the House and we hear criticisms every day. Do you know the people feel that the most striking feature of the House is the decorum. Well, I wish to keep that image before the public, that image of respectability given by the members who appear as responsible individuals who, in the interest of the people, want regulations to act freely as true administrators.

● (1702)

[*English*]

Mr. Ron Huntington (Capilano): Mr. Speaker, I listened with attention to the mover of the motion, the hon. member for Yukon (Mr. Nielsen), and the reply of the hon. Minister of State for Federal-Provincial Relations (Mr. Reid). I must say that nothing indicates the problem facing parliament and

Canadians today more than the motion of my colleague, which perhaps can be termed a brutal motion, and nothing illustrates one of the attitudinal causes of the problem we are struggling with today more than the reply of the Minister of State for Federal-Provincial Relations. I hope the view he has through his rose-coloured glasses of this problem works with the extreme responsibility recently given to him by the Prime Minister (Mr. Trudeau).

The minister mentioned that the government had taken very positive steps toward correcting the situation faced by Canadian taxpayers today, through the introduction of the Auditor General Act and the introduction of legislation to establish the office of Comptroller General. If it were not for one of the most political apolitical Auditors General we have ever had, with his tremendous abilities to identify issues, and to visualize and put in place corrective measures, I doubt very much if the Auditor General Act would be in place today.

A key complaint which the Auditor General has had since he took office is the fact that there was not a chief financial officer in charge of systems and control. It was his persistence which forced the government to bring in legislation establishing the office of Comptroller General. It would be most unfair of me not to recognize the debt all of us owe the former president of the Treasury Board for his effort on behalf of Canadian taxpayers in getting that chief financial officer into place. I respect the efforts he put forth.

Turning to the remarks of the hon. member for Winnipeg North Centre (Mr. Knowles), there was nothing as nostalgic as his remarks. The mover of the motion has been here 21 years, and he spoke of the old days. The Minister of State for Federal-Provincial Relations has been here approximately 13 years, and the hon. member for Winnipeg North Centre has been here for 36 years. Now the House will hear from a member who has been here only 4.5 years.

Some hon. Members: Hear, hear!

Mr. Huntington: It might be of some good to understand why I am here. I am from the small business community, and I am here because I was outraged at the lack of care and attention given the tax resource, to which I was making a donation, by the federal government.

As mentioned by the hon. member for Winnipeg North Centre, the issue is parliamentary control over the tax resource. Parliament has lost control over the tax resource. The remarks of the Minister of State for Federal-Provincial Relations in no way hide that basic issue.

I should like to refer to a statement contained in section 1.29 of the 1978 Auditor General report where it is asked why serious managerial weaknesses continue to persist, even after years of conscientious effort to overcome them. That is an indictment of the system, and very little can be said in defence of it. That is the challenge which faces all members sitting in the chamber today. Approximately $50 million is being spent on internal audits within the system, and we are getting absolutely nowhere. Internal audits have had no status and have not had access to senior managers or deputy ministers of departments. This was pointed out in 1975, and it was agreed to by Treasury Board and the government at that time. Again the 1978 Auditor General report indicated that nothing has happened in this essential element of management within the system.

Over the past 15 years since the Glassco commission, government expenditures have risen from $7.3 billion to $42.8 billion, which is an increase of 487 per cent on an adjusted basis. In 1962 the Glassco report made two important and key recommendations. First, it recommended a decentralization to departments of responsibility for financial management and control. The second recommendation was putting in place a counterbalancing of controls in the Treasury Board. This was recommended also in the 1975 and 1976 reports of the Auditor General. The latter recommendation of the Glassco commission was never implemented. In fairness, as the 1978 Auditor General report pointed out, even if a Treasury Board counterbalance of controls had been implemented, it is somewhat doubtful that better organization and procedures would have been able to cope adequately with the rapid rise in the level of government expenditures.

• (1712)

Section 1.29 of the Auditor General's report, to which I have already referred, draws to our attention the continuing problem which we face, but nothing seems to be happening in spite of the best efforts we can put forward. I need not remind hon. members that the Auditor General is an office of parliament. Attitudes of senior departmental officials have not been conducive to wise and prudent use of taxpayers' money.

The following are some quotes from the 1978 Auditor General's report:

> Departments generally assume that it is their money . . . A set of values has been developed where the emphasis is on conceiving and developing new programs . . . Management of human and financial resources has been significantly less important to them—

As value for money considerations in management faded, personal accountability for the Canadian taxpayers' dollar seemed to expire. As a result we now have an attitude where nobody within the system seems to care about the net waste of resources.

Here is another quotation from the Auditor General's report:

> During the period of rapid expansion in the government, it appears that the public purse was gradually deemed virtually bottomless and that access to it was not unduly restricted for the ingenious.

That is a terrible indictment of the system. The system puts more emphasis on developing policy initiatives and new programs than on the principles of well established practices of economic efficiency and effectual resource management. That is what the report is saying and why the need was created. Thanks to the former president of the Treasury Board the position of Comptroller General has been established, whereby we can perhaps bring about some corrective measures to a very seriously ill system.

During these 15 years the government has become the principal supplier of a growing number of services such as health care, education, and pensions. I believe the hon. member for Winnipeg North Centre has mentioned this. It has assumed major responsibilities in the area of direct income transfer payments. In addition, we have found this government increasingly intruding into the private sector, with more and more of the means of producing goods and services being controlled by the state. This expansion of programs and services has caused a massive increase in public sector expenditure.

During this period of rapid expansion and development of new programs, the federal government has failed to implement acceptable standards of control and accountability within the system. Taxpayers in the private sector, who are accountable at all times to the tax collector, quite naturally assumed that some degree of accountability would exist over the tax spenders. In the thirtieth parliament the examination of the Auditor General's report by the Standing Committee on Public Accounts has shown that the financial management and control of the tax resource by the federal government, its departments, agencies and Crown corporations, has been significantly below acceptable standards of quality and effectiveness.

In addition of the failure of the government to implement the second key recommendation of the Glassco commission, other fundamental causes for the present conditions can be identified. The cash base method of appropriating funds and accounting for them has encouraged a degree of gamesmanship to develop within the system which works against good resource management and accountability. One merely has to work diligently on the committees to watch the gamesmanship that is exercised against the members of this House. An increasing reliance on post audit procedures for control and performance measurement has emerged and can be largely attributed to parliament's failure to put in place a system of satisfactory examination of the estimates and a meaningful control over supply votes. A further condition which can be identified is that the isolated work experience of the public servants has separated its processes and values from those found in the private sector.

One might ask how does one get their arms around $50 billion, or how does one tackle this huge problem? I think that within the answer to the question lies the challenge of the public accounts committee. In the thirtieth parliament the public accounts committee has gained a grasp of the problem and is in the process of adjusting its approach to meet the challenge ahead. The public accounts committee is doing a moderately good job with regard to the Auditor General's report, but it has failed completely in its responsibility to undertake proper examination of the public accounts of Canada. Unfortunately, it has neither the time nor the staff to meet this mandate.

It is essential to the parliamentary system that the performance of the Auditor General be continuously appraised by the public accounts committee. It is also essential that government departments, agencies and Crown corporations, continue to have the public accounts committee forum in which they either defend their positions, gain publicity for their needs, or report that corrective measures are in place. Only with this type of public examination can the faults within the system be corrected and the interests of the already overburdened taxpayer be protected.

In his 1978 annual report at paragraph 1.43, the Auditor General describes three of the important pillars supporting economical, efficient and effective management. These are essential to the process ahead of us, and I would recommend that all hon. members read that section. It is the foundation upon which progress from this point on has to be made. Unfortunately time does not allow me to expand on that particular section of the report.

As we mature from the horror-story approach to assuring the implementation of the three pillars in section 1.43 of the Auditor General's report, I would like to say a few words on the challenge facing the public accounts committee. Members who have examined the last four reports of the committee should be aware of the challenge facing the committee of the change that is taking place and the quality of their work. The government-wide issue approach of the Auditor General demands a new approach and a new quality of performance, or we risk losing all potential benefits from the tremendous energy and talent that is behind the Auditor General's report. Parliament must examine, must understand the issues, and must create a pressure cooker for those elements in the system that resist coming to heel and being accountable.

The public accounts committee is the only window through which parliament can examine the economic, the efficiency, and the systems ability to deliver effectiveness. Within this area, the public accounts committee will have its hands full on government-wide issues alone. There is a new standard demanded of its members, who even now must attend briefing sessions before going to the meetings. The detailed examination of departments, agencies and Crown corporations, and the cyclical comprehensive audits that are ahead, will have to be undertaken by other committees of the House.

There is just no time for the public accounts committee to handle that aspect of the Auditor General's report. It will require a new type of research which, I believe, will have to be provided by a fortified research arm of the public accounts committee, and as we come to it, by the research arm which will study the estimates. A new strong committee, similar and parallel to the public accounts committee, will be necessary to study the pre-expenditure end of the continuum.

With pressure of examination on at the beginning of the spending process and with the pressure of a strong, well-armed post expenditure audit committee, at the end, I believe that the attitudes, behaviour and the management within the system can be turned around. I have been honoured to be sitting as the chairman of the public accounts committee through the third session of this thirtieth parliament, and now into the fourth session. I have become sensitive to some of the weaknesses which exist within that committee. It is an essential arm of this body and is needed to bring about some of the changes

in attitudes and accountability which we face. We have to face the fact that the committee is controlled by the government, with membership based on the seats held by parties in the House of Commons. There are 11 government members, seven members of the official opposition, one member of the New Democratic party, and one member of the Social Credit party.

● (1722)

The steering committee has become a very important arm in the effective operation of the main committee as it deals with planning, study, and report writing.

The committee has a tremendous load with which to cope. It handles the Auditor General's report and has only been able to get to the public accounts of Canada on one occasion. It has to fight for its blocs within the bloc system of this House. That is an annoyance that the committee could do without, particularly when dealing with matters of the magnitude outlined in the 1978 report.

There are ways in which the committee should be strengthened, and I hope I will have time to put some suggestions on the record, Mr. Speaker.

A permanent research staff should be assigned to this committee under the direction of the chairman, free and clear of redirection by the director of research of the Library of Parliament. Recently I was trying to get research material ready for a meeting and found that our staff had been given assignments by the Library of Parliament. This was unknown to me when I was trying to get ready for the meeting.

Professional people should be assigned to the committee from time to time from the Auditor General's office on the basis of need. I think this is essential if we are to handle the subject in which the committee is now involved.

The committee should have a budget to cover investigational needs which occur from time to time. I offer the example of the AECL report and the committee's inability to complete its investigation into that important matter.

The official opposition should assign a research officer to serve the specific needs of members of the opposition who really carry the initiative within the committee.

Members of the public accounts committee have a tremendous burden of low-profile work. This causes some attendance problems and these must be dealt with. A high degree of dedication is required of the members who serve on that committee. I think we should find ways of improving the prestige of those hard-working members either through more public exposure, television coverage of the proceedings, or pay for the work.

The alternative would be for members to sit as a jury and allow experts, such as counsel and other highly qualified people, to examine the professional witnesses from the various departments who appear at the committee. Members of the jury should have the right to ask supplementary questions posed by counsel.

There are basically two approaches, Mr. Speaker. First, increase the research facilities for members participating in the committee and give them the incentive to serve, or second, put in place highly professional counsel to handle the detailed subject matter and allow hon. members to sit as a jury responsible for writing or approving the report prepared by staff.

I have said before, in the presence of the Auditor General, the Comptroller General, and to the Niagara Institute, that if we cannot turn around this "don't give a damn" attitude to the nation's tax resource, and impose accountability on the system, then I believe this form of government will become unstuck. This is too great a threat to our freedom for us to allow it to happen. That is why I implore parliament to make an all-out effort to strengthen the resources of the Standing Committee on Public Accounts and put in place a committee equally well-armed to examine the expenditure part of the process.

In closing, Mr. Speaker, I should like to pay tribute to my colleagues who have worked so many hours in the performance of their duties on the steering committee. The hon. member for Ottawa West (Mr. Francis) has been a stalwart member from the government side, the hon. member for Pontiac (Mr. Lefebvre) has been a very strong member, the hon. member for Trinity (Miss Nicholson) brought her abilities, and there were my colleagues, the hon. member for Vancouver Quadra (Mr. Clarke) and the hon. member for Red Deer (Mr. Towers). I think the House should note the long hours of work they contributed to that committee.

Mr. Thomas H. Lefebvre (Parliamentary Secretary to President of the Treasury Board): Mr. Speaker, in rising to take part in this debate on the motion of the hon. member for Yukon (Mr. Nielsen), I appreciate that the order of speaking gives me the opportunity to follow the hon. member for Capilano (Mr. Huntington), who has been a very credible chairman of the Standing Committee on Public Accounts.

Some hon. Members: Hear, hear!

Mr. Lefebvre: I agree with a lot of the things he said. I believe that this debate has taken a vein which is rather surprising. Members who have spoken have avoided going after or for scare headlines. We all know the importance of this motion, and we must congratulate the hon. member for Yukon for bringing it to the attention of parliament. I shall limit my remarks to those aspects of the motion which relate to parliamentary examination and control of public expenditures.

There is no doubt that we, as parliamentarians, have a duty to examine the expenditures of the federal government on behalf of our constituents, but we sometimes question how a private member can accomplish this awesome task. Some of the members who have already spoken have touched on the points that I shall address, but I believe they are worth repeating.

In the time that I have been a member of this House—that is not 54 years as indicated by a member of the NDP but a mere 13 years—there is no doubt that major changes have occurred in government expenditures, legislation and programs. An even heavier burden has been placed on members of

the House, as a result. The duties of a member are becoming more complicated all the time. Priorities must be set on the matters to be dealt with within the time available in order for a member to participate fully. It must be remembered that a member also has to be available within his constituency.

Even though members now have a minimum of three assistants in their parliamentary office and one in the constituency, I have yet to meet a member who feels there is more time available now than there was 13 years ago when I came here and had only one assistant. In the parliament before that there was just one assistant for each two members of parliament. I have not yet encountered anyone with a solution to this problem.

The hon. member for Capilano has recognized that this government has brought in many new programs and budgets which enable us to have more help in all aspects of our work, including committees. All parties now have their own research staff. Perhaps better use could be made of these very highly qualified people. The government has also brought in legislation giving new and wider powers to the Auditor General to pursue subjects which he thinks important to parliament, and to bring them to the attention of parliament. An increased budget enables the Auditor General to hire additional competent and qualified personnel, as well as consultants on a contract basis.

On more than one occasion the Auditor General has stated that the changes introduced by this government have put this country in the forefront of the western world in many fields. Legislation introduced by this government established for the first time the office of Comptroller General. A very highly qualified person was appointed to the position, one who was successful in the private sector and who has been universally accepted. His presence has already been felt, and major reorganizations are taking place within departments and agencies of government. Plans are under way to have staff available in each department to act in a similar capacity. Senior financial officials within each agency or department will report directly to him on problems which arise because accounting principles have not been adhered to faithfully.

● (1732)

How has the Auditor General reacted to these changes? I would like to refer to his statement to the public accounts committee the day he tabled his latest report, November 23, 1978, where at page 3 he speaks about comprehensive audits comprising items 1 to 5, being financial controls, reporting, attesting and authority, management controls and EDP controls. At page 4 he says:

> Comprehensive auditing does not imply five different audits, each dealing with one of the components reflected in the FRAME concept. To be effective there can be only one audit of each entity. Although the criteria established for each component must be different, a uniform and integrated approach to audit planning, execution and reporting is necessary.
>
> Comprehensive audits for governments and other publicly funded organizations should possess certain characteristics. They should be: Constructive—Reporting findings both negative (with recommendations to remedy deficiencies) and positive (where the situation so warrants).

> Co-ordinated—dovetailed with the work of internal audit groups and other external auditors where reliance on their work is relevant and warranted.

His report goes on to say:

> The new comprehensive audit approach has been adopted for the 1978 Annual Report—the Centennial Report of the Audit Office. Five years have been devoted to its development. Several government-wide special studies (Financial Management and Control Study . . . Computer and Information Systems Evaluation . . . Study of Procedures in Cost Effectiveness (SPICE)—

SPICE is a word that all of us will be familiar with within the next few months, if we are not already. The Auditor General goes on to say concerning SPICE:

> —have contributed significantly to its concept and to its underlining methodology. More—much more—needs to be done. But a good start has been made to produce a manual of comprehensive auditing procedures for the use of our professional staff and to develop an advanced course of instruction for all levels of professional practitioners.

I have quoted the words of the Auditor General because I think it is important in the debate today to demonstrate that there are some positive developments and that the horror stories make up a very small part of his book. It is important that we take a higher plane than that and I am happy that most speakers who have entered this debate so far have done this.

[*Translation*]

Mr. Speaker, I would also like to read a few passages from the evidence given by the Auditor General of Canada at the November 23 sitting of the public accounts committee. Here are a few paragraphs taken from issue no. 5 on page 5.13:

> MR. LEFEBVRE: Thank you, Mr. Chairman. My question is directed to Mr. Macdonnell. On page 6 of your statement to the committee, second paragraph, you say:
>
> In my view, this new approach to auditing, especially the value-for-money component, has great significance for the taxpayers and their representatives in parliament.
>
> You are referring there to the SPICE study.
>
> The study is very complex. I suppose we will be holding numerous meetings simply to examine the effects of your SPICE study. For our information, could you tell us if you obtained the co-operation of Treasury Board and of all the other departments involved in this study? Did they all offer their help and co-operation for this study which you call the most important in the history of your office?

[*English*]

> MR. MACDONELL: Mr. Chairman, I should say immediately that we have had great co-operation with Treasury Board because, of course, they participated in drafting this legislation for our new Auditor General Act. Once the departments overcame their initial shock at our new mandate we had wonderful co-operation.

[*Translation*]

> MR. LEFEBVRE: So you did not meet up with any departments who resisted after the initial shock, as you call it?
>
> MR. MACDONELL: In some departments, Mr. Chairman, initial shock did persist for a short period but eventually we managed to overcome it.
>
> MR. LEFEBVRE: Okay, fine. I understand also that Treasury Board officers regularly study with you and within the government departments which have been involved in the SPICE study. Have they made the results of its work available to you? Is there some communication between your office and Treasury Board on this particular subject?
>
> MR. MACDONELL: Mr. Chairman, very close co-operation from day one. In July 1976 I met with the then secretary of the Treasury Board in his office when I had been informed that the government would indeed be bringing down

legislation that fall, and we discussed the beginning of this study. From that day right up to today, we worked closely with Mr. Tim Reid, a deputy secretary and assistant secretary of the Treasury Board who is responsible for this and who is in the audience. We have worked closely with them in every possible way.

We subscribe—and so does the Treasury Board secretariat—to the comment made in the Wilson committee report and that is that the Treasury Board and we are natural allies. I am not referring as much there, although it is true, to the ministers as I am talking about the secretariat, and now, of course, to the office of the Comptroller General. We have a cordial although not cosy relationship in trying to get better financial administration. So we have received excellent co-operation.

Mr. Speaker, I believe it is important to note that the Auditor General of Canada said so many times. I would also like, Mr. Speaker, to read a few quotes—

[*English*]

I would also like to take a brief moment to mention the Auditor General's remarks concerning a possible improvement in the financial information that parliament receives. I refer specifically to chapter 6 of his 1978 report, and in particular paragraphs 6.29 and 6.30 at page 111, which I think point out a fundamental and complicated problem which parliamentarians will have to study once and for all and make up their minds as to priorities. At paragraph 6.29 the Auditor General says:

One or several volumes? Changes have progressively increased the size of the blue book as the Treasury Board has added to the information previously provided.

I emphasize the words "added to the information".

Paragraph 6.29 continues:

The 1978-79 estimates has 1,271 pages. If implemented, the suggestions we are advancing will further increase the document's size.

Can you imagine, Mr. Speaker? Paragraph 6.30 states:

This illustrates a basic dilemma confronting modern governments. The size and variety of their activities require presentation in a generalized, summary manner if the information is to be contained in a single volume. Such summary data, however, limit meaningful analysis. The processes, operations and projects being performed must be disclosed, costed and related to the results expected before the data become precise enough to be useful. As a result, there may be a need for the estimates to be split into two components: a volume on government-wide spending, concentrating on the proposed global amounts and a second volume or volumes on departments and agencies, showing how they plan to manage the funds.

● (1742)

I am sure the public accounts committee will be studying this particular chapter in great detail along with many others.

[*Translation*]

Mr. Speaker, it is obvious that today members do not lack information but rather the time to examine the information made available to them and the reports delivered to their offices on a daily basis by all departments, agencies and, of course, other media. I am not convinced that one or two additional books or a volume going from 1,271 pages to 2,000 pages are necessarily going to help members. It is rather the decisions that each and every one of us will make to limit himself to one or two subjects and being well prepared in specific areas that are important. I also think that the public accounts committee will deal seriously, as it always does, with the last report tabled by the Auditor General, and we hear very different opinions I believe from the people around that table and we are going in all likelihood to spend weeks and weeks considering that last report.

I would like to conclude, Mr. Speaker, by quoting the last paragraph of the letter of the Auditor General of Canada contained in his latest report. It is addressed to the former president of Treasury Board, and I believe that too is very important. It reads:

Following the established practice of the past several years and in response to the stated request of the Standing Committee on Public Accounts, I shall continue to follow closely the various aspects of the programs to implement recommended changes which have been agreed on and will be reporting on their progress in future reports to the House of Commons. In this connection, your letter of October 13 setting out the government's position and plans with regard to the more significant recommendations will be particularly helpful. I appreciate very much your precedent-setting action in making it available to me for inclusion in the Centennial Annual Report of the Auditor General to the House of Commons.

[*English*]

I could go on and read into the record almost every page of the Auditor General's report. However, I conclude now by saying there is no doubt that enough evidence has been put forward today and at other times during the session to show that this government realizes it has a very responsible duty to the taxpayers of Canada. Each one of us should take his responsibility as well.

A lot of the criticism levelled at the government has been from sources that are ill informed. I doubt whether a member of this House, no matter whether he has been here 15 or 54 years, could make a very objective criticism of Treasury Board or the administration of the government accounts without taking a very serious attitude. I suggest that if a member does not have the time to become a full member of the public accounts committee, he should at least take some interest in that committee. I have had a lot of experience with it. There is no other committee that provides the training and experience of that committee.

Mr. Walter Baker (Grenville-Carleton): Mr. Speaker, just a few minutes ago I heard the hon. member for Pontiac (Mr. Lefebvre), say that there is nothing wrong with the government or Treasury Board with respect to the administration of Canada's expenditures.

Mr. Lefebvre: Mr. Speaker, I rise on a question of privilege. That is not true and the hon. member knows it. This debate so far has been on a high level. With the hon. member's intervention, that will now change.

Mr. Baker (Grenville-Carleton): I am concerned about what the Auditor General said. He made very clear the lack of expertise as to the government's control over departments and senior management levels and the results that flow therefrom. That is very clear, and it is the whole purpose of having the Auditor General.

The Auditor General should be commended not only for this year's report but for last year's report, which dealt in a new

way with a change in the system. That is a fact we have to live with in this country. The Auditor General suggested some dramatic changes. If they are to be dealt with in a sane and reasonable way, we have to admit the bottom line, admit that certain things have gone wrong. The government has moved to the right with the Comptroller General.

The Auditor General has increased his prestige by increasing the depth of his report. However, the great gap in all of this is not the work of the Auditor General. It is not the fact that the government has moved off from the bottomless pit attitude of the sixties which grew out of the period of expansion of World War II. What happened is that we have reached the bottom of the pit.

The government has started to cure some things internally. This government will not have much chance to complete that cure. In any event, that is not the whole cure. The former president of the Treasury Board who is in the chamber, knows that. The great gap in the process of turning parliament back to the people and the country in terms of its expenditure process is in this parliament and its procedures. That is where the effort must be made.

I congratulate the Minister of State for Federal-Provincial Relations (Mr. Reid) on his ascendancy to office. I hope his disposition improves as he advances in the ministry in these last days. He talked about where the fault lay for the operation and the failure to amend our rules. The committee last dealt with them in 1976. By the way, the committee has not met since then except to organize itself.

When the minister talked about the failure with regard to that, he forgot to say one thing. It is not just a matter of shortening speeches, although that is part of the difficulty. One of the reasons that the three major reports on reform could not go forward was that the government House leader would not tolerate the idea that the Speaker could intervene with regard to determining the length of debates and whether closure or limitation on the right to speak in the House of Commons would be instituted. That was his position. All parties in the House of Commons had some objections to the package. As a result, this latest opportunity of reform foundered.

I am going to say as a new member of parliament—

Mr. Pinard: Mr. Speaker, I rise on a point of order. I am sorry to interrupt the hon. member, but at this point in his speech I have a question. I would like to ask whether he will answer it now or wait until he completes his speech.

Mr. Baker (Grenville-Carleton): Mr. Speaker, I would be happy to answer any question at the end of my speech. The hon. member for Winnipeg North Centre (Mr. Knowles) put his finger on the central and focal point of the motion. Its purpose is to express a lack of confidence in this government for its failure to take any leadership with regard to parliamentary reform. The last time that committee sat in any substantive way was in September, 1976, a long time ago. That is when these things were dealt with. We have had two reports from the Auditor General since that time. The first one alluded to parliamentary reform. The latest one dealt with it directly.

• (1752)

I am quite prepared to experiment. I acknowledge the work of experimenting in the way the hon. member for Winnipeg North Centre has suggested. I believe the comments with respect to the way in which the old committee of supply functioned are valid. I saw it operate. I would be prepared for us to experiment in a limited way in returning that kind of thing to the House of Commons.

I am not prepared, however, to initiate any procedure which would put in the way of any government an insurmountable roadblock to its doing business. I want to see a balance between the tremendous power of the executive which has grown up over the years, and the right of this body to bring it to account. That is the direction in which parliamentary reform must move. Make no bones about it, I do not believe the stumbling block is the length of speeches made in the House of Commons. I think that in many ways, as the Minister of State for Federal-Provincial Relations has suggested, it involves the attitude of members on both sides with respect to changes.

The speeches made so far have looked to a certain extent to the past. We should begin to look to the future of this institution. The hon. member for Capilano (Mr. Huntington) observed that if this institution does not change, regardless of which party is in office, what we shall see is an ever greater degree of power concentrated in the executive and in the bureaucracy. This concentration of power will be increasingly unchallenged. This is a very unhealthy thing. As the hon. member for Capilano said, the parliamentary system to which we pay lip service will fall into greater disrepute than it does now in terms of its ability to bring the government to account. I believe it is the duty of members on both sides to look at the whole question of the manner in which we deal with the control of government expenditures, the way in which we deal with the estimates.

Committees have their role to play. They should be seeking to determine whether amounts proposed in the estimates are reasonable, that no unacceptable cost escalations are built in, that reasonable planning and foresight have been exercised with regard to every executive decision. That is the role of the committees. It should also be possible to use the estimates to discuss policy objectives. When has that happened in the memory of most members? When has parliament been involved in the development of policy?

Hon. members should be able to match policy instruments with policy intentions. They should be able to ask this question: Is the manner of policy implementation consistent with the objectives of policy? At the present time we cannot do that except in a foreshortened way because of the guillotine. Functions of this sort should stress the importance of members of parliament as spokesmen for the sweating taxpayer who pays the bills and, incidentally, pays us. In this sense we cannot do justice to the Canadian taxpayer. Members of parliament

should not be regarded as intruders into the bureaucratic process, though I am afraid they are now, to such degree has our system fallen in esteem. Members have a constitutional responsibility which predates and is imposed upon the existence of any bureaucracy. We have tended to forget this.

I make that observation without disrespect to the public service. There has been a vacuum; we have allowed that vacuum to develop and the public service has naturally moved in. Members of this chamber who do not hold office have a duty to bring those who do hold office in the executive to account.

The Auditor General realizes that the final link in the process of financial review is that which involves responsibility to parliament. He suggests that form of estimates should be improved and that more information should be given. That is a good start, Mr. Speaker, but it might be a false gain. Notwithstanding the staff presently available to members of parliament, or the opportunities afforded by the committee system or the bureaucrats behind that system, devoted as they are, if the parliamentary research system is not augmented, if the committee secretariat system is not augmented, all that information will mean nothing at all.

The Auditor General also suggests that relevant sections of his report should go before standing committees. This is one point of disagreement between myself and the Auditor General; I do not know how the committees could handle estimates, legislation and the audit function as well. The proposal might involve a conflict of interest in any event because most of the members of committees who deal with specific items are particularly interested in them, but I do not think there is any proper audit function done by those who are interested in those programs. That is one disagreement I have with the Auditor General, though I think we are moving in the right direction. We need something new. We want a whole new committee system. My hon. friend for Yukon (Mr. Nielsen) suggested we needed a new government—everyone will admit that.

It is now six o'clock and in the few minutes which are left to me after the dinner recess I would like to make a proposal I have put to the Standing Committee on Procedure and Organization in the hope that it will meet with the approval of members in all quarters and make parliament more relevant and more functional.

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

At six o'clock the House took recess.

● (2002)

AFTER RECESS

The House resumed at 8 p.m.

Mr. Baker (Grenville-Carleton): Mr. Speaker, when the House rose at six o'clock I had said that we might just talk about what is wrong with our system—and indeed there is a great deal wrong with it—but that I had a proposal to put to the House as to how we might begin the process of returning this parliament to the people. I said that, bearing in mind what the leader of my party said when he was made leader in 1976. He said that the people of Canada are interested not only in those things which we are against but also in the things which we intend to propose.

This parliament needs more information with respect to estimates. It needs more time to consider the estimates. We need a completely different approach. Our present process for dealing with expenditures has no focal point or direction. The only acknowledged aim of parliament thus far is to pass each vote in the estimates. Instead of detailed examination and a report, we have a series of disjointed local questions which lead to no conclusion and no recommendations.

Committees studying estimates do not issue reports. It is possible that some members may end up knowing a bit more about departmental policies than they did before, but those members have no impact on departments or on policies. Estimates emerge from this process virtually unchanged, which is the best indication of how behind the times and how irrelevant our process is. I believe we have to reverse this emphasis in our financial procedures. Instead of trying to discuss all the estimates every year, we should work our way through them in a four or five-year cycle. Instead of concentrating on masses of vague generalities, we should investigate in depth specific departments, agencies or functions. Such investigations should not result merely in a decision to pass or not pass estimates. They should result in comprehensive reports comparing agency goals with results, and costs with benefits.

In the Standing Committee on Procedure and Organization in 1976 I outlined a plan for a standing committee on policy, expenditure and programs. This proposed committee would have two purposes. First, it would study the over-all pattern of government expenditure, hearing evidence in the process from the Department of Finance, from the Treasury Board and from outside economists. I hope such a study would make it clear where, at any given time, we are heading and on what assumptions about our future economic development our course is being charted by the government of the day. We do not have that opportunity today.

Second, that committee, through subcommittees if necessary, could undertake the kind of long-term intensive study I think we need if we are to represent the people who send us here. If we were to follow the lead of the Senate finance committee, which has undertaken a number of extremely useful studies—most recently on government office accommodation policies—we would do something for the process in this parliament. The only trouble with the present arrangement is that while the Senate has the time and the expertise for this type of work, we in this House of Commons have constitutional responsibility but not the necessary machinery, even though we may have the will to carry out that responsibility.

I would like to conclude with some general observations about government spending. First, if we are to have a tight

financial system, we must subject the entire process to the closest possible scrutiny by agencies outside the administrative process. Parliament is outside the administrative process. In business, the ultimate consequence of waste and inefficiency is bankruptcy. In government it is just more waste and inefficiency. There are no automatic checks. They must be built in carefully and deliberately. That is the reason I made this suggestion.

Second, there must be a spirit of economy which pervades the approach of everyone connected with government. It is easy to waste $4,000 or $5,000. It is much easier to waste that $4,000 or $5,000 than it is for some taxpayer to earn it.

● (2012)

Finally, here and elsewhere we must develop an awareness of how much government spending and activity is appropriate. We do not have the machinery to examine that conflict. The role of government in our society has been growing steadily for over a century. Serious problems have arisen only in the last two decades. Recently governments have assumed that only they can alleviate inequities of opportunity, redistribute wealth, prime the economy, and offer incentives and direct support for all kinds of ancillary activity; that they can do all of this by not balancing the budget year after year, by rolling up a tidal wave of debt to engulf future generations, and by debasing the currency. We should begin to ask ourselves if that is relevant and proper. I say it is not, and we must examine that in parliament.

Recently governments have attempted to direct a complex modern economy by jettisoning all accepted principles of financial prudence. It will be the job of this parliament, if it does its job, to bring governments back to the lessons of financial prudence.

The basic lesson we have learned from all this is that men are not nearly as smart as they imagine themselves to be, and that much of what has been called planning is simply tragic over-confidence. I do not pin this government with all of the blame. Governments everywhere are to blame. The problem with the process in which Your Honour and I work is that it provides neither the opportunity, machinery nor attitude to say that parliament is the place where governments should be called to account for those things which they do that are good and also those things which are bad, wasteful and irrelevant.

Some hon. Members: Hear, hear!

[*Translation*]

Mr. Deputy Speaker: The hon. Parliamentary Secretary to the President of Privy Council on a point of order.

Mr. Pinard: During his speech I interrupted the hon. member on a point of order, asking for leave to put a question, and he suggested I should wait till after his speech. Do I have leave to put that question?

Mr. Deputy Speaker: There must be consent not only from the hon. member for Grenville-Carleton (Mr. Baker) but also from the House, because the hon. member's time has expired. Is there consent for the parliamentary secretary to put a question?

[*English*]

Mr. Baker (Grenville-Carleton): Yes, Mr. Speaker.

[*Translation*]

Some hon. Members: Agreed.

Mr. Pinard: I thank hon. members and I will be brief. In his speech, the hon. member referred to the Standing Committee on Procedure and Organization, which in 1976 examined three subcommittee reports. I would like to know whether the hon. member is in a position to indicate at this point that his caucus support the recommendations of each of the subcommittee reports, or whether he is ready to commit his caucus to acceptance of those three subcommittee reports that were tabled before the Standing Committee on Procedure and Organization on September 30, 1976?

[*English*]

Mr. Baker (Grenville-Carleton): Mr. Speaker, I would not be telling tales out of school to say that we did not agree completely with them, but there was substantial agreement with substantial portions of the report.

Speaking for my party, we would be quite prepared to see two things happen respecting the House of Commons: the reconvening of the Standing Committee on Procedure and Organization where that matter and others, and particularly the matter I raised, could be considered in depth; and we would be prepared to see the televising of the work of committees so that their work could be enhanced even in the situation in which they find themselves. I would be very pleased if the hon. member would carry that message back to the government House leader.

Mr. Lloyd Francis (Ottawa West): Mr. Speaker, the motion before us is a non-confidence one condemning the government for imposing changes in the rules and procedure of the House and its standing committees, calculated and designed to stifle or eliminate parliamentary examination and control of public expenditures, etc. In other words, the attack is upon the government through its failure to bring about parliamentary reform for better performance of the committees.

I cannot but observe in the beginning that I would agree with what the House leader of the opposition just said, that the Standing Committee on Procedure and Organization would be a most appropriate committee to consider the suggestions made by my colleague on this side of the House. Surely there is no suggestion that the work of that committee, the Standing Committee on Public Accounts, or many other committees, has in any way been impeded by what the government has done.

Tonight I should like to talk simply about the Standing Committee on Public Accounts and its contribution toward the study of public expenditures, and how this has evolved recently

in the House of Commons. Some hon. members opposite subscribe to what I call the golden age theory—that somewhere back in the distant past there was a time when parliament controlled expenditures, voted in an admirable fashion, rationally allocated resources, and performed the job which somehow has not been performed in a more recent period. I was pleased the hon. member for Winnipeg North Centre (Mr. Knowles) made it clear that he did not subscribe to that point of view.

When I was first elected to this House in 1963, at which time the hon. member for Yukon (Mr. Nielsen) was here, there was just a dreadful way of dealing with estimates in supply and committee of the whole. The opposition would attack one particular estimate, government members would rally, there would be votes, the majority was called to defend the government's position, and there would not be a dollar or a line changed. Then the decision of the Speaker would be appealed, and it was just an interminable succession of delays. In the end, nothing was changed. It was a desire to get away from that kind of thing which brought about the reference of estimates to the committees and the procedures with which we now deal.

It is interesting to see how other parliaments have dealt with the question of estimates during this period. The parliament of the United Kingdom simply tables the estimates. It does not attempt to deal with them all in a comprehensive, logical manner. By selection, certain departments or ministries appear by rotation on call. But a comprehensive examination, in the sense of looking at the total sum of government expenditures in detail, is not undertaken by that parliament on an annual basis.

In the late 1950s, the government of the day, headed by the right hon. member for Prince Albert (Mr. Diefenbaker), named the Glassco commission to look into the organizational structure of government activities. The recomendations of the Glassco commission, according to the present Auditor General, have led to a distortion of the pattern of controls. It is only now that this is being corrected.

To summarize very briefly what was recommended by the Glassco commission, it was a philosophy of letting managers manage, giving deputy ministers the responsibility to spend, abolishing a post then known as comptroller general of the treasury, and allowing delegated authority in hiring. This was in the name of decentralized administration which was alleged to be more efficient.

During the late 1960s and the early 1970s, we saw tremendous expansion in government activity and expenditures. The latest report of the Auditor General shows the very great expansion which took place in the federal sphere at the beginning of 1973. In a naive manner, I was prepared to say that might have been due to the minority government which was in power at the time. But within the last week the Standing Committee on Public Accounts has met with the public accounts committee of the province of Ontario on an informal basis, and the auditor general for the province of Ontario assured us that a very similar parallel expansion took place with the majority government of the province of Ontario during the same period, with roughly the same consequences.

Now we are dealing with a series of corrections being put in place through the new Auditor General, whom I submit is the most distinguished occupant of that office in its 100-year old history. This is a time when we see a major transition in the scope and function of the Auditor General.

The 1975 report of the Auditor General was a bit of a shocker. He reported that expenditures were out of control. He documented in chapter and verse a familiar liturgy of horror stories, widespread across broad lines. The government reacted to the criticism in two ways: first, by naming a special investigating commission under Mr. Lambert; and, secondly, it accepted the recommendation of the Auditor General than an office called "Comptroller General" be established.

● (2022)

There are a number of differences between the present office of the Comptroller General and the one which previously existed. Perhaps the easiest way to summarize the differences is to say that the present position is a staff position, advisory to the departments. The previous position was a line position with actual direct control over expenditures.

There is now in place in the person of Mr. Rogers a very competent, highly respected man who I am sure will be eminently successful in the performance of his duties.

It is also part of the package to strengthen the internal audit procedures and to have within every government department a comparable position to that of Comptroller General. This is now a process under way.

The control of expenditures itself is only part of the story. The Auditor General and his predecessor had been seeking for some time their own statute which would govern their activities and give them a mandate for a much more broad and fundamental type of examination of expenditures. That mandate took the form of the Auditor General Act which this House was pleased to recommend and pass. Under the Auditor General Act the Auditor General is given much deeper responsibility to look, not just after the event at horror stories, money misspent, resources not properly allocated and waste, but into the fundamental question of value for money spent.

It is interesting that the province of Ontario, when it came to examining the functions of its auditor general, took whole sections out of the federal act and incorporated them word for word in the statute to govern the provincial auditor general of that province.

Now we see in the latest report of the Auditor General a different kind of document, and a challenge to members of this House to participate in the public accounts committee which is chaired by the very distinguished hon. member for Capilano (Mr. Huntington) on the other side of the House, who is present this evening.

An hon. Member: Flattery will get you everywhere.

Mr. Francis: Thank you. I am quite capable of speaking my mind forthrightly whether in complimentary or uncomplimentary terms, as the situation dictates.

To those members of this House who say that the government has stifled committees, that parliament can no longer be meaningful, and that there is no way we can control estimates and the expenditure of $50 billion a year, I say, why do they not just show up occasionally at the public accounts committee and try to do a job? Because that is a committee which is begging for participation from members. Those who say they do not have the opportunity to control expenditures have the obligation to show up and do the day to day, week to week work of a committee that sits many hours a week with a heavy schedule, because it is making an effort to try to understand and control how the money is spent, if that is humanly possible within an elected, democratic, parliamentary institution.

The document which was tabled just a matter of two weeks ago or less is only about one quarter of the document with the traditional horror stories. They are there: the money that was spent on an icebreaker that should not have been spent; the escalation of the costs of a building; and the failure to pursue commitments. All of those stories are still there. In an operation as large as that of the Government of Canada with $50 billion a year in expenditures, there are bound to be some places where things are not well handled, and there are bound to be some mistakes.

However, three-quarters of the Auditor General's report deals with something else. It deals with the attempt to ascertain what is value for money. I think I would summarize the new concept of his role by saying that the Auditor General has become something of a super management consultant. He is concerned with putting the systems in place and seeing that they are put in place, in order that the right information is fed to the managers at the right time and that there is a maximum possibility of making the right decisions.

It is not just a matter of saying the money was spent for a harbour here, a wharf there or a public building somewhere else, but it was misspent. The question is: how do you make sure you are getting value for your money? One thing members on the other side have not complained about is that they have not said there is any effort to stifle the Auditor General; and when one looks at the 1600 per cent increase in his budget in the last three or four years, no one could suggest he has been denied the resources he requested to do the job. He has been given the resources with the unanimous consent of members of this House, who know that an investment in that function is money well spent, a function which we are proud to support.

The Auditor General is going to be caught in the period ahead in a wide-ranging series of investigations. As a member of this House I found it interesting when he told me that the estimates are not in a form in which we can really get much information from them, that he thinks they should be presented in a different way. Then we heard the Treasury Board response regarding the difficulties in complying with the request. Maybe it can be done and maybe it cannot be done, but it is the members of the committee who listened to the testimony from both sides, the members of the committee who joined in the report of that committee and made recommendations to this House, who act as a guide to the Auditor General in the carrying out of his job.

There was no golden age and there is no golden age in the handling of such immense sums of money. There is, however, a disposition on the part of the government and on the part of all hon. members to make sure we resolve these problems with the very best resources at our disposal.

The Auditor General is making a study of special procedures in cost effectiveness. The acronym is "SPICE". The special procedures in cost effectiveness are the beginning of a series of extensive examinations, of breaking new ground, and there is no doubt that some of the decisions the Auditor General is going to take will really push and stretch his mandate.

In the informal discussions we had with the province of Ontario public accounts committee someone put the problem this way. If someone in the province decided to build a road costing $200,000, the Auditor General would look at the road and say the province got good value for the $200,000 as the road was built to the specifications in the contract and there was full use of resources. Someone then has to ask whether the road should have been built in that place originally. Maybe the road was not built where it should have been built. When you ask that question you are bordering on the limits of the potential responsibility of the government of the day. There will be many instances and situations in which, in search for the procedures and systems to put in place, the Auditor General is bound to push the limits of the mandate given to him under the new legislation.

If hon. members of this House do nothing more than show up on opposition days to lambaste the government for not controlling expenditures, for letting everything get out of hand, and complain that they do not have the chance to do anything, they are ignoring the opportunity to do a job by participating in committees such as the public accounts committee. I do not say that that is the only committee, but it is the one which I personally have followed. Our problem is getting members out to do their jobs.

I cannot support this motion. I have my reasons when I am dissatisfied with various aspects of government policy, and I am sure that hon. members here have no difficulty counting the odd examples; but the current accusation that the government is attempting to stifle the committee system is a very false, shallow and wrong accusation. I will not vote for the motion.

● (2032)

Mr. Perrin Beatty (Wellington-Grey-Dufferin-Waterloo): I would like to indicate at the outset, Mr. Speaker, that I intend to support this motion when it comes to a vote later this evening. I would like to commend my colleague for Yukon

(Mr. Nielsen) for moving this motion because I think that in parliament now is the time when we should be turning our attention to how we can ensure that the Canadian taxpayer gets value for his money.

Over the course of the afternoon and the early part of this evening I listened to the various participants in this debate. I was particularly pleased to find that the first speaker for the government side was the new Minister of State for Federal-Provincial Relations (Mr. Reid). He is a minister for whom I have a very high regard and to whom I sent a congratulatory letter at the time of his appointment to cabinet. I indicated that I was pleased to see that a person with his perspective, having sat on the back benches, having been concerned about the role of the backbencher in parliament and ensuring that parliament was functional and doing its job, should be elevated to a post of high responsibility.

I always thought that it was axiomatic that when you raised a person to a high elevation he could see far, that his view would be much better. Instead it now appears that upon the elevation of the hon. member for Kenora-Rainy River to the cabinet his view is obscured in the clouds and he has lost sight of the issues which concerned him when he was down toiling in the vineyards with the rest of us.

In listening to the government speakers today, the general consensus seems to be that really the problems are not that bad and that controls by parliament on the executive are better now than they ever were. Anyone who has spent time in this institution, who has spoken to members of parliament from all sides of the House, however, will be aware of the frustrations, the discontent and the general feeling that this institution is not discharging its responsibility when it comes to ensuring that the taxpayers' money is well spent.

In the six years I have been here I have detected a growing sense of frustration on the part of members of parliament who feel that there must be fundamental changes made in terms of structure and in terms of the attitude of those who determine how we conduct our business in this House. The minister for federal-provincial relations made the point this afternoon that at the time the reforms were brought in in 1968 they were passed by unanimous consent and there was no dissenting voice. I was not here at that time and the minister can correct me if I am wrong, but I am told by my colleagues who were here that they were presented with an ultimatum by the majority government of the day that either we agree to a watered down package or else the government would use their majority to put the whole package through.

I would like to indicate my strong feeling, after six years here, that the rules have not worked well for parliament, that we do not have the information we need to do our jobs, and that the mechanisms are not in place to ensure that the taxpayers of Canada can rest confident that their money is being well spent.

My colleagues who have spoken before me dealt with a number of aspects of this particular problem as, for example, the way in which rule changes have affected parliament's ability to discharge its obligations. My colleague for Grenville-Carleton (Mr. Baker) put his case very eloquently, and anyone listening to his presentation would be impressed with the sincerity with which he made his case and the veracity of the arguments he put forth.

My purpose this evening is twofold. I want to talk about what the Auditor General had to say about parliament's ability to control expenditures and, secondly, to indicate what some of his investigations have shown in terms of the ability of parliament to keep an eye on how the taxpayers' money is being spent.

Government members have stressed the fact that there is not the former abundance of horror stories in the current Auditor General's report and that he is not illustrating as many individual cases in which there has been striking waste of the taxpayers' money as in previous auditor general reports. The point that these members do not make, and for some reason they overlook it, is that the Auditor General's 1978 report consists of 750 pages of condemnations of systematic problems. The Auditor General has conducted isolated audits on selected parts of government activities and has found in virtually every case that the government's control mechanisms or evaluation procedures have been found wanting. He has sounded the very clear alarm that unless government gains control over expenditures, unless we ensure that those responsible for directing the government today have the mechanisms in place which are necessary to evaluate the way the taxpayers' money is being spent, to determine whether it is being spent wisely and whether programs are being run efficiently and effectively, then the taxpayer should be concerned about how his money is being used by the government.

This report is the one hundredth report by an auditor general. As I have said, it contains 750 pages in which the Auditor General chronicles ways in which millions of dollars of the taxpayers' money is being wasted. He mentions individual examples of waste and also, even more importantly, systemic problems where the system conspires towards waste, encourages it and discourages the government from showing due concern in spending the taxpayers' money. He also makes recommendations on how we in parliament and those on the treasury benches can act in an attempt to get control of the public purse.

During my six years here there has been a common thread running through auditor generals' reports, and that is that Canadians have no reason to be confident, with the budget being the size that it is today, that their money is being wisely spent. Since this is the one hundredth Auditor General's report, I thought that it would be interesting to refer to the first auditor general's report which was released to parliament in 1879, and I was able to find a copy of it in the library. I thought it would be useful to see whether or not there was a common thread running from the 1978 report back to the report of 1879, or whether the problems dealt with by that auditor general were very different from the ones the Auditor General faces today. I was intrigued to see at the beginning of the report that there was one problem which seems to be a perpetual one, and that is the debate between the Auditor

General's department and the government as to what exactly is the role of the Auditor General.

The supporters of the government today argue that this government has been particularly generous with the Auditor General, that they have provided him with the resources that he needs to do his job and that they have provided every assistance necessary to him. All hon. members know that many auditor generals have complained about being hamstrung. It was not because the government volunteered to establish that office or because they thought that it was a great idea that we have an Auditor General today. It was because of public pressure and because feelings in parliament itself ran so high that the government was forced to bow and to make those very fundamental reforms.

● (2042)

I was intrigued to find that in the first auditor general's report in 1879 there was a major debate over whether he should be allowed to report to parliament on whether the government has spent money without authorization. Included in that report is a letter from the then deputy minister of justice with a concurring opinion from the then minister of justice, saying that the auditor general should recognize his role was very limited and that perhaps he did not have authority to look into this aspect. It concludes by saying that he may hitherto have been under the impression that his duties and responsibilities were greater and that he would be glad to find that they were defined within the limits the letter explained. It noted that he would be grateful to discover that the government would not allow him to do the job that he felt he had to do on behalf of parliament.

That auditor general made his response in exactly the same way that successive auditors general have. He said he felt that the auditor general had the responsibility to parliament to point out instances where money was not wisely spent, where it was spent illegally, improperly, or where value was not received. This is a common thread running through 100 years of parliament dealing with the question of how to ensure proper control of expenditures.

There are other areas that are very different in the present report compared with the situation in 1879. Looking over the accounts listed in the first auditor general's report, I was interested to find that he pointed out in one department after another not that more money was spent than had been appropriated, but that departments were handing back money they had not spent. This is very different from the situation today when it appears there is a law to the effect that governments can consume all their revenue. Someone once said that we should all live within our means even if we have to borrow in order to do so. If that is so, the federal government has certainly recognized the truth of that saying.

It is worth noting that in 100 years the federal budget has increased about one thousand times and the intrusion of government into the everyday lives of Canadians has shown a concomitant increase. In Canada today expenditure at all three levels of government comprises about 40 per cent of the gross national product. The average Canadian finds he has to work from January to mid-May approximately in order to pay the taxes he owes to various levels of government. Only after that is he working to support himself and his family.

If Canadians are to be asked to carry this heavy burden, surely they have the right to expect us as their representatives to do everything we can to make sure that their money is spent wisely. I do not think it is being spent wisely. Every member of parliament and many members of the public are aware of the statement made by the auditor general in 1976 in his annual report. At that time he said:

I am deeply concerned that parliament—and indeed the government—has lost, or is close to losing, effective control of the public purse.

The auditor general was saying that not only we in this chamber but the government—Treasury Board and the treasury benches—had come close to losing control over public expenditures. There can be no more scathing condemnation of the way the system works than for the auditor general, after studying the situation, to say that parliament and the government are no longer in control. The taxpayer has no basis for confidence that his money is being wisely cared for by those who hold public trust.

Members of all parties have detailed their concern for the rules of the House of Commons and its committees which make it difficult for us to ensure that requests for funds by the government and spending by the government are properly scrutinized. Consideration of the estimates by the various standing committees is a mockery. None of us can honestly say that parliament does an adequate job of scrutinizing the expenditure of tens of billions of dollars every year. We know that estimates in the hundreds of millions of dollars are often approved by the standing committees without intensive scrutiny. They are approved because of a rule that provides that if they have not been voted on by a certain date they will automatically be reported back to the House as if every single item had been closely checked and approved by the committee. Who can study the way in which parliamentary committees discharge their responsibilities and be confident that parliament is doing its job as guardian of its public purse?

During question period today I tried to get information from the government about the cost of the abortive Lotto Select program. There was a report—

Mrs. Campagnolo: Mr. Speaker, I rise on a point of order. I want to point out to the hon. member opposite—I know he would not want to put a mistake on the record—while he is addressing himself to tax issues and the spending of tax dollars, that no tax dollars are in any way involved in Loto Select or in Loto Canada.

Mr. Beatty: Mr. Speaker, I welcome the Minister's intervention. She is much more forthcoming this evening than in question period. Of course, the minister did not indicate that I had said tax money was spent in the case of Loto Select. One thing that is clear, however, is that Loto Select was a government program run by a Crown corporation. It was a program for which this minister was responsible to parliament.

Mrs. Campagnolo: Not a single tax dollar was spent.

Mr. Beatty: The minister says that not a single tax dollar was spent. It is fine if the money of Canadians is squandered by the government so long as it is not raised through the tax system! Mr. Speaker, that is not fine. When a Crown corporation is responsible for spending money, then parliament has a responsibility to make sure the money is handled wisely.

Mrs. Campagnolo: Mr. Speaker, a point of order. The hon. member opposite is fully aware that all Crown corporations are audited by the Auditor General as a regular course of events, so there is nothing new in what he is saying.

Mr. Beatty: I am delighted to see that the minister accepts my argument, Mr. Speaker. That is the point we were trying to make today during question period. The minister has not been forthcoming with information about how the money is being spent. Whether the money is raised through the tax system or not, Canadians have a right to expect that government organizations will handle it wisely and well. To suggest that because money raised by issuing lottery tickets as opposed to the tax system justifies waste would be ridiculous. I am sure the minister would not attempt to justify it that way either.

The minister says there is no waste. Today during question period she explained—

Mr. Deputy Speaker: Order, please. I do not think we should get into that debate. A motion is in front of us. We are not here to debate what took place in the question period or to examine the estimates of the hon. minister.

Mr. Beatty: Thank you for your intervention, Mr. Speaker. I should like to explain why I cited that particular example. It was to prove a point that I think runs throughout the Auditor General's report—that parliament does not have proper control over the activities of the government. This is the gist of the motion before the House and this is the argument I was making before the minister interrupted.

The theme that I want to return to is that we are charged with the responsibility to ensure that the money of Canadian taxpayers is property spent, and we have not been discharging this responsibility. Everywhere we turn we find that impediments to the rules or structures, as mentioned in the motion, or intransigence on the part of the government, make it difficult for parliament to do that job.

Since the Auditor General's report was tabled a couple of weeks ago, I have attempted within the confines of the question period to raise questions about its findings. Obviously, this is one of the forums in which parliamentarians can ask questions about how the money is being spent. Anyone who has been present here knows that it has not been a happy experience. Parliament has had a hard time getting information from the government and basic changes will have to be made to ensure that we do get the information we need.

Let us consider what the Auditor General has to say about some of the areas he studied. He selected for a special audit 13 capital works projects, which were worth some $700 million of a total capital works budget of $10 billion. He found that 11 of the projects lacked proper control of the way the money was being spent. In instance after instance he found that the taxpayers' money was being spent unwisely and that value for money was not received.

● (2052)

He noted that at the time these 13 capital works projects were approved by parliament their estimated value was going to be $281,600,000, but by the time these 13 projects were finished the cost to the taxpayer was some $699,700,000. The cost had more than doubled. The Auditor General concluded in this part of the study that the absence of appropriate controls calls in question not only the $10 billion capital cost of current projects, but also operating and maintenance commitments that stretch decades into the future.

Surely this is a concern of parliament, and surely we have a responsibility to look into this. Let members on the other side say that the Auditor General was looking specifically for areas and flaws to complain about, but I put that question to the Auditor General. He responded that this was not the case. In the areas he audited he was looking at typical projects, not the extraordinary ones. He was not looking for horror stories. He knew that there were areas where he could find stories that would curl the taxpayers' hair, but this is not what he was looking for. He was looking for a selective group of examples which would give him an indication of how the government conducts its business. What did he find? He found in the case of the C. D. Howe building, the glass palace across the way in which the Department of Industry, Trade and Commerce is located, that the Canadian taxpayer lost $12 million because of one simple decision. This loss was caused by the government deciding to ask the developer, who built the building, to finance the project instead of the government financing it itself. That is a cost of $12 million at the stroke of a pen. Surely the Auditor General has pointed out something that should be of concern to us.

In another part of his report the Auditor General conducted a study to determine whether the government programs were achieving the purpose for which they were designed. Surely this is a measurement we must make of whether tax money is being well used. The Auditor General in his conclusion of this study said:

A review of 23 programs in 18 departments has disclosed few successful attempts to evaluate the effectiveness of programs. The scope and quality of effectiveness evaluation will have to be increased significantly before management, the government and parliament, each with its respective interests, can be reasonably informed on the achievements of public programs.

It is clear from what the Auditor General pointed out that within the system of spending in Canada there are major flaws, and that major reforms must be made before we can be satisfied that we have done our job.

I see, Mr. Speaker, you are rising to indicate that I have used my allotted 20 minutes. Let me conclude by saying that when we were elected to parliament we were charged with perhaps the most important responsibility that can be given to any citizen of Canada, and that is to act as a proxy on behalf of our constituents to ensure that their interests and the

national interest are properly served. We have not done that job in parliament in recent years, and unless there are fundamental changes made in the rules of parliament, in the way in which we conduct our activities, I do not think that Canadian taxpayers are being properly served. I hope that members in the House tonight will support the motion that has been moved by my colleague the hon. member for Yukon. I believe it deserves the support of all Canadians.

[*Translation*]

Mr. Yvon Pinard (Parliamentary Secretary to Deputy Prime Minister and President of Privy Council): Mr. Speaker, I was greatly disappointed when I read the motion introduced by the Progressive Conservative party. I was disappointed because not only is it patently frivolous, so frivolous it is the perfect example of a motion that could be moved under Standing Order 43, as the Progressive Conservative party usually does between two o'clock and 2.15 every day, not only, as I was saying, because it seems to me to be patently frivolous but I was also disappointed because it mentions three items and all three are erroneous statements.

Mr. Speaker, what we have seen today is a sad exhibition of negativism on the part of the Progressive Conservative party; today is one of 25 days allotted to the opposition parties to raise issues of public interest. These are days allowing opposition parties to discuss, if they so wish, government expenditures, the use of public moneys or any other subject such as unemployment, inflation or the fundamental rights of individuals. I note that today the Progressive Conservative party has chosen to talk about parliamentary procedure and to charge the government with wrongdoing in this regard. All we have heard from opposition members is complaints, all we have heard from speakers of the Progressive Conservative party is references to the Auditor General's report. They are fortunate, Mr. Speaker, those Progressive Conservative members to have the Auditor General on their side, this man who is exemplary in the way he does his work; they would do well to try and emulate him, and to attend more frequently the committee sittings where estimates and supplementary estimates are examined.

Mr. Speaker, the Canadian public would be better served and the government would rejoice if the Progressive Conservative opposition would really exercise its role in this parliament. The point that I am trying to get across tonight it is that the Progressive Conservative party creates problems for itself. It refuses to apply correctly the existing rules to play its role as opposition. I readily recognize and agree that the present rules of procedure leave room for improvement. Mr. Speaker, I am among those who since being elected to the House in 1974 have most vociferously demanded an in-depth parliamentary reform, yet I am still able to recognize what has been done. I can also give credit where credit is due, and I can be grateful to those who since 1963—that is in the past 15 years, to the Liberals, because it has been a Liberal government since then—have made valid changes in our procedure; yet I want to carry that further. But notwithstanding that desired and desirable reform to which I will come back, Mr. Speaker, I think that the present rules could be used by members of the Progressive Conservative party in a much more efficient and much more rational way so that if they truly played their role, if they were truly responsible, they would not have to complain today about a procedure they do not use because they do not know it well or because they do not want to know it.

Mr. Speaker, the motion falsely states that for 15 years this government has been trying to impede parliamentary control over public expenditures. Such a statement is unacceptable when one knows that in 1968 a very serious reform was made in this respect with the unanimous consent of all members of the House. So, Mr. Speaker, I will be referring in my remarks to that reform of 1968 and the one which has occurred since I became a member of parliament in 1974 and which is a major event in the history of this parliament, namely the advent of television to bring parliament closer to the people and, finally, I want to make a few positive suggestions for improving parliamentary procedures to enhance the role of members of parliament, modernize this parliament and make it more efficient.

[*English*]

First I want to look at the innovations of 1968 in the committee system and in supply since these are directly connected to the misrepresentations in the motion before us today.

Prior to the reforms of 1968, when the new rules were adopted unanimously, legislation was not automatically referred to standing committees. Also, the committees did not play a central role in the consideration of estimates. The reforms of 1968 gave the committees a greatly expanded role by providing that all bills, other than appropriation bills and bills based on ways and means motions, are referred to standing committees. Similarly, all estimates are referred to the standing committees.

● (2102)

These changes were brought about for sound reasons which remain valid today. First, the committees generally provide a better forum than the committee of the whole or the old committee of supply for detailed examination of legislation and estimates; the procedures provide for more flexible discussion, witnesses can be heard, and far more time can be taken for discussion. Second, the regular consideration of estimates and the committee stages of bills in committee of the whole House or the committee of supply meant a more superficial treatment of the subject matter because very little time could be made available for each item. Third, committee members can make a more direct and effective contribution to the consideration of legislation and estimates in areas that particularly interest them.

[*Translation*]

Mr. Speaker, having said that, it appears obvious to me that if Progressive Conservative members did show up more regularly at committees where detailed examination can be made of the expenditures of the government through its various departments, then their complaints today would not be necessary. Today, we could have talked about unemployment, inflation or positive remedies but we only get destructive criticism.

Mr. Speaker, another major reform in the last 15 years—and we all know about this one because it took place during this parliament—was the introduction of television in the House. That was the result, Mr. Speaker, of a motion introduced in January, 1977, by the Deputy Prime Minister (Mr. MacEachen) whom I have the honour to serve as parliamentary secretary, and we know how the broadcasting of the debates of the House brought parliament closer to the people of Canada, and that major reform was made by a Liberal government, by this government, Mr. Speaker.

Earlier the hon. member for Grenville-Carleton (Mr. Baker) talked about the broadcasting of the debates of the House. But let me recall his attitude in the debate on the motion to approve broadcasting of the House proceedings.

[*English*]

Broadcasting of the House proceedings is another unquestionable proof of the government's support for the fundamental functions of parliament. Broadcasting has allowed Canadians across the country to see what is being done here on their behalf.

If opposition members want to call this a steady destruction of the parliamentary process, they must at the same time admit a contempt for the Canadian public and a fear of having their ineptitude exposed.

Mr. Baker (Grenville-Carleton): Mr. Speaker, I rise on a question of privilege. My friend is quoting from someone, but certainly not me. He was about to attribute certain remarks to me. Those were not my remarks. If my friend will recall, it was as a result of an amendment originally placed by me and, firstly, ruled out of order but agreed to by the government House leader at a later stage in the one day debate. The government supported the proposals I put forward and our party supported the proposals the government put forward, and this matter was dealt with.

Mr. Deputy Speaker: Order, please. I think the hon. member has had ample time.

Mr. Pinard: If the hon. member will be patient, I am coming to his remarks. Let me refer hom. members to the speech made by the hon. member for Grenville-Carleton (Mr. Baker) on the motion to approve broadcasting. He said grudgingly:

> Indeed, it is difficult to counter the weight of the argument that the people have a right to see and hear what is happening in parliament. But there are some deep reservations felt in this place and elsewhere—

He then went on to express concern that the cameras would not give an accurate picture of the proceedings, that the public would not be able to understand the rules, that the media would misuse the broadcasting clips, and that anyway the public just would not be interested. He summarized his nervous attitude about the openness of broadcasting in these words:

> In short, Mr. Speaker, we must hope that good television and good parliamentary democracy are natural companions. We will have to wait and see, though, because no one in this chamber can predict that.

Deep reservations and deep suspicions. That, Mr. Speaker, is how the hon. member and many of his colleagues felt about bringing parliament closer to the Canadian people.

[*Translation*]

Mr. Speaker, may I add that this welcomed initiative to further democratize this institution by allowing broadcasting of the House proceedings will lead us to propose new amendments to the rules of procedure which we must follow. Earlier I have had the opportunity to suggest that from the point of view of government spending and budget estimates review, the 1968 reform which had been proposed with unanimous consent—including that of Conservative members—had very much improved the situation and that if these members had been up to their obligations, if they had co-operated and regularly attended committee meetings, they would have had every opportunity to study carefully these expenditures. I can hear the hon. member for Yukon (Mr. Nielsen) who moved the motion—and who is seldom in the House and does not even sit on the Standing Committee on Procedure and Organization—I can hear him say that it is not true. He knows very well that last Thursday, the Standing Committee on Miscellaneous Estimates had to cancel its meeting because there was not even one Progressive Conservative member to study the estimates. Under the circumstances, I am surprised that it was the hon. member who moved the motion now under consideration because he is well aware that his party was not represented on this committee and that the committee had to cancel its meeting last Thursday evening. I had the honour of appearing before this committee on Friday morning and I was able to provide all the explanations asked by the two Progressive Conservative members who were present about the expenditures of the office of the Privy Council.

I come now to the third point I wanted to make which concerns positive suggestions for changes in the procedure of this House. Mr. Speaker, I would have liked very much to hear something constructive on the part of Progressive Conservative members this evening. For a number of months, the Canadian people have been able to see our proceedings on television. They realize that there are certain anomalies in our rules and they would like to see some improvements made to allow members of parliament to play a more human and more effective role in this institution and be more representative of those that we represent throughout the country.

Mr. Speaker, the first thing that comes to my mind is the length of the speeches. I am not surprised at the silence of the Progressive Conservative members on this subject because they are the ones who most abuse our present rules, which allow members to speak for 40 minutes on the principle of a bill on second reading. Mr. Speaker, this is totally unacceptable. There are 265 members in the House, and after the next election, there will be more than 284 or 285. What should be considered at the second reading of a bill is the principle of the bill, and the Progressive Conservative members quite often use up 40 minutes each to talk systematically about the principle of the bill so as to delay referral to a committee and prevent the government from proceeding effectively with the implementation of its legislative program for the year. Mr. Speaker, there have been numerous and obvious examples of this in the last few sessions which should urge us to change promptly our procedure for the consideration of bills at the second reading stage. In that respect, Mr. Speaker, without muzzling the opposition, while allowing everyone to express his view freely and democratically since we are discussing only the principle of the bill, I believe it would be perfectly fair and so simple to limit the debate on second reading to a maximum of two or three speakers from each party, whose speeches should not exceed 15 minutes each.

We know that subsequently, in committee, we can hear several witnesses. We also realize that we can amend the bill and that after a comprehensive study in committee, it will come back before the House where we will study it at the report stage and, subsequently, at the third reading stage. During the last sessions and the last years, Mr. Speaker, the Progressive Conservative party has made an unacceptable and abusive use of the standing order which allows a member to take the floor for a maximum of 40 minutes. I think that for the sake of common decency and civism we should give to the highest possible number of hon. members the opportunity to express their views and use a much shorter time to comment on bills on second reading.

In that respect, I deplore the attitude of the Progressive Conservative party which has literally wasted the time of parliament and despised this institution.

Another change is also needed, Mr. Speaker, and as it is something constructive, it is not surprising if the Progressive Conservative party avoided saying anything on that subject. We should allow members to have more frequent contacts with their electors and, consequently, to reflect here a more complete picture of the people's need. For a long time, Mr. Speaker, on this side of the House, we have been asking for a more compressed, I do not say reduced, but compressed work week, with the same total number of working hours but compressed into four days to allow members to spend Mondays or Fridays with their constituents.

On various occasions I myself raised the issue in my speeches here. We have asked for the co-operation of all members in changing to a four-day weekly schedule that would allow every member to go back to his riding, to meet with his constituents and also to have a much more regular family life. This has not yet come about but is nonetheless desirable. I am proposing it once more, most strongly and most respectfully.

Whatever the changes suggested, Mr. Speaker, two principles must be followed. First, truth must be respected. When I read a motion such as the one put forward today by the Progressive Conservative party, I feel it is odious. There is absolutely no truth in the three points made in that motion. It is absolutely not true that for more than 15 years the government has deliberately and steadily undermined the fundamental function of the House of Commons. It is absolutely not true that the government has refused to undertake a serious review of House procedures, and it is absolutely not true that the government has refused to consider the numerous worth-while proposals for reform. In 1976, I was sitting on the Standing Committee on Procedure and Organization. I co-operated in the development of the reports submitted by the three subcommittees, and I attended the last meeting of that committee in September, 1976, when the three reports were tabled and it was decided, as appears from the minutes I have here, and I quote:

● (2112)

[*English*]

It was agreed that the revised subcommittee report as printed would be referred to the various caucuses.

[*Translation*]

Mr. Speaker, when did we hear from the Progressive Conservative caucus, and when did we read their report on the worth-while parliamentary reform proposal the government submitted for study to the Standing Committee on Procedure and Organization? Never, Mr. Speaker. They prevented—

The Acting Speaker (Mr. Ethier): Order, please. I regret to interrupt the hon. member, but his time has expired.

[*English*]

Mr. Andrew Brewin (Greenwood): Mr. Speaker, the essence of the parliamentary system is control by the representatives of the people over the power of the purse so that the policies and activities of the state may be directed.

At the core of the situation we are facing, as was well stated by my hon. friend for Winnipeg North Centre (Mr. Knowles), is the necessity for a meaningful system of estimates. It applies to all public expenditures and *a fortiori* to large controllable expenditures including, for reasons I will go into later, military expenditures. The present system is at best meaningless and at worst a farce. It is, I think, a serious danger to our parliamentary system. It is possible to defeat any meaningful control of estimates if those estimates are so vague and general that no individual, whether in committee or in the House, can grasp or deal with them. Parliamentary control, as I have said, is

essential to our system. But inadequate parliamentary control is a snare and an illusion, and that is what I fear we have at the present moment.

I am not putting blame on any particular party. Many industrial societies are experiencing the same difficulty. We must have estimates with sufficient particulars. If I may borrow some judicial language from Chief Justice Duff and use it in a different context, he said there must be intelligibility of allegation; if people are asking for money from taxpayers they must allege with intelligibility, with understandability, what it is they propose to do with the money.

I want to take as an illustration of this general proposition the discussion of the national defence estimates—I am looking at the 1977-78 estimates. Under the heading "Defence" is contained a large and vague reference on the basis of which we are asked to vote away millions—in fact we get close to billions eventually—for such a thing as air defence forces. The program description is: "The maintenance of air defence military capability to safeguard Canadian sovereignty and independence". And so on. Well, Mr. Speaker, we are all in favour of safeguarding Canadian sovereignty and independence, but when we are asked for substantial sums of money we want to know how the plans proposed will in fact defend our sovereignty and independence, and that is what is lacking at the present time.

We all know there is plenty of discussion going on now about the proposed purchase of 130 to 150 fighter planes at a cost of $2.34 billion in 1977 dollars. It is generally thought that taking into account inflation and the changing value of the Canadian dollar, that sum will probably be inflated to around $4 billion. At this stage, of course, I am not discussing the merits of the proposal. I am asking whether there has been adequate scrutiny, and I say there has not.

● (2122)

We are in danger of being asked at some time in the future to approve this huge expenditure which some of us, including myself, consider to be a waste. It will be a fait accompli. We will not be asked to approve in advance. Estimates which come after the money has been committed and spent do not allow parliament an adequate opportunity to approve or disapprove. Approval after the fact is coerced, especially since there is a parliamentary majority.

There has been no accountability to parliament with respect to this matter. The original announcement—and I intend to go into this—came from the Minister of National Defence (Mr. Danson), and I will just summarize it. It was made on March 18, 1977. The minister said that the cabinet had authorized a commission, which came to be known as the Manson commission, to inquire into which of several purchases of up to over $2 billion should be made. What did the Department of National Defence say? They said that the money had been spent. The Manson commission brought forward a short list, and that is presently being discussed. That has been done only at considerable expense, and naturally so.

At no time has this item appeared in the estimates. At no time has there been any adequate statement about the strategic thinking behind this, or about its purpose, or about the reality, if any, of a threat. Indeed, General Dextraze, then the chief of staff, referred to the threat of manned bombers as a remote possibility. There were no reasoned, intelligible reports on the matter.

So the matter has gone on. Time and again the minister has said in very general terms that we have to do this because of our obligations to our allies. He never tells us what our obligations are. Most of us who have looked into NORAD and NATO know that there is nothing which calls for us to do this. This is our own choice, but that choice is not being made by the Parliament of Canada. It is not being made for the people of Canada. A choice may be made at some stage in the future, but it will be made by the cabinet.

To bring this matter up to date, I asked my office to phone the Department of National Defence today. My office was told that these expenditures which have been made do not appear to be in any estimate. If they are in any estimate, they are so well buried that no one can find them.

That is the situation we are in. In the Standing Committee on External Affairs and National Defence I tried to get a statement regarding capital expenditures. We were shown a graph covering 1978 to 1993 showing how this $2 billion is proposed to be spent. We were also shown other commitments dealing with such matters as our patrol frigates. We were told that we would have to get capital equipment to police our waters. Parliament has never been given a choice as to which of these two roles is more important.

Other countries have managed to get away from this kind of thing. Just this year, 1978, the Senate of the United States called for amendment of the arms control and disarmament act. This would require certain action on the part of the director of the agency involved. When anybody prepares a legislative or budgetary proposal requiring estimates concerning nuclear weapons to be acquired or requiring any estimates for total programs in excess of $250 million or any annual program costing more than $50 million—since the United States is a much larger country than ours the figures involved would be larger as well—reports must be made and details set out. The director involved must state the impact of proposed requests, and that is part of the law.

I want to read what Senator Clark said in dealing with a proposal for what was known as an enhanced radiation warhead, which is known colloquially by a different name. Senator Clark said this:

> —arms impact statement is fully justified, for it demands of the Executive a thoughtful and reasoned analysis of the over-all significance of the weapon under consideration.
>
> Mr. President, the requirements of the law are clear. Before we appropriate money for a system, we must know what that system will do. We must have this impact statement. The lack of this alone, it seems to me, justifies withholding Senate approval at this time.
>
> Mr. President, beyond these procedural questions are fundamental questions involving our commitment and interest in arms limitations—

The United States is a country which has much wider military obligations than we have, but Congress has striven to acquire some control over this spending. As I have pointed out, we seem to have no control whatsoever in that respect.

What is true with regard to defence is true with regard to many other fields. I want to emphasize that it is true with regard to military matters. I spoke to a well-known Conservative, who shall be nameless, a day or two ago. Since he and other members of the Conservative party had been saying that they want to scrutinize all expenditures with great care and cut out what we do not need, I asked him why he did not look at this program for acquiring fighter aircraft. "Oh," he said, "the military has decided that. I take its advice".

I think the same tendency exists within the government. That is an abdication from the principle of parliamentary authority. The military does not have sole control over matters of this kind. If there is any doubt about that, I would like to read something the Minister of National Defence said when Colonel Painchaud was fired, if that is what happens in the army when one loses his job.

Mr. Broadbent: Sacked.

Mr. Brewin: He was sacked. He was fired. He was the commander of the crack Canadian Airborne Regiment. He dared to criticize the Minister of National Defence, something I do on occasion. The minister at that time said this:

> —essential point which we must never, ever forget—that in a democracy it is civilian control of the military.
>
> We owe a lot to the military . . . but it is fundamental in our type of society that the policy and direction is in civil hands, those of the elected representatives.

That has been said by many others. It is the basis of our system. Therefore, I say that the general rule which I have propounded of adequate scrutiny applies as much to military matters as it does to anything else.

I will conclude by saying that we are not dealing with an unimportant matter. It is very important. It goes to the root of the parliamentary system of which we are part. I think most of us are proud to be part of it. We want to see this parliament function, and we want to see it exercise the authority given to it by the people and by the Constitution of Canada.

● (2132)

The present manner in which estimates are being handled is a failure. I do not join in any wholesale condemnation of the government. I do not think the present government is much worse or better than others we have had. Parliament should attempt to clarify and strengthen the means of control over public expenditures. That is the essence of this motion, and that is why we support it.

Mr. James Gillies (Don Valley): Mr. Speaker, I am delighted to have an opportunity to rise for a moment or two to speak on the motion before the House. It is one of the most important motions which have been put before the House of Commons in a long, long time. Every member of parliament, if he is serious about this institution and about representing his constituents, must look at this motion with a gread deal of care.

Canada has a very unique form of government. The British parliamentary system operates without internal checks and balances. The fundamental manner in which the British parliamentary system operates allows the opposition to hold the government in check by not accepting its supply. The only manner in which that can be done effectively is for the opposition to have complete control over the examination of estimates.

For at least a decade, opposition members of parliament have not had such an opportunity. Every single member should know that the reputations of members of parliament and this institution perhaps have never been lower in the estimation of Canadians than it is at the present time.

Why is that true? It is because the government has emasculated a fundamental operation of parliament, that of control of the estimates. When a member of parliament is elected, his constituents think that he will take care of the taxpayers' dollar. We are here in a trustee relationship; we are trustees of taxpayers' money. Any government which refuses to permit members to perform that function attacks the fundamental institution of democracy, not a political party or individuals. Democracy is a very, very fragile form of government. It depends upon the rule of law and respect for our institutions.

In the last 15 years, the government has refused to change and modify the manner in which parliament operates. Its failure to bring in rules respecting estimates has done more to destroy respect for parliament, and therefore democracy, than anything else which has happended since confederation. All we have going for us in this critical period of time is the institution of parliament. Any government that attacks the manner in which we are permitted to operate is affecting the heart and soul of this country.

The motion before us is not a trivial one. Every member of parliament has a responsibility to look at it. He should examine his conscience as to the manner in which he will vote. Over the last decade there has been a decline in the entire institution of parliament. I do not say this entirely pejoratively. If one asks the majority of Canadians today if there is the same high standard of responsibility on the part of ministers of the Crown as traditionally expected in the British parliamentary system, they would say no. If they were asked whether the principle of candid solidarity as the framework in which to operate is working they would say no.

Most Canadians would not know why there is so little respect for this institution, but they know something has gone wrong. Perhaps Canadians think that no one in the House really cares about the manner in which their money is spent, or really protects their money from being wasted. Perhaps they were appalled that estimates in the amount of approximately $48 billion were passed in a half hour or so, yet no one really knows what is contained in the estimates. There is no system in place so that taxpayers will receive anything like a fair break regarding the manner in which their dollars are spent.

No member who has sat on the Standing Committee on Miscellaneous Estimates feels that he could do a decent job. Recently a very distinguished Canadian said, "Do you know what was the most demeaning circumstances I have experienced in my life? It was appearing before a parliamentary committee." I said, "Do you know what is more demeaning? Being a member of the committee".

The manner in which our estimates operate is a disgrace. It is not that members are not trying hard, but the only committee which is working well is the Standing Committee on Public Accounts, because it has the benefit of the staff of the Auditor General. If that had not happended by random, because the Auditor General was looking at the Atomic Energy Commission, we would never have known the scandalous manner in which that Crown corporation was operating.

We ask Canadians to vote, pay their taxes and accept the proposition that $50 billion will be spent. We are asking Canadians to do that, yet we do not have a system to examine how that money is spent. It is disgraceful. Any government which would allow that to happen for 15 years deserves to be thrown out.

I ask hon. members opposite to examine their consciences before saying that they have appeared on a committee on estimates or an expenditure committee and are able to say honestly that they were capable of doing their jobs under the present system. The committee system cannot function adequately until it has staff and is rid of the hangman, guillotine idea. Until we restore the idea that the estimates of some departments should be brought to the floor of the House of Commons, with unlimited time for examination, we will never be able to do what we are supposed to.

Why were we elected? Why are we here? We are reasonably well paid. We are here to perform a legislative function. We are the trustees of Canadians regarding the manner which their dollars are spent. We require reform in the operation of the House of Commons, and a fundamental commencement of that reform must be in the committee system and the examination of estimates. That is why I feel the motion before us is an important one, and that everyone should look at their consciences regarding the manner in which they vote.

The Auditor General reported that the finances of the Government of Canada are out of control. Ordinary people do not realize what is happening in this nation. How could this have happened? Why is there a deficit of approximately $11 billion or $12 billion? If we compare our deficit relating to budgetary expenses to that of the United States, we will find that it is four times higher. Our deficit is so large that the time for economic policy-making is almost gone. How was it possible to be so extravagant and unrealistic as to end up with an $11 billion deficit in the country? Anyone who pretends that the system is operating, and therefore votes against this motion, is blind. The evidence is in front of us. The system is not operating. It is important and necessary that we change it.

The Auditor General said that the financial accounts are out of control. When he appeared before the Standing Committee on Public Accounts, he asked a question concerning the number of Crown corporations. He asked how many Crown corporations there were. He did not even know how many there were. The Government of Canada does not know how many Crown corporations there are, and does not know what they are.

• (2142)

An hon. Member: When was the last time you were at the public accounts committee?

Some hon. Members: Oh, oh!

Mr. Gillies: Here we go again.

An hon. Member: We have to wait for an hour before your members show up.

Some hon. Members: Oh, oh!

An hon. Member: Shout, shout; that's all they can do.

Mr. Gillies: That is a real indication of the capability of those members over there. An hon. member asks how many committees I attend, and how many times I am there. Let me tell hon. members why attendance at committees is so poor. If anyone wants to know why committees are attended so poorly, let me tell him it is because committees do not work, because they are no good and because they are ineffective. That is why they are attended so poorly.

Some hon. Members: Hear, hear!

Mr. Gillies: If committees did what they were supposed to do, people would be there.

Some hon. Members: Oh, oh!

Mr. Gillies: I am interested in saying to those people over there—

Some hon. Members: Oh, oh!

The Acting Speaker (Mr. Ethier): Order, please.

Mr. Gillies: The only thing I can say to the members over there is that they will not be there very much longer.

Some hon. Members: Hear, hear!

The Acting Speaker (Mr. Ethier): Order, please. I would suggest that hon. members extend the usual courtesy to the hon. member who has the floor.

Mr. Gillies: Mr. Speaker, I am happy to hear this sort of observation, and I say this in all seriousness, because hopefully those people will take the time to look at committees and will decide—

An hon. Member: Hopefully you will attend the public accounts committee.

Mr. Gillies: An hon. member says that hopefully I will come to the public accounts committee. Let me tell him that the

amination of the estimates by the committee is a waste of ne. How can hon. members over there continue to kid emselves when the reputation of parliament is the way it is id when their party is going down the drain? How can they there and say the Canadian people think this is okay? stitutions are very difficult to reform internally, and certain- difficult to reform with that group over there.

The last point I want to make, and I want to make it very early, is that we are here as trustees of the money of the ople of Canada. We have a fiduciary obligation which is not ing fulfilled and which cannot be fulfilled with the rules as ey are and the way that committees operate in Canada. This an indictment of this government over the last 15 years. It is indictment hon. members over there will have to live with. et me tell hon. members again that what we have here is a atter of principle, that when we destroy our institutions, as ey have been trying to do, we are in great trouble.

Some hon. Members: Hear, hear!

The Acting Speaker (Mr. Ethier): Order, please. It is my ity, pursuant to Standing Order 58(9), to interrupt the oceedings at this time and put the question on the motion. he question is on the motion of the hon. member for Yukon Mr. Nielsen). Is it the pleasure of the House to adopt the otion?

Some hon. Members: Agreed.

Some hon. Members: No.

The Acting Speaker (Mr. Ethier): All those in favour will ease say yea.

Some hon. Members: Yea.

The Acting Speaker (Mr. Ethier): All those opposed will ease say nay.

Some hon. Members: Nay.

The Acting Speaker (Mr. Ethier): In my opinion the nays ave it.

And more than five members having risen:

The Acting Speaker (Mr. Ethier): Call in the members.

The House divided on the motion (Mr. Nielsen) which was egatived on the following division:

(2152)

(*Division No. 15*)

YEAS

Messrs.

exander
kenbrack
ker
(Grenville-Carleton)
ldwin
lfour
wden
atty
audoin
njamin
ckburn
Brewin
Brisco
Broadbent
Cadieu
Caouette
(Villeneuve)
Clark
(Rocky Mountain)
Clarke
(Vancouver Quadra)
Corbett
Crombie
Crosby
(Halifax-East Hants)
Crouse
de Cotret
Dick
Dinsdale
Epp
Firth
Forrestall
Fraser
Friesen
Gillies
Grafftey
Halliday
Hamilton
(Qu'Appelle-Moose Mountain)
Hamilton
(Swift Current-Maple Creek)
Hare
Hargrave
Hees
Hnatyshyn
Hogan
Holmes
Howie
Huntington
Hurlburt
Janelle
Jelinek
Johnston
(Okanagan-Kootenay)
Jones
Kempling
Knowles
(Winnipeg North Centre)
Knowles
(Norfolk-Haldimand)
Lambert
(Edmonton West)
La Salle
Lawrence
Leggatt
MacDonald
(Egmont)
MacDonald (Miss)
(Kingston and the Islands)
MacKay
Masniuk
Mazankowski
McCain
McCrossan
McGrath
McKenzie
McKinley
McKinnon
Mitges
Muir
Munro
(Esquimalt-Saanich)
Murta
Neil
Nielsen
Nowlan
Nystrom
Oberle
Paproski
Parker
Patterson
Peters
Pigott (Mrs.)
Rae
Ritchie
Roche
Rodriguez
Rynard
Saltsman
Schumacher
Scott
(Hamilton-Wentworth)
Scott
(Victoria-Haliburton)
Shymko
Siddon
Smith
(Churchill)
Stevens
Towers
Wenman
Whiteway
Whittaker
Wise
Woolliams—98.

NAYS

Messrs.

Abbott
Allmand
Anderson
Andras
(Port Arthur)
Appolloni (Mrs.)
Béchard
Bégin (Miss)
Blais
Blaker
Blouin
Boulanger
Buchanan
Bussières
Caccia
Cafik
Campagnolo (Mrs.)
Caron
Clermont
Collenette
Comtois
Corriveau
Côté
Cullen
Cyr
Daudlin
Dawson
De Bané
Demers
Dionne
(Northumberland-Miramichi)
Douglas
(Bruce-Grey)
Duclos
Dupont
Duquet
Ethier
Faulkner
Fleming
Foster
Fox
Francis
Gauthier
(Ottawa-Vanier)
Gendron
Gillespie
Goodale
Gray
Guay
Guilbault
Harquail
Herbert
Holt (Mrs.)
Hopkins
Horner
Isabelle
Johnston
(Westmount)
Joyal
Kaplan
Lachance
Lajoie
Lalonde
Lamontagne
Lang
Langlois
Lapointe
Leblanc
(Laurier)
LeBlanc
(Westmorland-Kent)
Lefebvre
Lessard
Loiselle
(Chambly)
Loiselle
(Saint-Henri)
Lumley
MacDonald
(Cardigan)
MacEachen
MacFarlane
MacGuigan
Maine
Marceau
Marchand
Martin
McIsaac
McRae
Milne
Munro
(Hamilton East)
Nicholson (Miss)
O'Connell
Olivier
Ostiguy
Ouellet
Parent
Pearsall
Pelletier
Penner
Pinard
Portelance
Prud'homme
Railton
Reid
Robinson
Rompkey
Rooney
Roy
(Timmins)
Roy
(Laval)
Sauvé (Mrs.)
Savard
Smith
(Saint-Jean)
Stewart
(Cochrane)
Tessier
Trudel
Turner
Watson
Wood
Yanakis
Young—111.

● (2212)

Mr. Speaker: I therefore declare the motion defeated.

It being after ten o'clock, this House stands adjourned until tomorrow at two o'clock in the afternoon.

At 10:15 p.m. the House adjourned, without question put, pursuant to Standing Order.

HOUSE OF COMMONS

Wednesday, December 6, 1978

The House met at 2 p.m.

● (1407)

ROUTINE PROCEEDINGS

[*English*]

REGULATIONS AND OTHER STATUTORY INSTRUMENTS

REQUEST FOR COMMITTEE STUDY OF EXTENT OF UNNECESSARY REGULATION—MOTION UNDER S.O. 43

Mr. G. W. Baldwin (Peace River): Mr. Speaker, under the provisions of Standing Order 43, and in circumstances of urgent and pressing necessity, I would move, if permission is granted, seconded by the hon. member for Saskatoon-Biggar (Mr. Hnatyshyn):

Given the estimate that excessive regulation in the United States will probably cost that country $100 billion next year, that the Canadian equivalent, on a comparable basis, will be even higher, and that the efforts by the Ottawa federal government in response to agreement reached by the first ministers' conference in February, 1978, do not begin to cope with this serious problem which is adding to inflation and strangling small business, this House urges the Prime Minister to assign special responsibility to a cabinet minister to deal with the issue immediately at the government level and proposes that the joint parliamentary committee on regulations and other statutory instruments be requested to examine and report the extent to which there is unnecessary regulation and its effect on the national economy.

Mr. Speaker: Introduction of such a motion for debate at this time can only be done with the unanimous consent of the House. Is there unanimous consent?

Some hon. Members: Agreed.

Some hon. Members: No.

* * *

URBAN AFFAIRS

AHOP MORTGAGE DEFAULTS—MOTION UNDER S.O. 43

Mrs. Jean E. Pigott (Ottawa-Carleton): Mr. Speaker, I rise, under the provisions of Standing Order 43, on a matter of urgent and pressing necessity.

In light of the fact that as of September this year there were 826 AHOP defaults—53 per cent of all mortgage defaults—and in light of the fact that almost 10 per cent of all AHOP mortgages are in a default position, I move, seconded by the hon. member for Selkirk (Mr. Whiteway):

That the minister of urban affairs make a full statement on motions today outlining the appropriate policies in an attempt to avert this disaster.

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

Some hon. Members: Agreed.

Some hon. Members: No.

* * *

EXTERNAL AFFAIRS

CALL FOR STATEMENT ON SITUATION IN NAMIBIA—MOTION UNDER S.O. 43

Mr. Andrew Brewin (Greenwood): Mr. Speaker, under the provisions of Standing Order 43, I move, seconded by the hon. member for Winnipeg North Centre (Mr. Knowles):

That the Secretary of State for External Affairs be requested to make to the House, upon his return here, a statement on motions with regard to the situation in Namibia, dealing with allegations that the present vote in that country has been accompanied by fraud and intimidation, as to Canada's possible participation in a peacekeeping force and, generally, as to the whole situation, background and prospects in that country of securing a peaceful transition to full independence.

Mr. Speaker: Such a motion can be introduced for discussion at this time only with the unanimous agreement of the House. Is there unanimous consent?

Some hon. Members: Agreed.

Some hon. Members: No.

* * *

[*Translation*]

AGRICULTURE

REQUEST FOR IMMEDIATE INCREASE IN INDUSTRIAL MILK SUBSIDY—MOTION UNDER S.O. 43

Mr. Léonel Beaudoin (Richmond): Mr. Speaker, pursuant to Standing Order 43, I seek the unanimous consent of the House to move a motion on a matter of pressing and urgent necessity.

In view of the agreement which was signed in 1975-76 by industrial milk producers and the government through its Canadian Dairy Commission to cover the future costs of producing industrial milk, and in view of the fact that these costs have increased in 1978 by 52 cents a hundredweight, I

move, seconded by the hon. member for Roberval (Mr. Gauthier):

That the House consider this problem so that the Minister of Agriculture may agree to this increase of 52 cents a hundredweight and its becoming effective as soon as possible.

Mr. Speaker: The presentation of this motion, pursuant to Standing Order 43, requires the unanimous consent of the House. Is there unanimous consent?

Some hon. Members: Agreed.

Some hon. Members: No.

* * *

[*English*]

PENSIONS

RECIPROCAL PENSIONS AGREEMENT WITH UNITED KINGDOM—MOTION UNDER S.O. 43

Mr. Donald W. Munro (Esquimalt-Saanich): Mr. Speaker, I rise, under the provisions of Standing Order 43, on a matter of pressing necessity, the urgency of which has been prompted by the imminent departure of the Prime Minister (Mr. Trudeau) for the United Kingdom.

Because of the number of elderly, retired immigrants from the United Kingdom living in Canada without the benefit of indexed pensions as accorded to those who remained in the United Kingdom, I move, seconded by the hon. member for Victoria (Mr. McKinnon):

That this House charge the Prime Minister to place on his agenda for discussion with the United Kingdom Prime Minister the matter of a Canada-United Kingdom reciprocal pensions agreement and to report to this House upon his return the results of those discussions.

Mr. Speaker: Such a motion can be introduced for debate at this time, pursuant to Standing Order 43, only with unanimous consent. Is there unanimous consent?

Some hon. Members: Agreed.

Some hon. Members: No.

* * *

DEPARTMENT OF THE ENVIRONMENT

REQUESTED RELOCATION OF OFFICES—MOTION UNDER S.O. 43

Mr. G. H. Whittaker (Okanagan Boundary): Mr. Speaker, I rise, under the provisions of Standing Order 43, on a matter of urgent and pressing necessity.

Given the deplorable fact that the Ministry of the Environment, in the year 1978, moved into a building in the new complex in Hull while admitting it is dumping raw sewage into the Ottawa River—though they are responsible for the well-being of the environment—and that contracts have not been awarded for a reported $120 million sewage plant of which the National Capital Commission is supposed to fund $40 million, whilst there are many vacant offices in Ottawa, I move, seconded by the member for Winnipeg South Centre (Mr. McKenzie):

[Mr. Beaudoin.]

• (1412)

That this government requests the Department of the Environment to immediately move out of this building in protest of this deplorable situation.

Mr. Speaker: Such a motion can be presented for discussion at this time only with unanimous consent. Is there unanimous consent?

Some hon. Members: Agreed.

Some hon. Members: No.

* * *

[*Translation*]

BILINGUALISM

REPORT OF TASK FORCE ON CANADIAN UNITY—MOTION UNDER S.O. 43

Mr. Jean-Robert Gauthier (Ottawa-Vanier): Mr. Speaker, I rise under the provisions of Standing Order 43 to ask for the unanimous consent of the House to move a motion concerning an urgent and important matter.

In view of speculations regarding the contents of the report of the task force on Canadian unity which suggest that the federal government should abandon its efforts to implement its language policies in the country, I move, seconded by the hon. member for Vaudreuil (Mr. Herbert):

That the House reaffirm its support of the Official Languages Act and call upon the Prime Minister to ask the co-chairmen of this task force to put an end to these speculations, which are both dangerous and detrimental to their work, by publishing the report forthwith.

Mr. Speaker: Order, please. The House has heard the terms of the motion introduced by the hon. member. Under Standing Order 43, such a motion requires unanimous consent. Is there unanimous consent?

Some hon. Members: Agreed.

Some hon. Members: No.

* * *

[*English*]

VETERANS AFFAIRS

REQUEST WAR VETERANS ALLOWANCES NOT BE REDUCED—MOTION UNDER S.O. 43

Mr. Stanley Knowles (Winnipeg North Centre): Mr. Speaker, my motion expresses a hope which I believe is shared by every member of the House. I trust, therefore, that it will be accepted.

I move, seconded by the hon. member for Timiskaming (Mr. Peters):

That this House express the hope that the Minister of Veterans Affairs will soon be in a position to announce that war veterans allowance recipients will not lose any portion of their allowance because of increases they receive in the guaranteed income supplement or in family allowance payments arising out of Bill C-5 or Bill C-10, but that such veterans will receive the full benefit provided by parliament in Bill C-5 and Bill C-10, and that this assurance will be given as soon as possible, certainly before Christmas.

Mr. Speaker: Order, please. Introduction of such a motion for debate, pursuant to Standing Order 43, would require the unanimous consent of the House. Is there unanimous consent?

Some hon. Members: Agreed.

Some hon. Members: No.

* * *

PROCEDURE AND ORGANIZATION

PROCEDURE ADOPTED IN DEALING WITH STARRED QUESTIONS—MOTION UNDER S.O. 43

Mr. P. B. Rynard (Simcoe North): Mr. Speaker, I rise, under the provisions of Standing Order 43, on a matter of urgent and pressing necessity. My motion concerns the failure of the Standing Committee on Procedure and Organization to meet and deal satisfactorily with the problems before it, one of which is the status of starred questions. This matter was drawn to the attention of the committee both by Your Honour and by myself.

The starred question procedure was first used under the government of—

Mr. Speaker: Order, please. I must ask the hon. member to put his motion.

Mr. Rynard: The motion is that at the present time starred questions are not answered the next day, or even within a week or within a month. You, Mr. Speaker, have drawn this matter to the attention of the Standing Committee on Procedure and Organization. I have drawn it to the attention of the House leader on three occasions.

Some hon. Members: Order.

Mr. Rynard: Mr. Speaker, I have to lay this groundwork so that—

Mr. Speaker: Order, please. I cannot extend to the hon. member any different treatment than I extend to anyone else. If the hon. member has a motion, he will have to put it.

Mr. Rynard: Then I will state that after asking the former House leader on three occasions and the present House leader to call a meeting—and the understanding was that it was to be held—on the status quo of starred questions—

Mr. Speaker: Order, please. I will have to proceed with the question period.

Mr. Rynard: Mr. Speaker, I move that my question be sent to the Standing Committee on Procedure and Organization and that the committee meet immediately to deal with the status of starred questions. This motion is seconded by the right hon. member for Prince Albert (Mr. Diefenbaker).

Mr. Speaker: Such a motion can be presented at this time only with unanimous consent. Is there unanimous consent?

Some hon. Members: Agreed.

Some hon. Members: No.

ORAL QUESTION PERIOD

[*English*]

URBAN AFFAIRS

AHOP MORTGAGE DEFAULTS—SEVERITY OF PROBLEM

Mr. Dean Whiteway (Selkirk): Mr. Speaker, my question is for the Minister of Public Works and Minister of State for Urban Affairs: it concerns the daily reports coming from accross the country about AHOP defaults and walkaways. Could the minister outline to the House the scope and severity of this problem? Just how serious is it in respect of the AHOP program?

Hon. André Ouellet (Minister of Public Works and Minister of State for Urban Affairs): It is a very popular program, Mr. Speaker.

● (1417)

Mr. Whiteway: Mr. Speaker, my supplementary is for the same minister. Perhaps with the information I shall give the minister, he will not take the question so lightly. His department and CMHC have confirmed that in Ontario alone in the first quarter of next year there will be in excess of 8,000 notifications of foreclosures in respect of AHOP?

An hon. Member: Shame.

Mr. Whiteway: Imagine the result if one multiplies that figure to cover the rest of Canada. Would the minister tell the House now, or make a statement on motions today, fully outlining this severe problem surrounding AHOP?

[*Translation*]

Mr. Ouellet: Mr. Speaker, last week I testified before a committee of the House and I explained the government's performance with regard to subsidies for the construction of homes in Canada. There is no doubt that there is an increase in the number of foreclosures. That depends on the economic conditions we are facing; but in his question, the hon. member refuses to acknowledge the fact that whatever transactions are done by the Central Mortgage and Housing Corporation or by

the banks, there is always a risk. As far as we in the government are concerned, we prefer to take the chance of allowing a potential home owner to own a house even though we may possibly end up being obliged to take that house back later, rather than denying him right from the start the opportunity to become a home owner.

[*English*]

Mr. Whiteway: Mr. Speaker, last Monday, CMHC sent a telex to all CMHC offices across the country directing them to send to CMHC in Ottawa a list of all AHOP mortgages which were in a state of default. The number that has been reported, which the minister has, is massive.

Without getting into all the rhetoric, could the minister tell the House of Commons, now, if he will consider convening the appropriate standing committee, and will he outline there the scope and severity of this serious problem?

Mr. Ouellet: Mr. Speaker, I do not think there is anything serious about this matter. I think there is a fundamental difference between the Liberal party and the Conservative party.

Some hon. Members: Oh, oh!

Some hon. Members: Hear, hear!

Mr. McGrath: Vive la différence.

An hon. Member: Horner is blushing.

Mr. Ouellet: We Liberals on this side are ready to give a break to low income and middle income people.

Some hon. Members: Hear, hear!

Mr. Ouellet: In so doing, we are running the risk of there being some defaults. It is quite clear that the Conservative party will never give a break to the low and middle income people.

Some hon. Members: Hear, hear!

Mr. Paproski: Shame. You are even stealing that one now.

QUALITY CONTROL UNDER AHOP

Mrs. Jean E. Pigott (Ottawa-Carleton): Mr. Speaker, I would like to address a question to the Minister of Public Works. He is a bit testy today, but that is all right.

Some hon. Members: Oh, oh!

Mr. Speaker: Order, please.

● (1422)

Mrs. Pigott: I would like to ask the same minister a question with regard to the quality control program for AHOP houses. There seems to be a great deal of concern by many owners that the quality control mechanisms have not been put in place. Will the minister inform the House what measures are being taken by his ministry and by Central Mortgage and Housing Corporation to ensure that quality control steps are taken for these owners?

Hon. André Ouellet (Minister of Public Works and Minister of State for Urban Affairs): Mr. Speaker, the government, through the efforts of my predecessor and myself, has put in place, in co-operation with HUDAC—the Housing and Urban Development Association of Canada—guarantee programs. We have indicated that from now on, any mortgage that is guaranteed by CMHC will have to be under a plan that gives full protection to the new buyer.

Mrs. Pigott: Mr. Speaker, I think the minister has perhaps been misinformed a little by his department. That is after the fact. I am talking about the past.

Some hon. Members: Oh, oh!

Mrs. Pigott: My goodness, the Gallup poll seems to have upset those boys.

Some hon. Members: Hear, hear!

Mrs. Pigott: In light of the announcements by his ministry that he is bringing in the new guaranteed payment mortgage, will the minister please assure this House that the government will hold up that program until they review what is wrong with AHOP, in order that we do not compound the confusion for the poor people who have been put out on the street, with their credit ratings ruined—8,000 in Ontario alone? Will the minister please assure the House that he will rethink the guaranteed payment mortgage program?

Mr. Ouellet: Mr. Speaker, a few things are wrong in the allegations of the hon. member. First, it is a graduated payment mortgage, not a guaranteed payment mortgage, as she calls it. I assure the hon. member that this program allows other options for those seeking money in the market in order to buy a new home. It is quite clear that any time you allow someone to buy a new home and put forward a proper financial program to do it, you are running a risk.

The hon. member objects and appears scandalized because there have been some defaults. Obviously, the ideal position is to take no risk. However, that would substantially reduce the number of people who could become home owners. We do not think that is a sound way of doing it. We believe we have to take risks and give some breaks to those at the lower end of the income scale, hoping that their incomes will improve and they can keep their homes. Obviously, we do not succeed 100 per cent. However, the figures show that we have a success rate of over 95 per cent, which I think is pretty good.

Some hon. Members: Hear, hear!

CENTRAL MORTGAGE AND HOUSING CORPORATION

ALLEGED KICKBACKS TO CMHC BUILDING INSPECTOR

Mr. Fonse Faour (Humber-St. George's-St. Barbe): Mr. Speaker, I wish to address a question to the Minister of Public Works, whom I congratulate on finding a difference between the Liberals and the Tories—something I have not been able to do. I have given the minister notice of my question.

Serious allegations have been made regarding kickbacks to a CMHC building inspector relating to the construction of 116 townhouses at Virginia Park, St. John's, with financial assistance provided through AHOP. Is the minister aware of these allegations? If so, has he called for an investigation by the RCMP?

Hon. André Ouellet (Minister of Public Works and Minister of State for Urban Affairs): I thank the hon. member for giving me notice of the question. I had a chance to check this allegation with CMHC officials who are looking into the matter. I expect to have a report tomorrow or early next week. I will then advise the hon. member and the House of the outcome of this investigation.

● (1427)

As far as the condition of the brick exteriors is concerned, we have been working for some time to find agreement among those concerned as to how the cost of repair could be financed. That is one of the problems involved. We are trying to find ways to help those who are experiencing these difficulties to find the appropriate financial resources.

Mr. Faour: I am glad the minister is aware of the inadequate quality of the houses: there have been horror stories related to bricks crumbling, inadequate foundations, cracked tiles, and sagging floors. However, I should like him to give a more positive assurance to people in the housing development concerned that CMHC will ensure that they will not suffer, and will guarantee any necessary repairs to their homes.

Mr. Ouellet: I cannot give such an assurance before being fully aware of the file. I can assure the hon. member that CMHC will take its full responsibility. We cannot go beyond, to the responsibility of the contractors, and we cannot assume the responsibility of the municipal authorities if, indeed, they were the prime ones who approved the construction and gave the go-ahead. But we are looking at the situation and we shall do our utmost to help the people affected by these deficiencies.

COMPENSATION FOR HOUSES DAMAGED THROUGH FAULTY WORKMANSHIP

Mr. James A. McGrath (St. John's East): A supplementary, Mr. Speaker. I brought this matter to the attention of the minister over a year ago. At that time I identified faulty inspection and the use of faulty materials, yet the minister refused to act and forced these low income earners to take their case to court.

If the minister is as interested in low income earners as he professes to be, will he tell the House that he is prepared to make compensation to these people who are the victims of what are alleged to be very corrupt practices? There are allegations of pay-offs to CMHC inspectors, a matter clearly within the jurisdiction of the minister, not of the city of St. John's.

Hon. André Ouellet (Minister of Public Works and Minister of State for Urban Affairs): I have indicated that the corporation is reviewing the various allegations and the documents.

An hon. Member: You've had a year to do that.

Mr. Ouellet: As soon as I have a report, I will bring it to the attention of the House.

Mr. McGrath: The situation which has surfaced in St. John's and which was aired on national television last night is, in my view, only the tip of the iceberg. We would identify other AHOP programs across the country where there is evidence of inadequate inspection and of substandard material being used. In the light of this, and of the evidence produced on national television last night, will the minister ask his colleague, the Attorney General, to order a full-scale investigation into the construction of AHOP housing?

Mr. Ouellet: The answer is, clearly, no. The opposition is systematically, on the basis of an isolated case, trying to build up a large general situation. There are thousands of builders in Canada who are performing well, who are using government programs and putting up top quality housing. I totally refute the type of allegation made by the hon. member who tries to use one isolated case to convey a message that all the builders in Canada are crooks.

Some hon. Members: Hear, hear!

* * *

● (1432)

[*Translation*]

HOUSE OF COMMONS

USE OF AIR PASSES BY CERTAIN MEMBERS

Mr. Richard Janelle (Lotbinière): Mr. Speaker, my question is directed to the right hon. Prime Minister. Further to an article published in one of this morning's newspapers in which it is stated that some federal minister put their air passes to personal use, does the right hon. Prime Minister intend to issue orders for putting an end to that practice?

Right Hon. P. E. Trudeau (Prime Minister): Mr. Speaker, I am not aware of the details of that article, but I do know, if I am correctly informed, that Air Canada gives passes to the ministers of this government because their duties demand that

they travel throughout Canada. I point out to the hon. member from the New Democratic party that, at my request some five, six or seven years ago the leader of his party, the leader of the Progressive Conservative party and the leader of the Social Credit party of Canada were also given passes, which I suppose they use.

Mr. Janelle: Mr. Speaker, my question is again directed to the right hon. Prime Minister. I am speaking here of air passes given to the federal cabinet ministers which are being used for personal trips, for holidays. Is that use of thoses passes not contradictory to the code of ethics edicted by the right hon. Prime Minister some time ago?

Mr. Trudeau: Mr. Speaker, perhaps the hon. member is speaking of special passes. May I repeat that I have not read the article. But I say again that ministers are provided with permanent passes, valid for a year but renewable from year to year; they are the same type of passes as those which, thanks to my intervention, the leader of the Social Credit party, the leader of the New Democratic Party and the leader of the Progressive Conservative party also received.

[*English*]

Mr. David MacDonald (Egmont): Mr. Speaker, I have a supplementary question for the Prime Minister. Since every member of the cabinet, as well as each party leader, has been issued these passes, and in view of considerable concern about their possible abuse, has the Prime Minister or have any of his ministers issued any guidelines, or have any guidelines ever been considered, so that Canadians can fully appreciate the fact that these passes are really for the purpose of fulfilling ministerial responsibilities and are not to be abused in any way? I think such abuse would be against the interest of the availability of these passes.

Mr. Trudeau: Mr. Speaker, I think it goes without saying that ministers, like other members of this House, would take free rides on Department of National Defence planes going to Europe. I know there are many Tories who do that. I assume they do it for the purpose of fulfilling their duties as parliamentarians.

Mr. MacDonald (Egmont): Mr. Speaker, perhaps the Prime Minister did not hear me. We are talking specifically about the passes which are given to cabinet ministers and party leaders with respect to two commercial airlines which operate both inside and outside Canada.

In view of the fact that this practice has been in existence for many years, can the Prime Minister indicate whether any guidelines have been issued or whether there is any understanding about the proper or improper use of these passes?

Mr. Trudeau: Mr. Speaker, I have issued no precise guidelines on this matter to ministers nor, indeed, to the Leader of the Opposition, who receives the same kind of pass.

I understood the hon. member's question perfectly. The use to which these passes are put is to be decided by ministers, just as it is to be decided by members of the opposition when they take free rides on DND planes. I hope they do it according to their conscience.

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EXTERNAL AFFAIRS

CANADIAN PEACEKEEPING FORCES

Mr. Allan B. McKinnon (Victoria): Mr. Speaker, my question is for the Prime Minister. Yesterday, the Secretary of State for External Affairs, in somewhat of a "ready, aye ready" statement in London, said that the government has reached an advanced state of planning for sending a battalion of combat troops of 600 to 700 men to Namibia.

Would the Prime Minister tell the House if such reports are true and, if so, will the government now undertake to bring a resolution before the House for debate before a final decision is made to send troops on a new and major UN commitment?

Right Hon. P. E. Trudeau (Prime Minister): Mr. Speaker, I am not quite sure why, in the preface to his question, the hon. member mocked the minister by suggesting that the minister's position is a "ready, aye ready" position. The House knows—and I thought we had the support of the opposition—that in peacekeeping operations Canada is indeed in the forefront of all countries which are members of the United Nations. I believe we have the greatest number of troops involved in such operations.

We happen to think this is a useful way to employ our military people. We want to make sure that our military people serve peace as well as war, and I believe there is full support for that. I hope the hon. member supports that policy.

As far as Namibia is concerned, the hon. member knows that Canada was one of the Group of Five trying to find a peaceful solution to the problem in Namibia. All the Secretary of State for External Affairs said was that if the United Nations asked us for further troops, we would naturally consider the request.

Mr. McKinnon: Mr. Speaker, the Prime Minister did not answer the basic question of whether he would bring this matter back to the House in the form of a resolution so that the Parliament of Canada could know what kind of commitment we are getting into. At the present time, all the Canadian people and parliament know is that we are getting into a new and major commitment which is being made by the Secretary of State for External Affairs regarding a very dicey situation in Africa. Can the Prime Minister assure the House that we will have an opportunity to debate a resolution in this House on this important matter?

Mr. Trudeau: Mr. Speaker, if the hon. member knows that, he certainly knows more than I do in this particular case. To my knowledge, there is no commitment. The Secretary of State for External Affairs made no commitment. The parliamentary secretary tells me that no request has been made to us

as yet. I do not know why the hon. member says that all Canadians know we are into a major commitment.

* * *

LOTO CANADA

CONDITIONS OF CONTRACT WITH GENERAL INSTRUMENTS

Mr. Perrin Beatty (Wellington-Grey-Dufferin-Waterloo): Mr. Speaker, I have a question for the Minister of State (Fitness and Amateur Sport) relating to the ill-fated Loto Select program.

This morning I attempted to get, through the minister's office and through Loto Canada, copies of the government's $23 million contract with General Instruments, but I was refused. Can the minister at least tell the House today whether contained in that contract there is a clause which provides for the breaking of the contract or the cancellation of the contract with General Instruments? If so, what is the nature of that clause?

Hon. Iona Campagnolo (Minister of State (Fitness and Amateur Sport)): Mr. Speaker, the hon. gentleman could not have been in the House when I answered a similar question asked by the hon. member for Lanark-Renfrew-Carleton.

There are provisions in the contract which would prohibit its circulation or tabling in the House at this time. However, once the contract is cancelled, I have given my undertaking to consider tabling it along with the dispensation documents.

Mr. Beatty: Mr. Speaker, I will ask the minister one very straightforward question. Can the minister tell the House, yes or no, whether contained within that contract there is a cancellation clause which would allow the government to escape from its commitments?

Mrs. Campagnolo: Mr. Speaker, the hon. gentleman is a lawyer, and I am not.

An hon. Member: No, he isn't.

Mrs. Campagnolo: However, in the contract there is a confidentiality clause which precludes me from answering his question.

* * *

CANADA LABOUR CODE

PROTECTION AGAINST UNSAFE WORKING CONDITIONS

Mr. Maurice Foster (Algoma): Mr. Speaker, my question is directed to the Minister of Labour. In view of the passage, several months ago of Bill C-8 which provides under part IV of the Canada Labour Code the right of workers to refuse to work in unsafe working conditions, and for the establishment of safety committees, and in view of continuing uncertainty as to whether this legislation applies to uranium mine workers—who have experienced special problems in this regard in the past—what action is being taken to clarify this matter so that we might see that workers are covered by the safety and health provisions of Bill C-8?

Hon. Martin O'Connell (Minister of Labour): Mr. Speaker, I have been giving attention to the serious matter raised by the hon. member for Algoma. Just a week or so ago, my department received a legal opinion from the Department of Justice to the effect that part IV of the Canada Labour Code does, contrary to former belief, apply to health and safety matters in uranium mines. I have, therefore, asked my department to notify unions and companies in the industry to this effect, and I will be meeting with people in the industry to plan an orderly rearrangement of responsibilities.

The protection provided in Bill C-8 which we passed last session has not, thus far, been afforded to uranium miners because the licences issued by the Atomic Energy Control Board require companies to comply with provincial law. As a result of the legal opinion to which I referred, it is now clear that the federal law applies, and we will be making efforts toward a rearrangement of responsibilities.

* * *

● (1442)

ENERGY

KITIMAT OIL PIPELINE PROPOSAL

Mr. Stuart Leggatt (New Westminster): Mr. Speaker, my question is directed to the Minister of Energy, Mines and Resources: it concerns the report in yesterday's *Globe and Mail* that the Kitimat proposal is being actively revived by that consortium. Previously, the minister has been somewhat ambiguous on the matter, but the Minister of State for the Environment was very clear that this government was completely opposed to the Kitimat oil proposal on environmental grounds.

Some hon. Members: Hear, hear!

Mr. Leggatt: My question to the minister is, can he confirm that it is still this government's position that the Kitimat oil proposal is dead and will not proceed?

Hon. Alastair Gillespie (Minister of Energy, Mines and Resources and Minister of State for Science and Technology): Mr. Speaker, the hon. member will recall that at my request the National Energy Board addressed itself to the question of whether or not a western port of entry would be essential or needed to support Canada's objective of self-reliance. The National Energy Board has since reported to me and it is quite clear that such a port of entry is not essential to Canada's objective of self-reliance.

Mr. Leggatt: The minister has not answered the question, because the National Energy Board did not state, in relation to U.S. needs, whether the port would be a viable one in supplying the United States; so he is clearly skirting the question.

The Kitimat oil consortium recently lobbied the cabinet in British Columbia and I understand they received a favourable response. Their proposal is before the U.S. government now, and a decision will be made by the U.S. government very shortly concerning that proposal. My question is: has the government now received additional representations from either B.C., the U.S. government or the Kitimat consortium to proceed with a west coast oil port to supply U.S. oil needs?

Mr. Gillespie: To the best of my knowledge, we have not received any additional representations on behalf of the U.S. government, on behalf of any of the producers or on behalf of the B.C. government with respect to the Kitimat port of entry. The point I want to make—I will restate it—is that the port of entry has not been found by the National Energy Board to be, so far as the foreseeable future is concerned, essential to the energy self-reliance of Canada.

I hope the hon. member will understand that the National Energy Board has to concern itself with the energy self-reliance of Canada and benefits for Canadians; it is not concerned with benefits that might accrue to third parties.

Some hon. Members: Hear, hear!

* * *

TRADE

CONTRACTUAL LINK BETWEEN CANADA AND EEC

Hon. George Hees (Prince Edward-Hastings): Mr. Speaker, I have a question for the Prime Minister as he takes off for Europe. I have just returned from a NATO conference, where I talked with a great many members of parliament from all the countries in the European Economic Community. I found that none of them had any knowledge of the operation of a contractual link between Canada and their countries. I wonder if the Prime Minister, when he arrives in Europe, would set in motion a search for this missing link which he announced with such fanfare a couple of years ago and which, if it actually does exist, is the best kept secret in Europe today.

Right Hon. P. E. Trudeau (Prime Minister): I think there is a very simple answer to that question, Mr. Speaker. The hon. member, who is a member of the opposition, must have been talking to opposition members over there who know nothing about their countries.

Some hon. Members: Oh, oh!

Mr. Hees: We in the opposition, when we go on visits of that kind, are democratic and speak to people in all parties, both government and opposition. We are not like the Prime Minister, who says that members of parliament are nothing when they are 50 yards from Parliament Hill.

I ask him this question: as it is now obvious that the contractual link has been stillborn, does the government not think it is entitled to a decent burial, along with that other figment of the Prime Minister's imagination, namely, wrestling inflation to the ground?

Some hon. Members: Hear, hear!

Mr. Trudeau: If the hon. member is actually looking for a link, he has not understood the nature of our policy. But if ever he wants to wrestle to the ground, we can give it a try, Mr. Speaker.

Some hon. Members: Hear, hear!

Mr. Hees: I have driven him out of the House, Mr. Speaker.

Some hon. Members: Hear, hear!

* * *

LOTO CANADA

REPORTED WASTE IN CORPORATION—MINISTER'S ANSWERS OF YESTERDAY

Mr. Otto Jelinek (High Park-Humber Valley): Mr. Speaker, I have a supplementary question for the gambling minister responsible for our federal lotteries. Yesterday, when I called the minister the $37 million woman so far as Loto Select costs were concerned, she replied she was only an $800,000 woman, only to increase that figure later to undisclosed millions. She thereby confused, if not misled, the House as to the actual costs.

Some hon. Members: Order.

Mr. Speaker: Order, please. Would the hon. member put his question.

Mr. Jelinek: Would the minister take the opportunity now to correct her statements of yesterday including, what is more important, the false impression she left that the provinces were consulted prior to these expenditures regarding Loto Select; and at the same time can she tell the House whether or not Loto Canada acted with the advice of the government on this matter?

Hon. Iona Campagnolo (Minister of State (Fitness and Amateur Sport)): I thank the hon. member for his question regarding the figures. Those are the exact figures up to this time. The $2 million to $3 million that I mentioned as the resolution of the $14 million original commitment is not an exact figure as yet. When it is, I will present it to the House. The hon. member will also recall that, as I said, the $14 million figure given by the CBC was really a $2 million to $3 million figure.

As to the other question which the hon. gentleman asked me regarding consultation with the provinces, I want to make particularly clear what the exact history of this matter is, because shortly after I was given the responsibility for Loto Canada my first action was to set up communications with the provinces preparatory to a federal-provincial meeting to discuss just this matter. Such a meeting was convened in the late

fall of 1977. Two days before the meeting, the B.C. government representative for lotteries refused to attend; thus, all the other provinces refused to attend as well. I spent the next several months trying to set up another meeting. It was at the initiative of the federal government that the meeting was held at Regina in June of this year.

Some hon. Members: Hear, hear!

LETTING OF CONTRACT WITH GENERAL INSTRUMENTS

Mr. Otto Jelinek (High Park-Humber Valley): Obviously, the minister is talking about meetings after expenditures for Loto Select were made.

I have a supplementary question for the Minister of Industry, Trade and Commerce. Yesterday, the minister said that the Crown corporation, meaning Loto Canada, acted without the advice of the government. In view of the fact that the Minister of State for Fitness and Amateur Sport has just stated that she wanted to have a meeting with the provinces in that regard and Loto Canada was involved, can he confirm or deny what he said yesterday? Also, can the minister advise the House whether he has been able to find out, as he promised yesterday, anything regarding the letting of the contract with General Instruments Corporation, without tender?

Hon. Jack H. Horner (Minister of Industry, Trade and Commerce): Mr. Speaker, I said yesterday that the Crown corporation acted independently, and I think that is what I still say today.

Some hon. Members: Oh, oh!

PURCHASE OF EQUIPMENT—ADVICE OF GOVERNMENT

Mr. Joe Clark (Leader of the Opposition): I have a supplementary question for the Minister of State for Fitness and Amateur Sport. Can we have an answer to the question put by my colleague? Did Loto Canada, in the matter of the purchase of equipment, act with, or without, the advice of the Government of Canada?

Hon. Iona Campagnolo (Minister of State (Fitness and Amateur Sport)): As the Minister of Industry, Trade and Commerce said, we are a Crown corporation and we took our responsibility. That is not to say that we are in any way different from any other representative Crown corporation in the lottery business for, indeed, as the hon. member opposite knows, in the case of Ontario for instance they did precisely the same thing and dealt with the U.S. corporation as well, one which we have never heard of in the House.

Mr. Clark: In her enthusiasm today—and I am pleased to see she is now refraining from advertising the superior virtues of CTV over CBC—the minister has declined to answer the question put by myself and my colleague.

What, precisely, was the role of the minister involved in the decision by Loto Canada to purchase this equipment? Was there advice, or was there not advice? Was there consultation by Loto Canada, or was there no consultation? Is Loto Canada, or are officials of that corporation, being hung up to dry by the Government of Canada, or is the government going to take responsibility either for the advice it gave, or for the failure to scrutinize the activities of the Crown corporation responsible to it, which resulted in a significant error costing Canadians millions of dollars?

Mrs. Campagnolo: As the Leader of the Opposition knows, or should know, we are a Crown corporation subject to the fiscal restraints of a Crown corporation, subject to the Financial Administration Act and subject, as well, to the Auditor General. I am sure that the Leader of the Opposition would be quite interested to know that I feel the only people who are being hung out to dry are the people of Canada, by virtue of his continued references to the provinces in this matter.

Some hon. Members: Oh, oh!

• (1452)

Mrs. Campagnolo: The hon. Leader of the Opposition has made it perfectly clear that should he—heaven forbid—ever be on this side of the House, he would cancel Loto Canada. In doing so he would deny the athletes and the broad cultural dimension of this country—

Some hon. Members: Oh, oh!

Mr. Speaker: Order.

Mr. Clark: Mr. Speaker, I am sure that the minister's colleagues were shouting to give the minister some time to cool down. My question is a simple one: was the minister or any other minister of the Government of Canada involved in the decision, or contacted with regard to the decision, before it was made in respect of Loto Canada to purchase this equipment? Yes, or no?

An hon. Member: Yes, or no yourself, Joe.

Some hon. Members: Oh, oh!

Mrs. Campagnolo: Mr. Speaker, the hon. gentleman has said that I require time to cool down. I might say that is very interesting, in the context of this morning's CBC report which said I sat at my desk yesterday, long after question period, in order to cool down.

Some hon. Members: Oh, oh!

Mrs. Campagnolo: Mr. Speaker, I want to make it plain that I was still sitting here at ten o'clock last night because it was my duty day in the House. That is the kind of reporting we have had over this issue.

Some hon. Members: Oh, oh!

Mrs. Campagnolo: And that is the kind of attitude that the hon. Leader of the Opposition has taken. I am saying that the hon. Leader of the Opposition has been invited by the sports

people of Canada to come and explain his position on Loto Canada and why he wants to cancel it, but he has refused to talk to them.

Some hon. Members: Shame.

An hon. Member: Just answer the question.

Some hon. Members: Hear, hear!

Mr. Speaker: Order, please.

* * *

[*Translation*]

PUBLIC WORKS

INQUIRY WHETHER DATA PROCESSING CENTRE WILL BE ESTABLISHED IN JONQUIÈRE, QUEBEC

Mr. Gilles Marceau (Lapointe): Mr. Speaker, my question is directed to the Minister of Public Works. Can the minister tell the House whether, after his recent appointment to this portfolio, he intends to pursue the excellent job made by his predecessor regarding policy of the dencentralization of federal departments, and particularly the construction of a tax data processing centre in Jonquière, which is essential for the economy of the Saguenay-Lac-Saint-Jean area especially because of the number of jobs it could create?

Hon. André Ouellet (Minister of Public Works and Minister of State for Urban Affairs): Mr. Speaker, we are certainly going to go ahead with our project to provide the town of Jonquière with a tax data processing centre.

[*English*]

At the same time, I would like to reiterate our unequivocal commitment to a data centre in Sudbury, Shawinigan and Surrey.

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POST OFFICE

ACTION TAKEN AGAINST ILLEGAL STRIKERS

Mr. John Rodriguez (Nickel Belt): Mr. Speaker, my question is for the Postmaster General, the Evel Knievel of the Post Office.

In view of the fact there is already low morale among workers in the Post Office, a fact of which I am sure the Postmaster General is aware, that this low morale is contributing to low productivity in the handling of mail, and in view of the fact that in the Ottawa area alone hundreds of suspensions and hundreds of discriminatory letters of warning have been sent out to CUPW members, will the Postmaster General tell the House if it is his intention that, instead of attacking CUPW, he is now prepared to rescind the suspensions and dismissals to date?

An hon. Member: No way.

[Mrs. Campagnolo.]

Hon. J. Gilles Lamontagne (Postmaster General): Mr. Speaker, again, I have no intention of rescinding any disciplinary action that has been taken by the Post Office. I should like to tell the hon. member that if there is low morale or low productivity in the Post Office, I would invite him to help us boost the morale and give them a better reputation, instead of directing all this attention to people who do not want to work properly, and giving more attention to that co-operative body of workers in the Post Office who want to work and do not want to be prevented by some militant workers.

Mr. Rodriguez: Mr. Speaker, in view of the fact that the Postmaster General is now taking an ostrich position, and in view of the fact that yesterday in this House he went even further to provoke Post Office workers by threatening to fire them on an even larger scale, perhaps the Postmaster General will tell the House whether he really believes that such retaliation and harassment will result in bringing labour peace to the Post Office; or is it his intention to provoke a strike to cover up the fact that the Post Office is not operating well but is still being mismanaged, going into the Christmas rush?

An hon. Member: Oh, sit down.

Some hon. Members: Oh, oh!

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CANADA LABOUR CODE

PROTECTION AGAINST UNSAFE WORKING CONDITIONS

Mr. Ray Hnatyshyn (Saskatoon-Biggar): Mr. Speaker, I have a question supplementary to the one posed by the hon. member for Algoma to the Minister of Labour.

We in Saskatchewan are, of course, extremely interested in the whole matter of uranium mining, health and environmental considerations. Would the minister tell the House, in respect of his legal opinion, whether he intends to have his department move in unilaterally or whether he has, in fact, consulted with provincial authorities concerning this whole matter relating to health and environmental considerations?

Hon. Martin O'Connell (Minister of Labour): Mr. Speaker, we just learned of this decision a few days ago. I am discussing the federal-provincial aspects of it with my colleague, the Minister of State for Federal-Provincial Relations. It is, indeed, my intention to discuss the matter with the provinces, particularly Saskatchewan and Ontario, for I well know their interest in mining health and safety. Perhaps we can work out a satisfactory arrangement in respect of the legal aspect which appears to be federal, and the inspection and enforcement aspects which traditionally have been provincial.

We do not intend to move unilaterally, but I must say—and I think the House would expect me to say this—that we cannot leave the uranium miners in the invidious position in which they have been because of these legal decisions. We will be moving as quickly as we can.

Mr. Hnatyshyn: Mr. Speaker, could we get the assurance of the minister that the jurisdiction extends also to uranium refineries and subsidiary uranium pursuits? One of the main concerns of Saskatchewan people, particularly, relates to the lack of available information from the Minister of Energy, Mines and Resources, and Eldorado Nuclear Ltd. regarding the contents of the environmental and health studies that have been carried out.

Could we get a commitment from the minister that he will, in fact, bring into public light the results of his studies in terms of health and environmental consequences of uranium mining and refining?

Mr. O'Connell: Mr. Speaker, I do not know that my department has done such studies. I will inquire. The question might more properly be directed to the minister responsible for the Atomic Energy Control Board. I will inquire as to whether in fact we have any such studies.

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PUBLIC SERVICE

POLICY RESPECTING EMPLOYEES FOR NEXT THREE YEARS

Mr. Lincoln M. Alexander (Hamilton West): Mr. Speaker, I would direct my question to the President of the Treasury Board. I will give him an opportunity to get back to his seat. This is the third time I have stood in an effort to determine the position of the overclassification audit, or the classification audit which has been undertaken by this government.

On November 22, the former president of the treasury board stated, as appears at page 1372 of *Hansard*:

> Mr. Speaker, I will be making the results of that classification audit, inside and outside the national capital region, public within the matter of a few days. Also, I will deal with the response of the government to the findings of that audit at the same time.

My question is a simple one. Is it a fact that the findings are so embarrassing that the government is attempting to sweep them under the rug? If that is not the case, would the minister indicate why he is so slow in giving us this evidence which is sorely required by the Canadian people in terms of trying to find out how many million dollars we have lost?

An hon. Member: That's a humble, simple little question.

Hon. Judd Buchanan (President of the Treasury Board): The answer to the first part of the question is no; and I will be tabling it the latter part of this week or the beginning of next.

● (1502)

Mr. Alexander: Mr. Speaker, would the minister give us the opportunity of hearing his voice on motions? In this regard, would he assure the House that when he tables that document he will also deliver a statement as to the government's solution following the classification study, thereby giving members of parliament an opportunity to question him? Will he give us that assurance?

Mr. Buchanan: Mr. Speaker, I will be happy to consider the representations of the hon. member.

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BUSINESS OF THE HOUSE

Mr. Speaker: Order. I have two outstanding procedural matters with which I would like to deal as directly as possible. However, if I could have some assurance that we might get through routine proceedings fairly quickly, perhaps we could deal with it first. I refer to points raised by the hon. member for Calgary Centre (Mr. Andre) yesterday, and by the hon. member for Northumberland-Durham (Mr. Lawrence) some time ago on a question of privilege.

ROUTINE PROCEEDINGS

[*Translation*]

TELECOMMUNICATIONS

TABLING OF REPORT ON IMPACT OF TELECOMMUNICATIONS ON CANADIAN SOVEREIGNTY

Hon. Jeanne Sauvé (Minister of Communications): Mr. Speaker, under Standing Order 41(2), I wish to table, in both official languages, the terms of reference of the advisory committee on the impact of telecommunications on Canadian sovereignty.

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[*English*]

MINISTRY OF STATE FOR ECONOMIC DEVELOPMENT

ESTABLISHMENT OF DEPARTMENT

On the order: Government notices of motion:

> December 4—The Prime Minister—The following proposed motion—That the following Address be presented to His Excellency the Governor General of Canada:
>
> To His Excellency the Right Honourable Jules Léger, Governor General and Commander-in-Chief of Canada.
>
> May it please Your Excellency:
>
> The House of Commons, having considered the proposed text of the Order in Council laid upon the Table of the House on 4 December 1978, in relation to the establishment of a Ministry of State for Economic Development, prays that the making of the said order in council be approved.

Mr. Speaker: Pursuant to Standing Order 21(2), this government notice of motion stands transferred to and ordered for consideration under government orders later this day or at the next sitting of the House.

Order Paper Questions

[*Translation*]

QUESTIONS ON THE ORDER PAPER

(Questions answered orally are indicated by an asterisk.)

Mr. Yvon Pinard (Parliamentary Secretary to President of Privy Council): Mr. Speaker, the following questions will be answered today: Nos. 79, 153, 162, 214, 251, 416 and 517.

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

[*Text*]

MERCHANT MARINE

Question No. 79—**Mr. Lambert (Bellechasse):**

1. Did Canada have a merchant marine, and, if so (a) during which years (b) how many ships did it consist of, and in each case, what was its tonnage?

2. In the 1977-78 fiscal year, did the government own any ships and, if so (a) how many (b) what was their total value (c) how many were in service?

Mr. Yvon Pinard (Parliamentary Secretary to President of Privy Council): In so far as Transport Canada is concerned:

1. Canada has had a merchant marine since the early part of the eighteenth century. The following table lists the number of vessels and the gross registered tonnage for selected years from 1920 to 1977 for the foreign trade and from 1950 to 1977 for the inland waters trade. Statistics on the inland waters trade are not readily available prior to 1950. While an accurate trend is shown by this table some inaccuracies may exist due to the different methods of collecting statistics over the long time frame involved.

1000 Gross Tons and Over

	Inland Water Trade		Foreign Trade Excluding the Great Lakes	
Year	Number	Gross Registered Tons	Number	Gross Registered Tons
1920			82	334,430
1925			79	422,201
1930			66	397,527
1935			42	295,951
1939			38	241,684
1945			173	1,075,903
1950	255	724,174	88	582,651
1955	252	875,395	25	183,336
1960	252	927,273	18	150,459
1965	199	1,356,833	3	43,715
1970	163	1,507,827	3	57,757
1971	156	1,486,236	4	27,685
1972	157	1,544,850	6	37,736
1973	139	1,475,872	5	24,376
1974	146	1,512,932	3	13,010
1975	143	1,502,695	1	4,045
1976	146	1,546,201	3	56,479
1977	150	1,674,405	3	56,479

2. (a) 79 government-owned ships operated by the Canadian coast guard of Transport Canada.

(b) $222,373,833.

(c) all 79 ships were in service.

In so far as fisheries and oceans is concerned:

[Mr. Speaker.]

1. See Transport Canada.

2. (a) 258 vessels over 20 feet in length;

(b) In 1978 dollars replacement value is $350,000,000;

(c) 245 vessels over 20 feet in length.

In so far as the Department of National Defence is concerned:

1. See Transport Canada.

2. (a) 132.

(b) *$3,274,621,000 (Fiscal year 1977/78).

(c) 119.

* The value was obtained using the original acquisition cost of the vessels multiplied by the inflation factor from a DND economic model. This does not represent the actual cost of replacement as the true cost of acquisition of new vessels would be much greater.

VFR SUPPLEMENT

Question No. 153—**Mr. Brisco:**

1. Regarding the November 2, 1978 editions of the VFR Supplement published by the Surveys and Mapping Branch, Department of Energy, Mines and Resources (a) what is the best estimate of the per unit cost of the edition which will provide coverage of Quebec south of 60 degrees north and the National Capital Region in French and English and will contain coverage of the rest of Canada south of 60 degrees north in English only (b) what is the best estimate for the cost of the total number of the partially bilingual edition (c) what is the best estimate of the per unit cost of the English only edition which will provide coverage of Canada south of 60 degrees north (d) what is the best estimate of cost for the total number of English only publications?

2. Does all the information appear in English in the partially bilingual edition and, if so, what is the justification for publishing both editions?

Mr. Pierre Bussières (Parliamentary Secretary to Minister of Energy, Mines and Resources): The Department of Energy, Mines and Resources reports as follows:

1. (a) The VFR Supplement is produced under contract and the unit cost estimate for the November 2, 1978 edition which provides coverage of Quebec south of 60 degrees north and the national capital region in French and English and the remainder of Canada south of 60 degrees north in English only is $1.59.

(b) Production cost for the 7,651 partially bilingual supplements is $12,165. For this issue subscribers were given the option of receiving either the partially bilingual edition or an English only edition. At this time, however, not all returns have been received, and for these subscribers it was decided that they will continue to receive the partially bilingual edition until the Canada map office is in receipt of subscriber direction to convert to the English edition. It is anticipated that the eventual bilingual production quantity will be approximately 3,000.

(c) $0.96.

(d) $15,183.

2. Yes. In addition, a section has been included which provides coverage of the province of Quebec (south of 60 degrees north) and the national capital region in French. The two editions are published in order to meet operational

requirements as specified by the Department of Transport and the Department of National Defence.

HILLTOP MOBILE HOME SALES LTD.—LONDON, ONT.

Question No. 162—**Mr. Roche:**

Is CIDA purchasing mobile homes from Hilltop Mobile Home Sales Ltd., London, Ontario, at a total contract value of $235,444 and, if so (a) how many (b) for what purpose?

Mr. Louis Duclos (Parliamentary Secretary to Secretary of State for External Affairs): Yes. (a) 4. (b) The mobile homes will be used to lodge Canadian advisers working on a CIDA-financed fisheries training project in Colombia. When the advisers depart for Canada the homes will be used to house the Colombian teachers who will continue work on the project.

ASSOCIATE CHIEF LEGISLATIVE COUNSEL—GENERAL COUNSEL

Question No. 214—**Mr. Jones:**

1. Who has been appointed Associate Chief Legislative Counsel, Legislative Programming Section? What are his qualifications for this position? What will be the duties of this position?

2. Who has been appointed General Counsel, Legislation and Regulations (French version)? What are his qualifications for this position? What will be the duties of this position?

3. For what purpose were these two positions created? Do the responsibilities covered by these two new positions eliminate the need for other, already existing positions, and if so, delineate which ones.

Hon. Marc Lalonde (Minister of Justice): 1. Mr. Gérard Bertrand, QC; qualifications: LL.L. 1952 Laval; admitted to the Bar of Quebec in 1952; 1972 to 1976 assistant secretary to the cabinet (Legislation and House planning); Registrar, Supreme Court of Canada 1976 to 1978; duties: in association with the Chief Legislative Counsel advises the government on matters of legislative policy and acts to ensure that legislation drafted for the government meets the high standards required; in the absence of or on behalf of the chief legislative counsel, approves the final version of items of legislation for presentation to cabinet.

2. Mr. Rémi Geoffrion, QC; qualifications: LL.L. 1957, Montreal; admitted to the Bar of Quebec in 1957; 1957 to 1967 private practice in Montreal; 1967 to 1978 legislation section, Department of Justice, responsible for the French version of legislation; duties: acts as special consultant to drafters of the French version of legislation and regulations; has supervision of work of re-writing French version of statutes for next revision.

3. The two positions were established as part of an over-all plan that responds to recommendations made by the Commissioner of Official Languages with respect to the Department of Justice legislative group. The responsibilities of the positions are new and were not covered by previous existing positions.

SUPPLY AND SERVICES—LAWYERS IN PROVENCHER

Question No. 251—**Mr. Epp:**

From June 1, 1974 to date, what lawyers in the Constituency of Provencher were given work by the Department of Supply and Services and what amount was each paid per year?

Mr. Claude-André Lachance (Parliamentary Secretary to Minister of Justice): In so far as the legal agents of the Minister of Justice are concerned: None.

ARK PROJECT—P.E.I.

Question No. 416—**Mr. Brisco:**

1. Were efforts made to find Canadians of equal competence to those of Americans working on the Ark Project in Prince Edward Island and, if so, what were they?

2. Has an application been made to license in Canada the design components for the Ark Project which were manufactured in the United States?

3. Were plastics for the Ark Project greenhouse imported from the United States and, if so, has any effort been made to manufacture the same types of plastics here in Canada and, if so, by whom?

4. Is the Ark Project report to the government approximately three feet long and available in limited quantities at a price ranging from $200 to $250 per copy?

Mr. Pierre Bussières (Parliamentary Secretary to Minister of Energy, Mines and Resources): The Department of Energy, Mines and Resources reports as follows: 1. Yes. The director of the Ark Project is a Canadian and six members of the New Alchemy Institute associated with the Ark Project are Canadians. The other two members are landed immigrants. Construction of the Ark was contracted to companies on Prince Edward Island, some of which employed a minority of citizens of the United States of America.

2. No.

3. All plastics used in the Ark were purchased from Chemacryl Plastic Company, Toronto, Ontario. With one exception, they were manufactured in Canada.

4. No. Environment Canada published a free booklet entitled "A Most Prudent Ark" in 1977. The New Alchemy Institute published a book on the Ark in 1976 at a price of $200.

ORDERS IN COUNCIL

Question No. 517—**Mr. Mazankowski:**

How many orders in council were passed in 1977 and up to October 31, 1978 and how many were published in the *Canada Gazette*?

Motions for Papers

Mr. Yvon Pinard (Parliamentary Secretary to President of Privy Council):

Year	Passed	Published in Canada Gazette
1977	3,746	860
1978 (to Oct. 31, 1978)	3,311	686

NOTE: —Some statutes require publication of certain orders in council in the Canada Gazette—the remainder are not published however all orders in council are public documents and lists of them are tabled regularly in the House of Commons. Concerning inspection and obtaining copies of orders in council, see part 21 of regulations made pursuant to the Statutory Instruments Act (Canada Gazette part II, vol. 105, No. 22)

[*English*]

Mr. Speaker: The questions enumerated by the Parliamentary Secretary have been answered. Shall the remaining questions be allowed to stand?

Some hon. Members: Agreed.

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MOTIONS FOR PAPERS

Mr. Yvon Pinard (Parliamentary Secretary to President of Privy Council): Mr. Speaker, notice of motion for the production of papers No. 18 is acceptable to the government, subject to the usual reservations concerning confidential documents.

CTC—ANGUS STONEHOUSE AND CO. LTD.

Motion No. 18—**Mr. Whittaker:**

That an humble Address be presented to His Excellency praying that he will cause to be laid before this House copies of all contracts between Angus Stonehouse and Co., Ltd. and the Canadian Transport Commission having to do with the reporting of public hearings by the said commission.

Motion agreed to.

Mr. Pinard: Mr. Speaker, would you be so kind as to call notices of motions for the production of papers Nos. 2, 3, 10, 11 and 15?

[*Translation*]

GOVERNMENT CONTRACTS

Motion No. 2—**Mr. McKenzie:**

That an order of the House do issue for a copy of all government contracts, excluding Crown corporations and agencies, with Canadian firms and individuals for the years 1976 and 1977.

Mr. Yvon Pinard (Parliamentary Secretary to President of Privy Council): Mr. Speaker, the number of documents requested is high and the number of contracts is in the range of thousands. The expenses in terms of time and labour necessary for the reproduction of those documents would be considerable or prohibitive. I would thus ask the hon. member to withdraw his motion.

[Mr. Mazankowski.]

Mr. Paproski: Transfer for debate.

Mr. Speaker: Transferred for debate.

[*English*]

PRAIRIE FARM ASSISTANCE ACT

Motion No. 3—**Mr. Towers:**

That an order of the House do issue for a copy of the file or files in the possession of the Department of the Solicitor General and/or in the possession of the Royal Canadian Mounted Police relating to the investigation concerning Prairie Farm Assistance Act administration.

Mr. Roger Young (Parliamentary Secretary to Solicitor General): Mr. Speaker, notwithstanding that the investigation in this connection was with respect to a federal statute, the alleged offence was criminal in nature and came under the jurisdiction of the attorney general of Saskatchewan. Production of the files is being denied because, as stated above, they relate to a matter in which the province of Saskatchewan was concerned, and the concurrence of the provincial authorities to the release has not been forthcoming.

In the circumstances, Mr. Speaker, I hereby ask the hon. member to withdraw his motion.

Mr. Towers: Transfer for debate.

Mr. Speaker: Transferred for debate.

[*Translation*]

QUEEN MARY VETERANS HOSPITAL IN MONTREAL

Motion No. 10—**Mr. Herbert:**

That an humble Address be presented to His Excellency praying that he will cause to be laid before this House copies of all correspondence, notes, minutes of meetings, agreements and other communications between the government and the province of Quebec concerning the transfer of the Queen Mary Veterans Hospital in Montreal.

Mr. Yvon Pinard (Parliamentary Secretary to President of Privy Council): Mr. Speaker, I would ask the hon. member to withdraw his motion since there is a rather large number of papers requested and a substantial amount would have to be earmarked as well as much time would have to be devoted to their preparation.

An hon. Member: Motion to stand. Transfer for debate.

Mr. Speaker: Transferred for debate.

V.A.—DECENTRALIZATION TO P.E.I.

Motion No. 11—**Mr. Herbert:**

That an order of the House do issue for copies of all correspondence, notes, minutes of meetings and other communications relating to the decentralization of the Department of Veterans Affairs to the province of Prince Edward Island.

Mr. Yvon Pinard (Parliamentary Secretary to President of Privy Council): Mr. Speaker, the documents requested deal with negotiations under way which could lead to agreements between municipal, provincial and federal governments and cannot be disclosed. I would therefore ask the hon. member to withdraw his motion.

An hon. Member: Transfer for debate.

Mr. Speaker: Allowed to stand. Transferred for debate.

BRITISH COLUMBIA HYDRO AND POWER AUTHORITY

Motion No. 15—**Mr. Brisco:**

That an humble Address be presented to His Excellency praying that he will cause to be laid before this House a copy of all papers and documents, studies, reports and correspondence between the government and the Province of British Columbia and/or British Columbia Hydro and Power Authority, relating to the duties and functions to be carried out by British Columbia Hydro and Power Authority in its capacity as the designated entity under the Columbia River Treaty and subsequent protocol endorsed by the Governments of Canada and the United States, specifically under Article XIV of the Treaty, including any and all exchanges of notes between the Governments of Canada and the United States exchanged under Article XIV and any other material, documents, papers, studies and correspondence in the possession of the government concerning the possibility of designating another entity than British Columbia Hydro and Power Authority as the agent of Canada under the Treaty, or the appointment of a second Canadian entity under the Treaty to share responsibility with British Columbia Hydro and Power Authority, or the empowering or charging of British Columbia Hydro and Power Authority with the responsibility of ensuring the greater stability of the Arrow Lakes and the suspension of all progress on the Kootenay River Diversion project.

Mr. Pierre Bussières (Parliamentary Secretary to Minister of Energy, Mines and Resources): Mr. Speaker, the production of those papers would require lengthy and detailed research in the archives, but the main facts, including the duties and functions of the Canadian group concerned, as well as supporting documents, can be found in the following publication: The Columbia River Treaty and Protocol—A Presentation—February 1964. It is available at the parliament library as well as the Department of Energy, Mines and Resources.

There have been no other discussions and therefore no other correspondence or documents on the possibility of designating another or a second group, or in connection with the responsibilities of the British Columbia Hydro and Power Authority with regard to the stability of the shores of the Arrow Lakes or the Kootenay River Diversion project.

In view of the above, Mr. Speaker, I should like to ask the hon. member to withdraw his motion.

[*English*]

Mr. Brisco: I will withdraw the motion.

Mr. Speaker: Withdrawn.

Order discharged and motion withdrawn.

Mr. Speaker: Shall the remaining notices of motions for the production of documents be allowed to stand?

Point of Order—Mr. Andre

Some hon. Members: Agreed.

Mr. Paproski: Mr. Speaker, on a point of order, there is, under the production of papers, No. 18. Did the hon. member say it would be allowed to stand?

Mr. Pinard: Mr. Speaker, I have already said that the motion for the production of papers No. 18 is acceptable to the government.

Mr. Paproski: I am sorry. That is the first time that anything has been acceptable.

* * *

POINT OF ORDER

MR. ANDRE—SUPPLEMENTARY ESTIMATES (A)

Mr. Speaker: Yesterday, in accordance with practices which we have been following over the last short while, the hon. member for Calgary Centre (Mr. Andre) raised by way of a point of order his concern with a $1 item in the estimates. I thank the hon. member for having taken the occasion yesterday, the second last allotted day in this part of the session, to raise the matter. I would like to reiterate to the House that, having done that and thereby giving opportunity yesterday for a brief argument on both sides, it has given the Chair an opportunity to adjudicate on the matter in advance of the last allotted day and, therefore, in advance of the time pressures that are already too heavy upon the supply procedure on the last day.

I believe I gave the hon. member yesterday a preliminary indication of the procedural difficulty which I face. That was that the $1 item to which he had taken objection had simply extended the authority which was already placed in the original and main estimate, and was in precisely the same language in the main estimate item. It is therefore clear that the item does not seek any authority which was not sought in the main estimate and already dealt with at an earlier date by this House.

On the strength of precedents that I have already recited over the last one or two supply arguments of this sort, I am not able to intervene procedurally because the $1 item is not there for the purpose, obviously, of seeking any new authority. I cannot deal with it at this time.

The language which appears in the last line of vote 30a is remarkable. The hon. member has brought this to the attention of the House, and it was dealt with in a brief way by the President of Privy Council (Mr. MacEachen). It reads:

—notwithstanding that the total of such payments may exceed the equivalent in Canadian dollars estimated as of October, 1977—

That language led the hon. member to fear that that appeared to be some sort of authority to go beyond the amount of the item. If so, it would seem to be at cross purposes with our whole supply process to use language which might extend to any organization or agency authority to spend more money than they were getting through the vote.

Again, this is precisely what was arranged in the original item, and the President of Privy Council also assured the House that that was not the intention. I did some further investigating into this matter, and it appears that the origin of that phrase had to do with the previous practice of listing grants and contributions under this vote of CIDA in foreign currency. Therefore, it was felt necessary to put in this language to protect against fluctuations when the grants were listed for the purposes of the estimates in the foreign currency. I think the hon. member can understand that some step like that might have had to be taken. That is no longer done. The breakdown of votes under this paragraph is now done in Canadian currency. It therefore seems to me that the language was not only inoperative but unnecessary.

● (1512)

I would, therefore, take up the hon. member's point by simply signalling that to those who are responsible for the preparation of future items, because I think the House would express surprise if that phrase were to recur unless there were some clear need for it, which does not seem to be apparent at the present time.

* * *

PRIVILEGE

MR. LAWRENCE—MINISTERIAL CORRESPONDENCE

Mr. Speaker: The hon. member for Northumberland-Durham (Mr. Lawrence) some time ago raised, by way of a very interesting question of privilege, a matter to which there were extensive contributions from all sides of the House. After carefully considering all of the arguments I attempted to adjudicate on the matter in a preliminary way on November 9.

On that day I listed a number of ancillary concerns that I thought perhaps stood in the way of a final decision, and I dealt with most of them. I left until a later date, however, three of the concerns that I had. One related to the form of the motion. In that respect I can say to the House at this time that the hon. member, who is the sponsor of the motion, at my request has sought some advice and assistance from the Table. In co-operation with them, he has drafted a motion which I think is less likely to damage our series of precedents in respect to these kinds of motions.

I use that language carefully, because I think I indicated to the hon. member at that time that I was not even sure whether I would have to find the motion out of order. I think I should make it clear that we were therefore not attempting to extend to the hon. member some relief against a motion which might have been out of order. I think he could probably have convinced me that I would have to accept the motion on procedural grounds. I would just be a little more comfortable with the kind of motion he has consulted about, and that we will be considering in a few moments.

I also left with the House two areas of concern that I thought the House might want to take up if it in any way differed with my preliminary opinion. Those were the doctrine of subjudice and the doctrine of ministerial responsibility. I indicated at that time that I had some concern about both matters but that I did not think they had procedural significance.

In respect of the doctrine of subjudice, I was prepared to set it aside in a preliminary way—I said subject to further argument—because the parallel inquiry that would be involved was not in any way a trial and there was no verdict which I felt could be prejudiced by a parallel inquiry. I, therefore did not think the doctrine has an application in that sense. I did say, and I repeat, that we nevertheless had to face the danger of parallel inquiries. Whether this is an appropriate time for that is something for the House to decide. What I said then, and repeat now, is that I am simply finding there is no procedural basis on which I could take that into account. If the House wishes to take it into account in debate or an amendment of the motion, or a vote, that is the business of the House. It is not of procedural significance, in my view, unless I were to be persuaded now by interventions to the contrary.

Similarly, on the relationship to our practices in the past in respect of ministerial responsibility, I think it is noteworthy that the letter which is the subject matter of this question of privilege is a letter from a minister to a member.

The complaint which is the subject matter of the question of privilege is not directly a complaint about the minister. Indeed, it is founded on the fact that it is one of the minister's officials who has calculated to contrive this deliberate deception of the House. In fact I have indicated some concern about the fact that this may perhaps be looked upon as a new departure in our practice—that we are going around the minister to get directly at the official by way of this question of privilege. Even if that is so, I have come to the conclusion that it is not a procedural basis upon which I can intervene. Once again, it is a matter to which the House can address itself in debate, and in amendment if necessary, or in a vote. These are not the matters that finally become my responsibility from a procedural point of view, however.

Failing any argument to the contrary, therefore, I would consider that I had dealt with the ancillary matters completely that I listed on November 9. That leaves us with the complaint of the hon. member for Northumberland-Durham respecting the testimony of former commissioner Higgitt—and I assume there is no further argument to be addressed to this matter at this time—to the circumstances in which the Solicitor General's letter dated September 4, 1973, was drafted. Does that lead us to the conclusion that, by virtue of an act or omission, the House, or a member, has directly or indirectly been impeded in the performance of its functions or his duty, or that there has been a tendency to produce such result? If I so find, then I really have no choice but to find, prima facie, that a contempt has been committed.

Having considered the whole question with extreme care, I come back to the simple testimony of former commissioner Higgitt when he said:

That is not, that is not an assurance the RCMP is giving to the minister at all, and as matter of fact, the practice was in matters of this kind—

—the practice was very often ministers' letters were not exactly drafted on precise statements of fact.

I can interpret that testimony in no other way than meaning that a deliberate attempt was made to obstruct the member in the performance of his duties and, consequently, to obstruct the House itself.

Even beyond the precedents and the complex law of privilege, I cannot conceive that there is any one of us who would accept the argument that this House of Commons has no recourse in the face of such an attempt to obstruct by offering admittedly misleading information.

I, therefore, find a prima facie case of contempt against the House of Commons.

May I, once again, reiterate the consequences of that decision. The job that I have in matters of privilege is a preliminary, procedural review of the matter to determine whether in fact it touches the privileges of members of the House of Commons or of the House itself. Having done so, I concluded that the motion put forward by the hon. member must therefore be given immediate priority and taken into consideration by the House at once. The House itself makes the decision on whether the motion shall carry, whether it shall be amended, or in any way altered and, in fact, whether there is a contempt. I do not make that decision; the House does.

I simply want to leave these matters with the House in the way that I am doing, and indicate that having reviewed all the matters very carefully and considered all the precedents and arguments very thoroughly, I have come to the conclusion that the hon. member does in fact have a prima facie case of privilege involving a deliberate attempt to impede the House in its work, and perhaps the minister and, in turn, the hon. member for Northumberland-Durham.

Having done so, and having collaborated with the hon. member to a certain extent on the form of the motion, the motion which the hon. member hands to me at this time follows. It is moved by Mr. Lawrence, and seconded by Mr. Nielsen:

That the letter sent by the Solicitor General of the day to the hon. member for Northumberland-Durham on December 4, 1973, and the testimony of former RCMP Commissioner Higgitt on October 24 and November 1, 1978, before the royal commission of inquiry (McDonald commission) concerning the practice of the RCMP in preparing letters for the signature of the Solicitor General, be referred to the Standing Committee on Privileges and Elections for investigation and report.

Is it the pleasure of the House to adopt the said motion? The hon. member for Northumberland-Durham.

Mr. Lawrence: Thank you, sir—

Mr. MacEachen: Mr. Speaker, I rise on a point of order. Inasmuch as there has been a prior examination by yourself and the hon. member for Northumberland-Durham (Mr. Lawrence) of the motion, would it be possible for the rest of us to have it so that we can examine it?

Mr. Speaker: The hon. member for Northumberland-Durham.

Mr. Allan Lawrence (Northumberland-Durham): Mr. Speaker, I think in your own modest way, if I may say so, you are perhaps underestimating what I conceive to be the importance of the decision you have made. There is no question that in this House it is not too often the Chair finds there has been a prima facie case of contempt of this House. That in turn relates to our only mechanism to grieve and to rectify that contempt.

A contempt against the House is a contempt against every member of the House, individually and collectively. It is not too often, if I may say so, that the Chair has found a prima facie case in the time that I have been here, since 1972. I appreciate why you have indicated what you have. I know it is presumptuous of me, but I must say I congratulate you for it. This is a very, very important matter touching not only on the rights of members of the House, but because we represent the people of this country it represents a fundamental and basic right of the people of this country to find the truth, to have the truth presented to them.

I attended a college in this province, Mr. Speaker, and I know there are several graduates of that same institution in the House. The slogan of that university is emblazoned above the front door. The words are, "The truth shall make you free."

I feel strongly enough about this matter or I would not have raised it in the manner I did. I am quite gratified that you have found there is a prima facie case. To get right down to the specific and detailed examination of the matter before us, it is not only of fundamental importance in respect of the rights of members of the House and the alleged contempt committed against the House itself and the members thereof, but I think this particular matter raises a question that should be debated here today by individual members. Basically it is the first opportunity that members of the House have had to engage in a rather free running and widespread debate on some very basic and fundamental matters.

● (1522)

First of all, whether there was ministerial knowledge of illegal activities by the security service of Canada as they were taking place—that is a basic and fundamental matter we can discuss today, and I hope that we will be able to discuss it in the committee. Also, for the first time in this House and in committee, we can engage in a discussion on the actual allegations that have been made about illegal activities of a branch of one of the most important law enforcement agencies of this country. We can also engage in a basic discussion about the conditions in which a minister of the Crown may be negligent, incompetent, or maybe overworked. But certainly the whole question of ministers, if that is the alibi or plea that is to be presented to us, merely acting as a rubber stamp for officials who shove things in front of them which are immediately signed, ought to be discussed. I am not saying that that occurred in this instance, I do not know. But it is one of the

purposes of what I hope will be a discussion today in the House and a discussion before the committee.

Certainly, sir, in speaking to the question of whether or not it should go to the committee, I emphasize again with logic and emotion, and I do not think those two things are contradictory at all, to my colleagues in this House that certainly it would be a travesty, and a great injustice presented to the collective members of this House if this matter now fails to go to a committee, or should indeed fail to go to the committee set up to hear and make an adjudication of matters such as this.

We are dealing with a contempt of each and every member of this House. I think it would be unforgivable if the House did not decide unanimously that this matter should go to a committee.

As I have mentioned to you, sir, it is not too often that the Chair, in its wisdom, finds that there has been a prima facie case. In this case you have reached that conclusion and I know you did so after a great deal of soul searching and book searching. It would be inconceivable, now that that decision has been made, because of the importance of this matter and how it touches some of these basic freedoms in this country and of this House, that this matter should fail to go to a committee.

I would hope that when the question is eventually put no member would be rash enough to vote against it. That has not happened very often. Since 1965 my understanding is that there has only been one occasion, and that occurred in the last few months. There has only been one occasion, when the Speaker has found a prima facie case, that the House has not then voted to have the matter go to committee. I think that all sorts of conclusions can be reached and statements could be made in the event that the matter did not go to a committee for adjudication. I believe that is of great importance to the freedoms and responsibilities of this House, and is a matter only this House or a committee of this House can properly investigate and adjudicate.

First, if I may just refresh hon. members of the House in respect of the facts, I would like to give a quick rundown of the history, as I know it, of mail interference and mail openings by security forces and law enforcement agencies in this country. If members are honest with themselves they will remember there has been a suspicion for many years in the minds of many members, quite frequently openly stated in this House and elsewhere, that there has been a history of interference and openings of mail by law enforcement agencies or security forces, and perhaps by the military as well.

In particular I will refresh your memory, sir, by referring to a constituent of mine who made serious allegations to me of just such an incident. In my opinion, he had ample proof that his mail had been interfered with, read, and an investigation started by one of the law enforcement agencies of Canada. In fact the enforcing officers, when they came to the door of the addressee of that particular piece of mail, had a photocopy of it in their hands. Obviously the mail had been interfered with. There is no question about that.

[Mr. Lawrence.]

These allegations were made to me. The matter was serious enough for me to be concerned about it. The facts as indicated were such that I thought I should, in all fairness and courtesy, write a letter to the solicitor general asking him in a non-public way if the allegations made by this constituent were true. I must admit to you that I had a suspicion that everything the constituent said to me was perfectly true. Nevertheless, I received a reply from the solicitor general, referred to in the question, and no matter how you want to quibble about the wording in the letter, it left me with the impression—it was designed obviously to leave me with the impression—that no such interference with the mail or any opening of the mail took place by the particular law enforcement agency involved. There is no question about that.

At the time this matter was being discussed in the House, in the reply given by the then minister of justice, that admission was made that it was a totally incorrect answer given to me by the solicitor general. Since then, sir, to confirm the suspicion of some members of the House, there has been ample evidence given in other places that mail openings, by the security services especially of the RCMP, have indeed been taking place. As a matter of fact there are now very reliable estimates placed on the public record of this country, in other places, that this has been a decided and continuous policy of at least one branch of the main law enforcement agency of this country. This procedure has been going on in this country for 40 years. For 40 years the allegation has been made, by officers and others who are in a position to know, that mail openings and mail interference have been taking place.

I have a letter from the solicitor general indicating that no such interference was taking place. How do I know that? It is simple. In other ways and other places the then solicitor general has indicated, since the publication of this contradictory evidence in other places, that if such mail interference and mail openings have in fact taken place, that that particular solicitor general knew nothing about it. I believe that particular solicitor general even said that in this House. Under the rules of this House, if a member says a thing like that we, of course, have to accept it. I do accept it. However, this practice has been going on for 40 years. The minister responsible says he knew nothing about it. He signed the letter to me, and perhaps to others, indicating that no such practice was taking place.

● (1532)

If the Solicitor General (Mr. Blais) says he did not know that these matters were taking place I, of course, accept what he is saying. However, contradictory statements have been made elsewhere. Contradictory evidence has emerged elsewhere. There has been contradictory testimony lately. This testimony, these statements and these inferences are by officers and officials in positions of authority at the same time that this minister who signed that letter to me held the position of Solicitor General of Canada. In actual fact he was the political person who was in charge and had jurisdiction over these people.

What has this evidence said? It said there has been interference with the mails as a legitimate vehicle and a legitimate weapon to enforce the laws against the criminal element of this country, and also to enforce national security in this country. Personally, I have no great argument with that. If it is necessary, it should be done. However, it should be done legally. If there is not the vehicle to have it done legally, then the government of the day is negligent in its duty by not making sure what is done by the law enforcement agency is in fact legal.

Law enforcement agencies in every country today, but in particular in this country today, should not have to reach to the bottom level of integrity and morality where they attempt to fight fire with fire. Who else is going to enforce the law if the law enforcement agencies themselves break the law? That is a fundamental question to this matter that should obviously be considered by this House and by a committee of this House.

Number one, the contradictory testimony, the statements and inferences of these officers and officials, indicate there has been interference with the mail. Number two, the inference has been, if not already clearly stated in closed testimony before a royal commission, that the minister knew, or should have known about it, one or the other, because it is clearly taking place. Finally, we have the evidence in this House of the minister who says that he did not know that these events were taking place.

I wish to put on record a few quotations, if I may. According to Victor Marchetti, a former CIA employee and author of the book "The CIA and the Cult of Intelligence," among material that the United States government succeeded in suppressing from the book which has been published in the United States, at the request of the Government of Canada, was information detailing, and I quote:

—very close ties between the CIA and the RCMP.

Mr. Marchetti is an acknowledged expert and has appeared before congressional committees in the United States. Again quoting:

Your people are in very tight with us. We trained them.

The allegation has been made that the CIA in the United States, and this has not yet been denied, trained officers of Canada's security service of the RCMP in the techniques of interference with and openings of Her Majesty's mail in Canada. They actually trained them. When this information was to be published in the United States, the Government of Canada brought pressure to bear on the United States to suppress that information.

We are dealing with the question of governmental and ministerial knowledge. Somebody in the government must have known what was going on, otherwise that type of government pressure at the ministerial level would not have been brought to bear. It is as simple as that. However, we have the minister standing up in the House and saying he did not know what was going on. Under the rules, we must accept his version of the truth.

Assistant Commissioner Thomas Venner indicated in testimony, and I quote:

Cabinet ministers are not anxious to be overly informed in details of names and cases.

When we relate that specifically to the case of mail openings, we may be led down the tortuous path that, if it was not misfeasance as far as knowledge on behalf of the minister was concerned, perhaps it was intentional malfeasance on behalf of the minister. I need not point out that one is as bad as the other in respect of criminal activity or in respect of knowledge.

We still do not know whether the minister did not know as he says he did not know. We still do not know whether he did not want to know. If he did not want to know, then he is as guilty as if he did know, and he himself actively committed that contempt against every member of this House. That is the type of thing we have to inquire about in a committee of this House. Only a committee can properly adjudicate and inquire into that.

Assistant Commissioner Murray Sexsmith has stated that mail opening was terminated in 1976, largely because in the wake of American intelligence revelations, and I quote Mr. Sexsmith:

—you could already see the storm clouds on the horizon.

It was also because the Canadian news media, and I again quote:

—were convinced there was a Watergate and were desperately looking for one.

That is an Assistant RCMP Commissioner. If an Assistant RCMP Commissioner would make statements such as that, it is pretty hard for an unbiased, unprejudiced individual to believe that the person at the top of the ladder did not know about it.

Only a committee of this House can properly look into matters such as that, discuss such matters, and make conclusions. We cannot do it in this House. It would not even be possible for a royal commission to do that as well. Why? When a minister of the Crown stands up in this House and makes the statement he did not know about it, we have to accept that as the truth of the matter.

I have one other quote. RCMP Superintendent Patrick Banning made a very memorable quotation with regard to the illegal activities of the security service, and that is what we are talking about when we talk of mail opening and mail interference. He said, and I quote:

We are the second oldest profession. Delilah used a bit of disruptive tactic against Samson.

● (1542)

There is no question in my mind that RCMP Superintendent Patrick Banning knew about mail opening. There is no question in my mind that Assistant RCMP Commissioner Murray Sexsmith knew about mail opening. There is no question in my mind that RCMP Superintendent Donald Cobb knew about mail opening, or that assistant RCMP Commissioner Thomas Venner knew about mail opening—he has admitted it. There is no question in my mind that the commis-

sioner of the day knew about mail opening. I suggest that someone at the ministerial level, at the governmental level, also knew about mail opening.

Mail openings have been discussed at provincial meetings of attorneys general for over a decade, and representations have been made by provincial attorneys general from time to time in favour of having the law changed to legalize what may or may not have been a practice but was certainly a fact if the demand was there. I suggest it is stretching the truth too far for any one in this House, including members of the government or any preceding government, for that matter, to indicate that the question of mail opening by the law enforcement agencies of this country has not been discussed in the executive councils of this nation. It had to be discussed, because the subject has been with us 40 years. Yet we find the solicitor general of the day saying he knew nothing about it and, of course, we must accept his word. But do not take my word that someone had to know about it, Mr. Speaker.

Go back to the abridged report of the royal commission on security of June, 1969, the Mackenzie report—of course, we have seen only the abridged report; we have never been permitted to see the full report of that royal commission. In the abridged report there is a whole paragraph on mail opening by law enforcement agencies. The message there is loud and clear: it is being done, and if it is being done you had better legalize it. That was in June of 1969 in the abridged report, which was published only after the government of the day had sat on it for six months.

I suggest that if the solicitor general did not know about it there were certainly others at ministerial level, perhaps even at prime ministerial level, who did. My understanding of the British parliamentary system in a matter such as this is that if there is no admission by an individual minister of the Crown, then collectively the whole ministry is guilty as that particular individual. This is the question I should like to see discussed in committee. I believe it should be discussed in the committee, and I do not believe there is any member of the House who, if he were permitted to vote on the motion which is to be put forward this afternoon in an unbiased way, unhindered by the arm-twisting of any party whip, would vote in any other way but to permit a matter of such importance as this to go to the committee.

Now, as to the committee itself, I have had some experience in trying to run an investigative committee of this House. It is not a pretty picture because it is not a very efficient or productive process. I would agree that a standing committee of this House is not particularly designed to carry out a worthwhile investigation or to have it conducted in such a way as to present an unbiased and unvarnished version of the truth such as one would expect. If you think I am criticizing our committee procedures, you are perfectly right, Mr. Speaker. I am. I believe that in a matter such as this which touches the fundamentals of the knowledge of the truth, or the seeking of the truth, there should be some changes in that committee when it takes hold of this matter, as I trust it will.

First of all, I should like to see a worth-while counsel appointed by the committee, an impartial counsel completely independent of the staff of the House and, if you will permit me, sir, solely on grounds of lack of experience, from the staff of Your Honour as well. In saying this I am not seeking to detract by any means from the ability of those officers who have been of immense help to all of us in the past.

Nevertheless, I believe that in an investigation such as I contemplate, the committee should have the services of an independent counsel, if only to regulate the chronological order in which witnesses are called. This would not detract in any way from the rights of members of the committee. Members of the committee would still have all the rights presently enjoyed to ask questions in the way they think best. But I think it is most important to the logical reasoning inherent in a step by step exposure of the truth, that in the course of a hearing by an investigative committee, as the committee on privileges should be, we have every right to expect that the truth will be brought out in an independent and impartial way, and I suggest one of the best ways in which this could be done—and all of us know of examples in other jurisdictions—is through the appointment of an independent counsel.

I think the committee should be given, off the right bat, to subpoena witnesses. This is important, and it is one thing we do not have at the moment. Committees have to come back to the House to get that right, and there is a great deal of delay involved. My understanding is that the House can give the committee power to subpoena witnesses right off the mark, and I believe that in these circumstances such a right should be given. Moreover, when the committee takes evidence, witnesses should be under oath.

There is something else which is fundamental to this discussion. So far, in the press and in the media, only one side of the question has been given. It is true we have heard the solicitor general say he did not know, but he has only said this once, to my knowledge, and these allegations, inferences and innuendos have been made time and time again and repeated time and time again, not only in this House and in the media but before royal commissions and in testimony elsewhere. I believe the solicitor general of the day deserves an opportunity to give his side of the question before things deteriorate any further and certain evidence which has been taken in closed session before a royal commission is exposed to the public gaze—I hope it will be shortly. The solicitor general deserves the consideration of every member of the House and he should be given this opportunity. I see the hon. gentleman is unavoidably absent from the House this afternoon even though he knew this matter was coming up. If he is not here today to take part in the discussion, he should be given an opportunity in the committee to tell us his side of the question.

An hon. Member: He did!

Mr. Lawrence: I am talking of the then solicitor general. He should be given the opportunity to make known his side of the question in the House, if we are genuinely seeking the truth with regard to this matter without partisan consideration. On

that ground alone members who support the government should examine their consciences as they vote on this motion this afternoon.

How shall we proceed when we get this question before the committee? The first person who should be called should be the then solicitor general. It would be very worthwhile not only that he be given an opportunity to give his side of the story but, if he continues with his argument that he did not know what he was signing or that he did not know that certain activities were taking place, which activities he was denying in his letter to me, that we also find out who put the letter in front of him. I think it would be a worthy exercise of the jurisdiction of the committee to call that particular individual, and to learn of his knowledge of the facts in question.

● (1552)

Was he attempting to mislead the then solicitor general, or is his alibi also going to be that he did not honestly know that the security service was interfering by opening mail? I think that is the next step. That would be the witness who logically should be called next. He was the person who put the letter in front of the then solicitor general, which the then solicitor general signed.

I think the third witness should then be the person who drafted the letter which was given to the individual who gave it to the then solicitor general. I know this sounds humorous, but this is the kind of situation in which there should be a logical progression of witnesses so that we can come to the truth. I suggest that it would be in the interest of the government to get this kind of information before a parliamentary committee as much as it would be in the interest of anyone else. The government should be seeking the truth as well.

We should then get to the stage where we could find out who gave orders and who, at a responsible level in the law and security agencies of this country, actually did have knowledge as to what was taking place and how often it was taking place. These are matters which perhaps should be discussed in another forum such as a royal commission, but because they deal very pertinently and very directly with the matter of contempt of this House and the misleading of a member and perhaps of members of this House, they should also be discussed in a parliamentary committee, if for no other reason than that members of parliament themselves should be quite incensed and quite indignant that this type of fraud was actually perpetrated on members of the House of Commons, because it was. There is no question about that. The evidence is there.

We certainly owe it to ourselves, to those who have gone before us and to those who will come after us, to make sure that such a situation does not arise again. That is not the job of a royal commission. That is the job of the Parliament of Canada or of a committee of the Parliament of Canada.

In short—

An hon. Member: In short?

Mr. Lawrence: —I think the committee will have to make every attempt, impartially and independently, to hear the evidence of everyone else who knew or should have known that this type of thing was taking place.

The importance of the matter's going to a committee is obvious. There is absolute evidence now on the record—and obviously more will come—that this matter has in the past been referred to the executive council of the Government of Canada. One example—and there are others—was the example of June, 1969.

Another matter which has never been clear and about which perhaps the committee should make inquiries, is a matter which very directly touches the Prime Minister of Canada (Mr. Trudeau). The Prime Minister admits that he gave directives to the RCMP, and the security service in particular, in 1970 which obviously resulted in stepped up intelligence activities in this country and perhaps elsewhere. These clearly were followed by some of the worst abuses we have heard about in the history of law enforcement agencies in this country. Those directives were given on your behalf, Mr. Speaker, on my behalf, and on behalf of the people of this country.

I raise no question with respect to the motivation or the intention of the Prime Minister regarding the directives he gave in 1970. It cannot just be a coincidence that these matters followed those directives. Those directives have never been made public by the Government of Canada or by the Prime Minister. They should be. We have every right to know what has been going on in our name in respect of some of these security force activities, and in respect of the guidelines and directives which were issued in 1970 by this government. That again is a realm of activity and authority which must be looked at by a committee of this House.

If some hon. members of this House honestly and impartially believe that this matter should not go to a committee of the House, I can only say that that would be a tragedy for the traditions and the responsibilities of this House. It would be more than that. It would be further evidence of an intention and a direct attempt by the government of the day to cover from public gaze matters which should be uncovered, should come under full sunlight and should be exposed to the people of this country.

I am not necessarily talking about activities relating to foreign agents in the country. I am not talking about detailed activities. I am talking about the over-all guidelines which we have not yet seen, and attempts to shove under the mat activities which almost everyone connected with the security industry—and it is an industry—knew about. For the government to continue its sorry record and history of covering these matters up, I think would be a further travesty of justice and the seeking of justice in this country. When I said "its sorry record and history of covering these matters up", I fully expected to hear some yelp of complaint from the ministerial benches, and I would have been fully prepared to document some of these things. However, I heard nothing.

I think the history has been a sorry one. First, we have the Mackenzie report of 1969 which has never yet been acted upon. We have the 1970 directives from the present Prime Minister. We have the setting up of the McDonald commission. The McDonald commission has been sitting in camera. We do not yet know what has been going on. We may never know. As I understand it, that royal commission will report to the government and not to parliament or the people of this country. It will be a fairly easy matter, as was the case with the MacKenzie report, to abridge the report of the McDonald commission and perhaps not to expose the whole matter.

We have the question of the deliberate shutting down of the Keable inquiry in Quebec. I know that was done on constitutional grounds. I know it was done on jurisdictional grounds, but there is no question that it was at the instigation of this government that the Keable inquiry was shut down. A bill was presented in the last session with respect to this matter. That bill would have generated debate, but it was not proceeded with. To my knowledge there is no sign of its reintroduction in this session, but I stand to be corrected by the Deputy Prime Minister (Mr. MacEachen).

I suggest that it would be a travesty of the traditions, the history, and the responsibility of this House if the government does not proceed with this motion and permit the referral of this terribly important matter to the Standing Committee on Privileges and Elections.

Mr. Stuart Leggatt (New Westminster): Mr. Speaker, in addressing ourselves to this question it is important that we do not spend too much time on its merits because Your Honour's ruling clearly indicates that a prima facie case has been made. Clearly the only place to determine whether there is a case of privilege is before a committee.

● (1602)

My purpose in rising is to urge government members in the House to give serious consideration before they again oppose a ruling of Mr. Speaker that a prima facie case of privilege has been made. The hon. member for Northumberland-Durham (Mr. Lawrence) pointed out that since 1965 it has only occurred in the House once that a government majority has rolled over the ruling of Mr. Speaker and denied the opportunity to a member, whose privileges have been violated on the surface in a prima facia way, of making any further inquiry into that case. You may remember that case because it was a sworn affidavit of one Mr. Warren Hart who stated, under oath, that he was working for and employed by the RCMP, and that in that capacity he was ordered to tape record at that time the previous solicitor general, at present Minister of Consumer and Corporate Affairs (Mr. Allmand), and also ordered to tape record, which he did, the hon. member for Nickel Belt (Mr. Rodriguez). The circumstances, as outlined in that case by the then solicitor general, contradicted the evidence given by Mr. Warren Hart.

Your Honour ruled at that time there was a prima facie case. In order to avoid the embarrassment of having Mr. Warren Hart come here and testify before a committee, this government took the expedient route that said, "We will not bother being embarrassed. It is so important that we do not lose any political brownie points on this matter that we will therefore simply act against the ruling of Mr. Speaker."

If this House is to maintain any kind of credibility, it will have to honour those kinds of rulings and also make the inquiry into an effective inquiry. We have a committee system in this House which is a disaster area. If there is one thing of which the people of this country are sick and tired, it is watching the amateurishness of our committee system. You can go to the United States, for example, and watch how their committee system works. You will find it works effectively, their committees deal with subjects and provide counsel.

The hon. member for Northumberland-Durham spoke about how we could improve this inquiry, and I want to say how much I agree with him. We have all had considerable experience before these committees. First of all, the use of counsel is absolutely essential. It is embarrassing—and I must say I am as guilty as any other—to watch some members of the House perform in front of committees. It is unfortunate from time to time that the public is invited to these meetings, because we waste the public's money over and over because we do not organize our time and we do not use counsel to direct reasonable and pointed questions to the subject we are questioning.

I hope this House will decide today that the matter will be referred to committee. If, by some chance, we find that the government members decide that again they cannot support the ruling of Mr. Speaker, I hope they will reflect on the position in which they have placed Mr. Speaker, because it will now be routine for Mr. Speaker's ruling, on a matter as important as the privileges of the constituents of members of the House—it is not really the member's privilege that is at stake but his constituents' privilege—to be overturned, if the government decides again to run roughshod over Mr. Speaker. In such a case Your Honour will have no job.

Serious consideration would have to be given by Mr. Speaker to resign his position because his credibility would continue to be attacked by the government at every turn. The numbers are there, and therefore the possibility of objectivity in this place will be gone.

The reason I rise is the suspicion that not merely the government might seek to vote against this motion to chalk up some brownie points, but the credibility of this place will start to crumble even further if this government decides again to roll over this ruling. I would like to quote from *Hansard* of March 9. In ruling on the case of the hon. member for Nickel Belt I think Your Honour set the case very well. You said this:

> —It is not the function of the Chair to prevent the House from attempting to deliberate on matters which come reasonably close to being questions of substance.

The difficulty is that it is now the position of this government to stop those kinds of inquiries. I say that the position this government took in the case of the hon. member for Nickel Belt was a disgrace to this House, a disgrace to the traditions of parliament, and it certainly confirms a great

many of the suspicions out there that there is no real respect for this institution from the present government.

I would plead with members on the other side that you, Mr. Speaker, have a chance to recover a little credibility in this case and to say, "No, we are not afraid of any inquiry, even if it could be slightly embarrassing to a minister." Imagine the benefits of this kind of inquiry. First of all, we will find at last that ministers will check their correspondence, will check who is providing them with the information, and some civil servants' heads will roll, and should roll, if they continue to provide misinformation to ministers who continue to mislead members of parliament.

Some hon. Members: Hear, hear!

Mr. Leggatt: We will not deal with that kind of incompetence if the government continues to roll over these kinds of motions and to think of Mr. Speaker as simply a tool of the government rather than a tool of the House. If Mr. Speaker is to maintain credibility, I submit it is absolutely vital that this motion pass. As I said, I think it places Mr. Speaker in a position of seriously considering resigning from that position if his rulings continue to be thwarted by a government majority.

Incidentally, the hon. member for Northumberland-Durham suggested counsel with regard to this inquiry and I indicated I supported that completely. I notice the hon. member for Calgary North (Mr. Woolliams), who is sitting in the House today, is most interested in this debate. I might say he would be remarkably objective and fair, and I understand his fees have been remarkably modest in his legal career. I hope that members of the committee will give serious consideration to calling for counsel and will not rule out some competent members of the legal profession who happen to sit in this place.

An hon. Member: That's a commercial.

Mr. Woolliams: Best advertising I've had for a week.

Mr. Leggatt: The other aspect of this motion is the whole question of direct involvement with the McDonald commission inquiry. As has been pointed out, we will not receive a report for a long time. In the case of the hon. member for Nickel Belt, it is also not coincidental that his point of privilege was involved with that same inquiry, an inquiry, by the way, before which a key witness, Mr. Warren Hart, has somehow not yet been asked to testify. I suggest he would be a vital witness before that inquiry. So it is not coincidental that both these important matters of privilege arise directly from what has clearly been a Canadian scandal in the operation of our police forces.

• (1612)

I would urge that government members look at their moral duty in this place. They have a moral duty in respect of this issue, and that is to stand up and be counted before parliament. It is time we all did.

Hon. Allan J. MacEachen (Deputy Prime Minister and President of Privy Council): Mr. Speaker, we are dealing with a motion that obviously was well prepared beforehand and which obviously was in the hands of the official opposition for some time, having prepared it in consultation with the Chair. I regret that on a matter of this importance the motion itself was suddenly sprung upon us, and that we were not given any opportunity to consider the terms of the motion prior to its being put before us, obviously on a prearranged basis.

Some hon. Members: Oh, oh!

Mr. MacEachen: I am not drawing any conclusion except that it would have been more appropriate for an orderly debate if this particular motion had been put before all members of the House, so we would have had the opportunity of considering it before the debate itself began.

However, the motion in its first part refers to the letter sent by the then solicitor general to the hon. member for Northumberland-Durham (Mr. Lawrence), and to the testimony of Commissioner Higgitt before the McDonald commission.

Let me refer to the debates of November 3, in which the hon. member for Northumberland-Durham put together the testimony of Commissioner Higgitt in one sentence, and this appears in *Hansard* of November 3. He put together at least the relevant one sentence of Commissioner Higgitt's evidence with that last sentence of the letter he had received from the solicitor general, and upon that juxtaposition the question of privilege was alleged, namely, that a deliberate deceit or deception had been perpetrated against the hon. member for Northumberland-Durham.

Before dealing with the motion itself, I believe it would be useful if the letter from the solicitor general to the hon. member for Northumberland-Durham were tabled in the House of Commons. With permission I would like to table it later. Before doing so, I would like to draw the attention of the House to the facts related in the main body of the letter.

Mr. Broadbent: On a point of order, Mr. Speaker, I wonder whether the Deputy Prime Minister and President of Privy Council (Mr. MacEachen) would be thoughtful enough to table it now, following his own earlier recommendation. If he is now going to debate the letter he should table it so we can all get copies. That would prove useful to members on both sides.

Mr. MacEachen: I will be happy to table it when I have finished reading from it, because I have only one copy and that is the copy I intend to table.

The hon. member for Northumberland-Durham made it very clear in his speech on November 3 that he had inquired about the alleged interception of one of his constituent's letters by the RCM Police, and the reply of the solicitor general contained a complete description of all the facts in that particular case.

Of course, the item of mail he had referred to, which all of us assumed had been a letter, was not a letter in an envelope at

all. It was an unstamped, plasticized computer card, with an incomplete address. Typed on the card was the following message, and I think it is rather interesting to put this on the record:

Commission term report concerning security leaks of top secret data indicates unauthorized personnel have been scanning sensitive information and recording same for unknown reasons. When informed of this matter thru an unambered double agent, SECMIN 436-202-212 indicated that a series of dated codes be released thru this leak and then traced to source. This procedure was followed, and LANGTEK 422-902-510 was informed of the matter. Results are now pending. Data 436.

That is the end of the quotation that appeared not in a letter, covered by an envelope, but on an unstamped, plasticized computer card with an incomplete address.

We have been talking about the interception of mail by the RCM Police. In this case the unstamped, plasticized computer card with an incomplete address was not intercepted by the RCM Police. It was found loose in the mail stream at the Alta Vista postal terminal in Ottawa. Post Office officials who noted the suggestive message about "top secret leaks" forwarded the card to the Department of National Defence, and then the department passed it on to the RCM Police.

The police, whom we have been led to believe were intercepting mail, were the third-hand recipients of a plasticized, unstamped computer card, with an incomplete address, sent to the RCM Police. All this was explained to the hon. member for Northumberland-Durham. The RCM Police had no file on this case. The investigation was concluded, no breach of security was involved, and the card was sent back to the Post Office.

Mr. Broadbent: A lawyer's red herring argument so far.

Mr. MacEachen: That is the substance of the letter. I thought it would be interesting for the public to know that nothing was opened and the RCM Police were not intercepting a letter in this case, but were the third-hand recipients of an unstamped, plasticized computer card, with an incomplete address.

Mr. Knowles (Winnipeg North Centre): Tell us the story about the house that Jack built.

An hon. Member: It sounds like a recorded message.

Mr. MacEachen: The hon. member for Northumberland-Durham was given a complete explanation of the matter about which he had inquired. Of course, in the last sentence of the letter there appeared this particular expression:

I have been assured by the RCMP that it is not their practice to intercept the private mail of anyone and I trust that the above explanation will set your constituent's mind at ease.

We come to that particular sentence which was related by the hon. member for Northumberland-Durham and to the evidence that was given by Commissioner Higgitt, from volume 88, at page 145, of the proceedings before the McDonald commission. He quotes this one sentence:

That is not, that is not an assurance the RCMP is giving to the minister at all, and as a matter of fact, the practice was in matters of this kind—the practice was very often ministers' letters were not exactly drafted on precise statements of fact.

● (1622)

Those two sentences together form the basis of a question of privilege that there has been a deliberate deception by an unnamed culprit, who is still unnamed. These sentences are important, because in the argument on whether this constituted a prima facie case of privilege there were no references to all these facts. Mr. Speaker made a ruling, and his definitive comment was that it was before the McDonald commission that Commissioner Higgitt acknowledged for the first time that the letter in question was not exactly drafted on a precise statement of fact.

I would like to refer now to the testimony by Commissioner Higgitt, because I think that it will be clear that Commissioner Higgitt in precise terms did not acknowledge at any point in his testimony that the letter in question was not exactly drafted on a precise statement of fact. If hon. members refer to the evidence on page 14555 of the transcript, the relevant sentence is quoted as follows:

That is not, that is not an assurance the RCMP is giving to the minister at all, and as a matter of fact, the practice was in matters of this kind—the practice was very often ministers' letters were not exactly drafted on precise statements of fact.

Commissioner Higgitt is saying that "the practice was very often minister's letters—". Counsel at that time might have asked—and they probably will when he returns—what his particular view was on this letter.

If the hon. member for Northumberland-Durham had wanted to be complete in providing evidence to the House, he would have referred to the preceding and following comments to the statement, which is the basis for this question of privilege, made by Commissioner Higgitt. I am not resting my case upon the words which clothe that particular sentence. I would like to make a more substantive quotation of Mr. Higgitt.

Mr. Baldwin: Why don't you table all of the evidence? You have quoted from it.

Mr. MacEachen: The hon. member for Peace River has asked me to table the evidence. The hon. member for Northumberland-Durham has quoted from the evidence, perhaps my friend should ask him to table it.

Mr. Lawrence: I do not have the authority to table it.

Mr. MacEachen: Commissioner Higgitt was asked this question:

Is it, therefore, correct to conclude, sir, that the last paragraph constitutes an assurance by the RCMP to Mr. Allmand, the Solicitor General, that it is not their practice to intercept the private mail of anyone?

MR. HIGGITT: No, that is not correct, sir, and that is not the purpose of that letter and, in fact, to start with that is part of my answer—

I would like the hon. member for Calgary North to listen to this.

—and the second part is that the statement is true, if we want to think of the words being used, it was not the practice and it is not—I can't say today,

because I'm not there—was not the practice of the RCMP to intercept the mail of private citizens or citizens, and I have explained why I make that statement, because of the facts that have been adduced before this commission, showing it was not in fact the practice.

If hon. members refer to the evidence they will find that this is in fact what Commissioner Higgitt said in the same sitting as the sentence which has been picked out and forms the basis of the question of privilege. If Mr. Higgitt is to be believed in this circumstance, he confirms totally the accuracy of the last sentence of Mr. Allmand's letter.

Some hon. Members: Hear, hear!

Mr. MacEachen: It is not my fault that the evidence of Commissioner Higgitt is contradictory. The hon. member is asking the House to find a question of substance, of privilege, on contradictory evidence before the McDonald commission.

The hon. member for New Westminster (Mr. Leggatt) has said that if the government voted down this motion it would be rolling over on the Speaker. That is a very inaccurate description of the proceeding which is before the House. The Speaker is obliged, under our rules, to find whether there is a prima facie case of privilege. Prima facie means on the first impression, on the surface, or at first blush. Beauchesne goes on to say that it is the responsibility of the House of Commons to find in substance whether there is in fact a breach of privilege.

So today, when the government is saying that it does not propose to support this motion, it is not saying to the Speaker that we have no confidence in his finding. It is saying that Mr. Speaker having done his duty, we have probed beneath the surface and found that there is contradictory evidence, and that you can find Commissioner Higgitt saying, under oath, that the last sentence of Mr. Allmand's letter to the hon. member for Northumberland-Durham, "the second part is that the statement is true." What statement? The last paragraph of Mr. Allmand's letter to the hon. member for Northumberland-Durham. That is Commissioner Higgitt's testimony. It is clear there, if you look at the fragment of evidence plucked out by the hon. member for Northumberland-Durham, that it does not have the unequivocal conclusion which this particular sentence has.

I ask you, sir, and hon. members, is it responsible for this House of Commons to find a question of privilege upon one sentence by a witness, that is totally contradicted by evidence given earlier by a witness who has not completed his testimony, and who has not been cross-examined before the McDonald commission?

● (1632)

I believe it would be a travesty for this House to vote that there is in fact a question of privilege based upon one sentence that is contradicted by the same witness and whose testimony has not yet been completed before the commission.

Mr. Lawrence: What are you afraid of?

Mr. MacEachen: When the facts come out I do not know which side of the argument will be found to be the factual one by the royal commission. I know it would be interesting to get the evidence from the man who drafted the letter and from other people. All that is before the royal commission. Why do we want a parallel inquiry? All of this is before the royal commission.

We set up the McDonald royal commission at the request of the official opposition. Today, when you strip away all the rhetoric and all the innuendo put forward by the hon. member for Northumberland-Durham, all you find is a plea to close down the royal commission, to set up a committee so that all of this sensitive matter relating to the security of Canada can be made the basis of political attack and that what ought to be the subject matter of a serious inquiry will become a political forum. We resisted that from the very beginning. We have no intention of agreeing to a parallel inquiry, particularly on what I consider to be one sentence of evidence before that commission.

I would say also that it would take a lot of persuasion to get me to vote for this motion. It is alleged that a deceit and deception have been perpetrated. Who has perpetrated the deception? Who has perpetrated the deceit?

An hon. Member: That is the issue before the committee.

Mr. MacEachen: Who has perpetrated the deception? Mr. Speaker Michener, when he was called upon to rule in a similar case, said that in his view simple justice required that no hon. member should have to submit to investigation of his conduct by the House or a committee unless he had been charged with an offence.

In simple justice, it seems to me that if the Canadian House of Commons is to say there has been any substance of breach of privilege, of deceit and deception, then it is the obligation of the House of Commons to know who the culprit is. The hon. member says it is not the minister. He does not say it is the RCMP. No, no, he would not go that far. He would not have the courage.

Some hon. Members: Hear, hear!

Mr. MacEachen: It was on this very basis—

Mr. Trudeau: What are you afraid of?

An hon. Member: What are you afraid of?

Mr. MacEachen: —that Mr. Speaker Michener said there is no accused. It is a very important point because it seems to me it relates to what the legal profession calls "the principles of natural justice"—that you say there has been a contempt, a deceit, and that is what the House is asked to find today, and the person or persons alleged to have brought about the deceit are left unnamed.

Mr. Speaker Michener said:

If there is some doubt in the matter, I am clear that the benefit of the doubt should be given to the unaccused.

In this case, we neither have an accused nor an unaccused. I just say we should wait for the commissioner to complete his

evidence. Let us get all the evidence from all the other witnesses, and when the facts are in, if the hon. member will hold off on his motion, we will consider it at a later date.

To ask the House to form an opinion on the basis of one sentence—a scintilla, a fragment of evidence that is not yet completed, by one witness who has not yet been cross-examined, is too much to swallow. We do not intend to swallow it on this side.

You have raised, Mr. Speaker, the question of ministerial responsibility. You have said it is not a matter of procedure, it is a matter of constitutional doctrine. On that point I agree 100 per cent. We have exercised ministerial responsibility in this particular instance.

Some hon. Members: Oh, oh!

Mr. MacEachen: We were asked, we were pleaded with, every day, by the official opposition, to establish the McDonald royal commission. First of all we said no, but then as more evidence came in we said yes, we would establish the McDonald royal commission. We were applauded by members of the official opposition, members of the New Democratic Party, and all members of the House.

Mr. Andre: Only because Quebec set up the Keable Commission.

Mr. MacEachen: We have a royal commission in progress. It is examining all the evidence. That is the way the government is discharging its responsibility. When the commission report comes in, whatever responsibility will lie on the government at that time will be discharged by the government. Certainly it is not the exercise of either the ministerial responsibility or parliamentary responsibility to find a question of privilege on one sentence by one witness contradicted by other witnesses, in testimony that is not yet complete, that has not been tested by other witnesses and that has not been the subject of cross-examination.

Mr. Lawrence: You are gagging the House.

Mr. Knowles (Winnipeg North Centre): Mr. Speaker, I rise on a point of order. I recognize that the hon. member for Peace River (Mr. Baldwin) is the next member to be heard, but I am not speaking to the motion. I raise a point of order which I regard as a serious one.

In the opening remarks of the Deputy Prime Minister (Mr. MacEachen) he referred to the fact that a copy of the motion had not been made available to all members. There is nothing out of the way about that. He went on to complain, however, about what he called collaboration—

Mr. MacEachen: I never used the word.

Mr. Knowles (Winnipeg North Centre): —with the hon. member for Northumberland-Durham (Mr. Lawrence) in drafting the new motion. The implication was that the Speaker had been unfair to the government by working with the hon. member for Northumberland-Durham in drafting the revised motion. I suggest that what was said was a slur on the Chair which this House should not tolerate.

I would refer the House to Beauchesne's fourth edition, citation 199(1), which reads as follows:

> When a member hands a motion to the Speaker after having spoken in support of it, the Speaker may, before putting the question to the House, make such corrections as are necessary or advisable in order that it should conform with the usages of the House.

I point out that when you spoke to the House on this matter—

[*Editor's Note: At this point the lights in the chamber were extinguished momentarily.*]

An hon. Member: You blew it, Stanley.

[*Later:*]

Mr. Knowles (Winnipeg North Centre): I indicated yesterday in another debate that in the days when there were no microphones we had to make ourselves heard by the sound of our own voices. I could have carried on in the dark, but I am sure hon. members would want to see me as well as hear me.

When Your Honour spoke on this matter on Thursday, November 9, you dealt with four or five subjects and then said, as reported in *Hansard* at page 966:

> The final concern I want to leave with the House—and I freely say that it would not be looked upon by me in any case as a fatal concern—is the form of the motion. The customary form of a motion on a question of privilege is very precise and explicit, in that the matter is referred to the Standing Committee on Privileges and Elections.

There follows a rather long paragraph which I need not read in its entirety. The final sentence of that paragraph reads as follows:

> However, if the motion is found to be procedurally irregular or a departure from our regular procedure, I would be sympathetic to an amendment or an alteration to the motion, if we were to carry the matter forward.

● (1642)

I submit, sir, that you made it quite clear on November 9 that some alteration to the motion might be necessary, or at least desirable. I submit that under the terms of citation 199(1) you had every right to suggest an alteration in the motion to the hon. member for Northumberland-Durham, and that it was not like the President of Privy Council to cast the slur on the Chair that he did at the beginning of his speech.

Some hon. Members: Hear, hear!

Mr. MacEachen: Mr. Speaker, on the point of order which has been raised by the hon. member for Winnipeg North Centre (Mr. Knowles) as an obvious red herring in order to obscure the force of the argument I had made on the substantive motion—

Mr. Baker (Grenville-Carleton): He has laid a charge against you.

Mr. MacEachen: —I just want to say there was no slur whatsoever cast upon His Honour. I will look at the words tomorrow, and if there is any suggestion of any such slur I will

be happy to withdraw them. I will withdraw them in advance, in fact, because I do not think there is any such slur. I was drawing attention to the fact that while His Honour had indicated there would be amendments to the motion, it has been my understanding that when such amendments are made to a motion before the House, the amendments are made visibly with all of us present. It would have been helpful if the hon. member for Northumberland-Durham (Mr. Lawrence), after having made those changes, had given us the motion in advance so that we could have considered it instead of having it sprung upon us at the last moment. That is an indication of the seriousness with which we ought to deal with his suggestions in the House.

Some hon. Members: Hear, hear!

Mr. Speaker: Order, please. It may be useful to lay two points to rest in order that they might be set aside for all time in respect to the balance of the discussion on this motion.

The first has to do with the remarks that I made earlier today about the change in the text of the motion moved by the hon. member for Northumberland-Durham (Mr. Lawrence). Indeed, I did telegraph that, I thought, when I made the preliminary part of this decision on November 9 and indicated there might be some desire to change the text of the motion, although I did not think I would find it out of order. In fact I invited the hon. member for Northumberland-Durham to collaborate with the officers at the Table to get some advice on an amended text. He collaborated not only with them but with the parliamentary counsel which, of course, is his perfect right in the circumstances.

If I gave the impression earlier today that he collaborated with me, then I gave a mistaken impression, because he did not. He took advice and came up with an amended text, which I put to the House today. He had some assistance and advice from counsel and from the officers of the Table in order that the motion might be brought in greater line with our precedents. I did not in any way know of the firm text of the motion until today when it was moved by the hon. member, and seconded by the hon. member for Yukon (Mr. Nielsen). I may have compounded the difficulty by inadvertently giving an indication when I said "the officers of the Table". I may have said the Chair and, if I did, I did that incorrectly. There was no collaboration with the Chair.

I did not think I had the right to release any motion to anybody until it was moved by a member in the House itself.

There have been some comments on the second question already, and I cannot stop anyone from making these comments, but there has been some preliminary comment on the role of the Chair in respect to questions of privilege. On two occasions recently I have found questions of privilege, one in respect of the hon. member for Nickel Belt (Mr. Rodriguez). A vote in the House did not support that.

This was another question of privilege in which I found a prima facie case. There has already been an indication that government members will vote against it. I do not think I am saying anything inaccurately in view of the presentation just made. I think we ought to keep clear that we each have a respective role to play in this matter. If I want to be guaranteed that no adverse result will take place on the floor in respect to a prima facie case of privilege, I can quite easily guarantee that by never finding one. In respect of the hon. member for Nickel Belt, I think the House will know that I reached some, and extended the benefit of the doubt to the hon. member for Nickel Belt. I did not think I was reaching to the same extent here. Nevertheless, if I am to be encouraged to reach in some of these new areas, to extend the judgment of the Chair in favour of an hon. member being able to have the opportunity of putting his question of privilege to the House, then I have to take the risk that on some occasions the House is not going to accept it.

If I have to be guaranteed that the House is going to support that very decision, then I think the sensible course for me to follow is never to accept one and then I cannot be in any jeopardy. If the House expects me to extend privilege more to members of the House, we must expect that the decision which I make and the decision which the House takes are never one and the same decisions, but separate decisions by separate people in different roles. Therefore, I would invite the House, to this extent at least, to co-operate and lay that point to rest in this discussion for all time. I think it would be better to concentrate simply on the merits of the question before us.

Mr. G. W. Baldwin (Peace River): Mr. Speaker, I had intended to raise the same point as my hon. friend from Winnipeg North Centre, but in view of what Your Honour has said I will not touch it until I hear what the President of Privy Council (Mr. MacEachen) may have to say tomorrow.

I think his synthetic and simulated indignation about the terms of this motion is a clear indication of the weakness of his case. I would like the hon. gentleman to reflect on the position of members of the opposition from time to time, who are faced with a supply bill with no notice at all. We are expected to debate a matter sometimes involving hundreds of millions of dollars, and billions of dollars at times. I ask the hon. gentleman to reflect on situations where sometimes legislation dealing with strikes are brought in to this House and presented to members of the opposition who are asked to debate them almost instantaneously. There are many situations where the opposition is greeted with the necessity of having to participate on a very important matter with virtually no notice at all.

The hon. gentleman talked about the McDonald royal commission set up at our instance. Were we consulted about the terms of the order in council which was enacted in order to found the operations and the activities of that royal commission? I suggest that the attitude of the hon. gentleman—

Mr. Dick: He is sneaking out of the House now.

Mr. Baldwin: He may not be a lawyer but he has learned one of the earlier tricks of some lawyers, that if you have a case which is weak in the facts you try to emphasize the law. If the law is bad you emphasize the facts. But when you have neither facts nor law on your side, you scream and beat the

desk, which is just what the President of Privy Council did in his intervention today. He probably acquired it by some form of intellectual osmosis from his seatmate, the Prime Minister (Mr. Trudeau), who often operates in this way.

I want to deal with something brought up by the President of Privy Council. He quoted very selectively from some of the proceedings of the royal commission. It runs in my mind that, having done so, he might well be in a position of having to table that evidence in its entirety. The President of Privy Council said something about let us wait until former commissioner Higgitt gets back in the witness stand. I think he has forgotten that former commissioner Higgitt has been on the witness stand, I understand, in camera, that is, in secret, at the instance obviously of this government. The decision, of course, is entirely that of the commission. But certainly we have had some fair indication in the House that when proceedings of the royal commission get into a very delicate and difficult stage for the government, its members are quite happy to make application, through counsel, that the commission consider holding its proceedings in camera. This is precisely what has transpired.

If the government wants to know what the facts are, if the question is going to arise as to what the practice was and what was it that was said by the commissioner, what his views are and what his comments will be with regard to the question of opening of mail, let us have an opportunity to find out. Let us have a committee of this House, the ultimate and final court in the country, acting for and on behalf of members of the House, to study, to examine, and to challenge. Let us find out.

The President of Privy Council sought to draw a red herring before us, as he admitted himself, by quoting with some humour what was in the letter. That is not the issue, Mr. Speaker. What was in that letter was not the issue. What this House and hon. members are faced with is a simple question. Was there a deliberate deception by the authorities of a senior member of parliament? I must treat that very seriously.

I am amazed that the President of Privy Council, one of the great parliamentarians of this House, is obviously so alarmed at what is liable to come out in a committee meeting that he uses his undoubted talents to confuse the issue and evade his responsibility. He has indicated he intends to vote against the motion. Apparently he does not want the facts to come out.

• (1652)

Mr. Pinard: We have the McDonald commission.

Mr. Baldwin: The parliamentary secretary, who takes his cue from the President of Privy Council, must realize the government will use its best endeavours to try to persuade the McDonald Commission to sit in secret whenever there might be dangerous and embarrassing facts about this government to be introduced. In any event, the report of the royal commission will be made to the government. Only those parts of the proceedings of the royal commission as may be seen proper to be made public in the opinion of the royal commission, will be made public.

This House is interested in the truth. The government may not be. Members on this side, certainly the members of this party, want the truth to come out.

Mr. Pinard: It will come out.

Mr. Baldwin: I am just amazed at what are the possible consequences of the evidence and facts we have heard. If the authorities are perfectly willing to attempt to deceive a senior member of this House, what about the public? What about the people whom I represent and those represented by my friends? What about the people who are represented by members on the government side? What manner of deception is being practised on them?

We have some facts which are an indication of what is going on. It is a shocking illustration of the fact that the government of this country faces a crisis in confidence. This is not a matter of inflation or unemployment. It is a lack of credibility and confidence. It flows from the kinds of actions we have seen carried on by the authorities, and today condoned and approved by the President of Privy Council. That is the situation which has to be of great alarm and concern to all of us.

The hon. member for Northumberland-Durham (Mr. Lawrence) made a very moving and eloquent address, studded with illustrations. I thought it would have been accepted. I did not intend to get into the debate until it became apparent that the government was not going to accept it. That address was supported by the hon. member for New Westminster (Mr. Leggatt). I thought the President of Privy Council would have got up and said that, although they do not accept all the facts, they are prepared to let the matter go to a committee of this House in order to find out where the truth lies. Obviously the government fears the truth as the devil does holy water. Is is a fact the government should recognize and the people of Canada must recognize.

This case is bringing us into the jungle of misinformation, the Byzantine ways of secrecy and deception practised by the authorities. We have been aware of this for some time. It explains a lot of things. It has been established as prima facie in the minds of a lot of people. I say prima facie, because if government members are willing to accept their own independent and objective judgment and allow a committee of this House to examine this issue, we may get the facts out. In that case, what will be a prima facie case, as now established by the hon. member for Northumberland-Durham, may be an opportunity for the House, through its agents on the committee, to find out where the truth lies.

Mr. Pinard: You have the McDonald commission.

Mr. Baldwin: The parrots opposite insist on speaking about the McDonald royal commission. Something the members of the government do not realize is that the privileges of this House are the responsibility of members of this House and not of the McDonald royal commission. It is time members opposite learned that lesson. It explains why, when there is embarrassing or potentially damaging information, the authorities go

to almost any length to conceal it. It explains why the government fears to proceed with an open information law which would be effective in providing members of this party, members of this House, and members of the public, with an opportunity to find out what is the truth.

Let me use another illustration. I mentioned the public. What about the case involving the Toronto *Sun*? The Solicitor General (Mr. Blais) told us how he toiled, sweated, and strove mightily for 17 hours to examine 17,000 documents. Out of those 17,000 documents he extracted 580 odd and said those documents must be covered by section 41(2) of the Federal Court Act. He swore an affidavit that he had personally examined them and that, in his opinion as an officer of the Crown and as Solicitor General, those documents should not be made public.

What we have seen demonstrated by the facts established by the hon. member for Northumberland-Durham is that we cannot rely on statements such as that made by the Solicitor General. I am not saying that he personally may not have believed that, but the information upon which he swore that affidavit resulted in 500 odd documents not being produced in the trial of the Toronto *Sun* and Peter Worthington. Reputable counsel in that case said those documents were essential in order to conduct an adequate defence. The Solicitor General said no, they were not. How can the court in that case, and the accused, rely on that affidavit which unfortunately, as the law now exists, cannot be appealed? It is binding. It is mandatory. Under those conditions, surely any reasonable, rational, intelligent person must have great doubts about the quality of that affidavit sworn by the Solicitor General and filed with the court in the Official Secrets Act case against Peter Worthington and the Toronto *Sun*.

Mr. Lalonde: Mr. Speaker, I rise on a point of order. I have followed carefully what the hon. member is saying. If I am not mistaken, he is implying that the affidavit given by the Solicitor General (Mr. Blais), should not be believed, and what he said in this House, that he had personally examined over 500 documents in question here, is not believed by the hon. member. If that is what the hon. member for Peace River (Mr. Baldwin) is implying, I suggest it is contrary to the rules of this House and very unparliamentary. He should withdraw those remarks, or at least clarify what he has said.

Mr. Pinard: Resign.

Mr. Baldwin: I will wait four months to resign. It will be a good time then. I made it quite plain in my remarks, and I will examine them carefully when I get the chance to read them tomorrow, that I was not suggesting that the Solicitor General was deliberately trying to mislead this House. I said to relate that case to the present case. The Solicitor General said that in 17 hours he examined all of these documents, selected 584, and filed an affidavit. The letter received by the hon. member for Northumberland-Durham, which was apparently prepared by people involved in the law enforcement agencies in this country, contained inaccuracies, and therefore must give grave concern to the court in the Peter Worthington case. It must also give great concern to the accused in that case. Unfortunately, unlike this case, there is no appeal. It is a binding affidavit. That is an indication it is a bad law. I suggest to the Minister of Justice (Mr. Lalonde) that if he will look at that situation, that is what he will find.

• (1702)

What concerns me, and I believe all people in this country, is a government which does not hesitate when it is trouble to make use of the invidious provisions of Section 41(2) of the Federal Court Act, or of the Official Secrets Act, whenever it finds its position is endangered.

Mr. Lalonde: Rather than make a specific statement, the hon. member prefers to go around by way of innuendo. But I understand what he said, and I presume the Solicitor General (Mr. Blais) reserves his right to intervene on this issue. I would like to put it on record that he does reserve his right to intervene.

Mr. Baldwin: I have listened to the Minister of Justice, who is a master of innuendo, and who has made great use of that particular talent.

An hon. Member: Cheap! Resign!

Mr. Baldwin: I will resign if you will come up and run against me. It explains precisely why, in the unfortunate case of Bernard Maguire under the provisions of the Human Rights Act, an act by which theoretically we were supposed to have the right to examine our own files but which has proved to be an utter farce, Mr. Maguire, deeply injured by actions of the authorities, was allowed to look at some of his file, from which had been rifled some of the most important aspects, and was then told that under no condition would he be allowed to publish or use what was on the file and, in effect, that if he did so he would be prosecuted under the Official Secrets Act. The attitude of the government in this case explains these things, Mr. Speaker.

I am not going to delay the House unnecessarily but I think it is a shocking thing that a government, in this stage of its life, faced with an obvious illustration of deliberate deception, has a senior member of this House refuse to allow the facts to come to the public through a committee, refuses to allow witnesses who are involved to appear before that committee, refuses to allow witnesses to be sworn, examined and cross-examined, a process which under our system for hundreds of years has proved to be the most effective way of getting at the truth. I am just amazed if what the President of Privy Council said a little while ago is the policy of the government. If that is their attitude and their point of view then, in the words of Cromwell, for God's sake, go, we have had enough of you.

Some hon. Members: Hear, hear!

Mr. Eldon M. Woolliams (Calgary North): Mr. Speaker, I will be brief because we have already heard extensive argument with reference to this matter.

But very succinctly, the facts as I understand them, after listening to the hon. member for Northumberland-Durham (Mr. Lawrence), are that the solicitor general wrote the distinguished member with reference to information he was seeking for one of his constituents, to determine whether "Operation Cathedral" by the RCMP was being used with reference to the opening of mail. It is that simple. In the letter it was denied and then, of course, it came out in the evidence—under examination—that they are not always precise in their facts.

Mr. Speaker has found, after hearing argument presented previously and today, that there was a prima facie case of privilege, a breach of the rules. I was rather shocked by the argument presented by one of the most able debaters in this House, the President of Privy Council, (Mr. MacEachen), to the effect there was nothing to this because when Mr. Speaker finds a prima facie case it is merely a first impression on the surface, it is nothing. In the light of that definition, he used all the strength and argument of a red herring to show why the government does not want this matter to go before a committee so that the facts can be determined.

I agree with other members of this House that our committees, because of the way they function, are very inadequate to determine facts. But at the moment they are the only instrument we have under rules which have been forced on the House by closure. We cannot change those committees at the present time at this moment, when a reference to one of them is, hopefully, imminent.

But I want to come back to the hon. gentleman's argument. I was rather shocked that a man as intelligent as the President of Privy Council would give—he probably did it off the top of his head, as a lot of people do—a definition of what constitutes a prima facie case along the lines that it is the first impression on the surface—you make a decision and there is nothing to it. Now, what is the definition of a prima facie case? Let us put that on the record. This is from "Black's Dictionary" and I am sure Wigmore, too, after the volumes he has written in reference to evidence and prima facie would roll over in his grave if he knew the definition given on behalf of the government this afternoon in the highest court in the land. Look at some of these definitions of what prima facie means. "At first sight, on the first appearance". There is nothing wrong with that. "On the face of it, as far as can be judged from the first disclosure, presumably a fact, presumed to be true unless there is some evidence to the contrary." The definition goes on:

Such as will suffice until contradicted and overcome by other evidence.

Let me pause there. This government does not want any other evidence. It does not want the chain of events disclosed before a committee. Where there has been something deliberate in the sense of deceiving a distinguished member in reference to mail written by the solicitor general, one of the highest legal officers in this House, we are told, "Well, there's nothing to that on the surface."

When the Speaker finds there is a breach of the privileges of this House, when he finds that, Mr. Speaker—and you have found that—the only way the case can be met is not by

political bluff this afternoon; the only way that case can be met is to take that case before the committee. Let the committee of members from all parties listen to the evidence, listen to the witnesses who drew up the letter, obtain the facts, listen to the witnesses who gave the letter to the minister to sign and who drafted that letter—something which apparently appears from what has been said, and submitted now in evidence, to be untrue. When that evidence is met, the prima facie case will be met, and not before.

The definition continues:

A case which has proceeded upon sufficient proof to that stage where it will support finding if evidence to contrary is disregarded.

There follows a reference to certain cases, and these may be found at page 1353 in "Black's Dictionary." It continues:

A litigating party is said to have a prima facie case when the evidence in his favour is sufficiently strong for his opponent to be called on to answer it.

That is all we are asking. We are asking that a committee hear the evidence and, if the government and their witnesses say one thing and other witnesses say another, that committee makes a decision.

The evidence which is now before the House, a prima facie case of privilege having been found, must be met and can only be met by a hearing. The only way we have of doing that is by way of a standing committee. So much for the argument that just because it is a prima facie case it is something on the surface—"somebody's made a quick decision and the decision may be wrong."

● (1712)

I will tell the House what the problem is, and I will put it in a political nutshell. I am glad to see that the Deputy Prime Minister is here. Hon. members opposite do not want this matter to go to a committee. They say that it is before the McDonald commission.

Mr. Pinard: Right on.

Mr. Woolliams: I am right on, and the hon. member will have to agree with my next sentence. The government has forced itself into such a position that it must call a federal election within a few weeks or months, according to the constitution. The government hopes that this thing will drag on before the McDonald commission so that everything will be covered up and swept under the table. That is what the government is hoping this afternoon. That is why the Deputy Prime Minister presented such an able argument. He knows in his conscience, and he knew when he was making his speech, that if this matter goes to a committee, that committee will get down to work either before Christmas or after Christmas, that it will hear evidence, that it will come to some conclusions, that the matter will go before the Canadian people, the jury of this land, and that the Canadian people will turn this government out of office, when it has the courage to call an election.

In the whole argument of the Deputy Prime Minister there was nothing said about Mr. Speaker finding a prima facie case of privilege. If the Deputy Prime Minister did not like what I

said about calling an election, why does he not have a change of heart, a change of mind, a change of conscience, and a little political morality, and say that the government is not afraid of anything? Why does he not want this matter to go before a committee? Why does he not want hon. members to examine the evidence and to cross-examine witnesses without being stopped and stymied? The chairmen of our committees set up rules. There is nothing in the rule books which says I only have ten minutes to cross-examine a witness. When I ask one question, most ministers talk for 20 minutes.

I said I would not take very long. I have given the House the definition of a prima facie case. This is a serious matter indeed. A serious charge has been made. Mr. Speaker has found that there is a prima facie question of privilege. The privilege of an hon. member has been abused. The question of privilege is based on the fact that an hon. member has been deliberately deceived. Surely that is important enough to put before a committee.

This week I used the words "hiding the facts." The Prime Minister (Mr. Trudeau) said, "Fancy the hon. member for Calgary North using such terminology!" If ever there was evidence of hiding the facts which could be called before the bar of justice today, there is evidence today. Facts are being hidden this afternoon because the government will not let them go before a committee so that they can be bared and so that the committee can report to this institution.

Mr. Bob Rae (Broadview): Mr. Speaker, I want, in a fairly short period of time, to clarify the issue because I think it has been seriously confused by the remarks of the Deputy Prime Minister (Mr. MacEachen). This issue relates to a series of facts which can be set forth in perhaps one paragraph. In November of 1973 the hon. member for Northumberland-Durham (Mr. Lawrence) was sent a letter by a constituent of his who was concerned that his mail might have been tampered with by the RCMP. Also in November of 1973 the hon. member for Northumberland-Durham wrote a letter about that matter to the then solicitor general. On December 4, 1973, the hon. member received a reply, of which the following sentence was the conclusion:

> I have been assured by the RCMP that it is not their practice to intercept the private mail of anyone and I trust the above explanation will set your constituent's mind at ease.

That sentence was quoted before, but I felt it to be of sufficient importance to quote it again. In November of 1977 the present Solicitor General (Mr. Blais) stated that in fact mail openings had occurred. Finally, we heard about the evidence given before the McDonald inquiry by former RCMP Commissioner Higgitt.

I admit that that evidence does not lead to one simple conclusion but to two or three possible conclusions. However, that evidence no doubt can lead to the inference that ministers of the Crown were in fact aware that mail openings were occurring, and that in responses to members of parliament the strict truth was not always adhered to. Mr. Speaker referred to this matter on November 3 of this year. He has subsequently decided that there is a prima facie case of privilege which should be referred to the standing committee.

This matter is not a question regarding the McDonald inquiry, a question relating to security, or a question regarding the substance of the letter concerned. It is not a question of whether a plastic card, a letter, or anything else was involved. Those are completely irrelevant matters. They have nothing to do with the substance of the procedural motion which is before us today. The substance of this matter is the simple question of the privileges of members of the House of Commons.

There has been much reference to the question of deliberate deceit and to whether the minister deliberately deceived anybody, as if the categories of privilege were ever closed. I refer the House to page 136 of Erskine May regarding breaches of privilege and contempt. This was quoted by Mr. Speaker in his remarks on November 9. Erskine May says the following:

> It may be stated generally that any act or omission which obstructs or impedes either House of parliament in the performance of its functions, or which obstructs or impedes any member or officer of such House in the discharge of his duty, or which has a tendency, directly or indirectly, to produce such results may be treated as a contempt even though there is no precedent of the offence.

In other words, the categories of privilege and the categories of contempt are not closed. Therefore, Mr. Speaker was quite correct, in our view, in finding that there is at least a prima facie case of obstruction of a member of the House of Commons in seeking to get an answer to a question, that is, the question of whether his constituent's mail was opened. The answer the hon. member got in 1973 was not, on the admission of a minister of the Crown, the full truth.

This has nothing to do with security. This has nothing to do with the McDonald inquiry. It has to do with the process by which and through which a member of the House of Commons receives an answer from a minister of the Crown to whom the member directed a letter, the answer being unsatisfactory and misleading, whether deliberately, or simply because of the fact that the minister's civil servant, or in this case the RCMP, had been systematically giving incorrect information. If that is not a question which relates to the obstruction of a member of the House of Commons in the conduct of his duties, I do not know what is.

A member of the House of Commons should be entitled to find out how it is that we get replies from ministers which are false, which in substance are misleading, and which obstruct us in the performance of our duties. If a member of parliament is not entitled to that, I do not know what amounts to a question of privilege or contempt of this House.

● (1722)

Mr. Speaker found, on the basis of the evidence which was before him—which evidence I have just described—of sworn testimony given at the McDonald inquiry on the one hand, and admissions made to the House of Commons by the then solicitor general in November of 1977 on the other hand, and finally the letter in December of 1973—those are three pieces of evidence which were before Mr. Speaker—Mr. Speaker found this amounted to what he called a prima facie case.

What is a prima facie case? The Deputy Prime Minister and President of Privy Council said that a prima facie case was just a case of first impression, or on the surface. That has nothing to do with what a prima facie case is, and it is a disgrace for a minister of the Crown to come before the House and say that is what a prima facie case is. A prima facie case is a case which, unless answered by cogent evidence to the contrary, stands.

An hon. Member: Right.

Mr. Lalonde: That is not what Mr. Speaker said. You should listen to him.

Mr. Rae: I am relating my point to the question of what is prima facie case. I might say to the Minister of Justice (Mr. Lalonde) that perhaps because I have just come out of law school, I am more acquainted with the law than he is.

Some hon. Members: Hear, hear!

Mr. Lalonde: Mr. Speaker, I rise on a point of order. May I point out that perhaps this is something he might have forgotten to learn in law school when he was there a few years ago, but this is not what I was referring to just now. I was referring only to a statement made by Mr. Speaker in the House this afternoon when the hon. member was present. If he had heard what Mr. Speaker said in the House he would know what Mr. Speaker had meant in the statement he made earlier this afternoon when he invited hon. members to respect his ruling and the implications of his ruling.

Mr. Rae: All right. That was not really a point of order, it was a point of argument. But I will let it pass and I will respond to the argument.

Some hon. Members: Oh, oh!

Mr. Rae: Ça va. That is not what a prima facie case of privilege is. I stand to be corrected, but I will be happy to read the transcript later this afternoon. What Mr. Speaker referred to is the relative functions of his job as compared with the functions of the House of Commons. I say to the Minister of Justice and to members that a prima facie case is a case which has to be answered. I submit that the rhetoric, the selective arguments, and the argumentative use of certain evidence given at the McDonald inquiry by the President of Privy Council, however skilfully it was done, and it was done very skilfully, is not a sufficient refutation of a prima facie case. Once a prima facie case has been raised, it must go to a committee for investigation.

The contempt, if that is not too strong a word, which this government shows for the privileges and concerns of members of the House, is beyond belief, because what ministers are saying in this matter is, "Leave it to us, boys; we know what the evidence is. We know what our ministers have said, we know what the contradictions of Commissioner Higgitt are, we do not need any kind of committee to tell us whether or not the privileges of the hon. member for Northumberland-Durham as a member of this House have been interfered with." If that is not behaviour that is contemptuous of members of the House, I do not know what is, because Mr. Speaker has said quite clearly, on the basis of the evidence that was before him, that there is what is called a prima facie case which—I say this with respect to the Minister of Justice—cannot simply be refuted by either the Deputy Prime Minister or himself rising and saying, "This is what the substance of the case is all about and this is how we will rule."

With great respect to the Minister of Justice, he has not conducted an inquiry into how these letters came to be written. He has not conducted an inquiry into precisely what was said to the Solicitor General with respect to this correspondence. He has not conducted an inquiry into the practice of civil servants with respect to all sorts of inquiries which go from members of the House to members of the government. Quite clearly that is a question for the committee. It is not a question of security; it is not even a question of the RCMP; it is a question as to how we get our mail answered, how answers are drawn up by the other side, how civil servants brief ministers, and what is the responsibility of ministers for the statements and letters they send out that turn out to be misleading. I submit that that is precisely the kind of case which, following the citation in May that the categories of privilege are not closed, has to go before a committee for investigation.

I submit that if in a moment of non-partisanship the Minister of Justice or anybody else on the front bench would consult other members of the House on his side, he might find that there might be members there who would be concerned to find out how this process went on and precisely what responsibility was being taken by the minister for answers that were given which turned out to be misleading. I submit that those are the issues before the House in this matter, and I also submit that those are the only issues.

The President of Privy Council spent his entire speech doing two things. The first thing he did was to make fun of the letter, to make fun of the constituent, which is an easy thing to do for the government, and to make fun of the RCMP, a very easy thing for this government to do. The second thing he did was to go into the substance of the correspondence and to say, "I have conducted an inquiry. I have looked at the evidence and I say there is not a prima facie case."

I think it was Stalin who said, "How many battalions does the Pope have?" That is precisely the attitude of this government toward the views of Mr. Speaker, because what this government is saying is, "It does not matter what the prima facie case is, it does not matter what the evidence is, it does not matter whether there is a dark grain of doubt at the back of every member's mind. What matters is that we have done the investigation and we have decided that the standing committee will not be allowed to look at this matter." If that does not show contempt for rational argument, for the legal process and for natural justice, I do not know what does.

The final argument used by the President of Privy Council was that there was no accused. He said there is not an accused and there is not an unaccused, therefore there would be contempt for natural justice if we referred the matter to a

standing committee. I submit that that is an intellectual confusion of a very elementary kind. We are not accusing anyone. A member has raised a matter of privilege as a result of a letter he has received, and he simply wants to find out how these kinds of letters get to be written. If he does not know, it is only because of the essentially anonymous nature of this government, and only because cabinet ministers are not prepared to take responsibility for their statements and for the mistakes they make.

If there are no accused over there, it is because they do not have the guts to stand up and take the responsibility for what they have done.

Some hon. Members: Hear, hear!

Mr. Rae: So do not come to us talking about natural justice. The fact of the matter is that there is no accused. There is a motion on the floor that there be an investigation, that this matter be investigated by a committee of the House. You cannot confuse it with the McDonald royal commission because it has nothing to do with the work of the commission. We have never suggested that the royal commission stop its work. What it has to investigate is the matter of how, in this particular instance, the hon. member for Northumberland-Durham was given a letter which was not the full truth.

I find it absolutely astonishing that the government is not prepared to look at the matter and say, "All right, it may be embarrassing; somebody may have been lying, someone may not have been telling the truth, but we are sufficiently concerned about the truth and about the way in which we reveal our information to members of the House and to members of the public that we are not afraid." Instead of which we get the same old language of cover up and gobbledegook, evasion and the excuse that this is going before the McDonald inquiry and therefore is not a matter for this House.

This government has so emasculated the House of Commons that it has taken away all its powers and ability to deal not only with estimates but also with its privileges, and it is now saying that we will have to wait until the cows come home for the McDonald inquiry to come down with a report. It is not even going to deal with the question raised by the hon member for Northumberland-Durham.

● (1732)

The McDonald inquiry, I do not have to tell the Minister of Justice, is a general inquiry into matters of security in Canada. It is a general inquiry into not only past but future determinations of how the security forces should be conducted and how political responsibility for security forces should be handled. It has very little to do—I was going to say something else—with the direct inquiry which has been raised by the hon. member for Northumberland-Durham. It has to do with a little letter which the Deputy Prime Minister can laugh at and make fun of, saying it is just a card. That is his privilege. You can laugh at the Speaker saying it is a prima facie case, and you can conduct your own inquiry into your own ministers and say you have satisfied yourself that it has been carried out, but the only people you are fooling in the long run, the only people the government is fooling in this matter is the government itself.

Any government or group of individuals who do not allow themselves to be governed by the rule of law, who bend and twist concepts of law, such as the concept of a prima facie case, to suit their own needs, and who become judges of their own case and use the simple power of numbers to decide whether an injustice has been done, are a group that have shown themselves unworthy of being believed by the people of Canada. I suggest to this government that is precisely what has happened.

[*Translation*]

Mr. Yvon Pinard (Parliamentary Secretary to President of Privy Council): Mr. Speaker, I should like to quote a short statement which appears on the fourth line of paragraph 113, on page 102 of Beauchesne's Parliamentary Rules and Forms, fourth edition:

> A question of privilege ought rarely to come up in the House.

And for a very good reason, Mr. Speaker. As a newcomer to the House, I have been somewhat shocked by the remarks made this afternoon, especially by Progressive Conservative members. I have been deeply disappointed by what the hon. member for Peace River (Mr. Baldwin) has said, and I consider absolutely unacceptable to question the credibility of the McDonald commission. Mr. Speaker, we must not overlook the fact that this royal commission of inquiry was set up under an act of parliament. The Inquiries Act allows the governor in council, through a ministerial decree, to establish a commission whose terms of reference are described in the order in council. This commission subsequently reports to the government and issues recommendations.

I think it is unfair and unacceptable for hon. members of the House to suggest that this royal commission would not cast light on the practices referred to by the hon. member who rose on a question of privilege. Mr. Speaker, either we respect our institutions or we do not! Clearly this royal inquiry commission has a legal mandate under a federal law passed by this parliament and consequently, it must be respected. Mr. Speaker, we must now deal with its terms of reference in order to determine if there is a real possibility of a parallel inquiry and this is the gist of the question.

We heard many superficial arguments from the Conservative members today. We heard many innuendos, we heard what I would call nonsensical, silly, political remarks, Mr. Speaker, but nothing really serious which would enable us in parliament to decide whether the motion should be referred to a committee or not because we should not forget that parliamentary procedure is very simple on this point. Notwithstanding all the remarks which have been made up to now by hon. members on the opposition side, Mr. Speaker himself felt it was necessary to call us to order in this debate, and the Deputy Prime Minister also described the problem very accurately.

In the same fourth edition of his Parliamentary Rules and Forms, on page 95, citation 104(2), Beauchesne says the following:

It has often been laid down that the Speaker's function in ruling on a claim of breach of privilege does not extend to deciding the question of substance whether a breach of privilege has in fact been committed—a question which can only be decided by the House itself.

That is exactly what is happening, Mr. Speaker. The House is settling the matter, despite the antics of the hon. member who has just left, the hon. member for Calgary North (Mr. Woolliams), and I regret having used the name of a member for whom I have a lot of respect, but despite his antics today to prosecute us prima facie, it still is not misleading, it is not difficult—prima facie, that means at first glance, by the looks of things, superficially—if it is not a slur on the Chair to say that it gave a prima facie decision, since when do we insult someone because he is bound, procedurally, to the way things appear, to the way they seem superficially, on the surface? What is less acceptable, however, Mr. Speaker, is that members of the opposition in a serious debate which is meant to decide the issue should make such superficial speeches as the ones we heard till now, with the exception, of course, of the statement made by the President of Privy Council (Mr. MacEachen). Mr. Speaker, Beauchesne, at page 102, citation 113, adds the following, and those are premises I want to read into the record in support of my argumentation. He says:

It should be dealt with by the a motion giving the House power to impose reparation or apply a remedy.

So, Mr. Speaker, the motion now before us, if it were ultimately decided upon by the House, should seek a remedy, should seek, as Beauchesne says, reparation. Keeping those principles in mind, let us take the motion as written. I am talking about the new motion, the one drafted by the parliamentary staff, the clerks who are at the table with the hon. member raising the question. There are two things in that motion. First, it proposes that the letter sent by the solicitor general of the day to the hon. member for Northumberland-Durham (Mr. Lawrence) on December 4, 1973, and second, the testimony of former commissioner Higgitt, be referred to the Standing Committee on Privileges and Elections for investigation and report.

The motion before us can be interpreted in two ways: either it is interpreted restrictively or it is interpreted in a general, liberal way. If it is interpreted restrictively—which is what the hon. member has in mind today—it is to refer to a committee of the House for investigation and report a letter and a testimony, the letter he received from the solicitor general in 1973 and the testimony of Mr. Higgitt before the McDonald commission. That is all he wants. If we were to limit ourselves to that, if we were to give the motion a restrictive interpretation—and I agree entirely with what the President of Privy Council mentioned—the hon. member who raised the motion of privilege is only quoting a paragraph from the letter he wants to have referred to committee and he only used a short part of Mr. Higgitt's testimony before the McDonald commission.

Earlier I heard the new member of the New Democratic Party talk about natural justice, and before he goes behind the curtain, I would like to tell him that the principle of natural justice requires that our search for truth be as objective and as complete as possible. And to search for truth as objectively and as completely as possible, you do not take passages out of context from evidence or a document and interpret them subjectively. This cannot bring out justice or the truth. I understand that the hon. member did not suggest that he would do such a thing himself, but I maintain, Mr. Speaker—

Mr. Rae: Would the hon. member allow a question?

Mr. Deputy Speaker: The hon. member is asking the parliamentary secretary if he would allow a question.

Mr. Pinard: Mr. Speaker, I would be happy to accept a question from the hon. member when I am through.

To come back to what I was saying, and this is very serious, the hon. member was talking about natural justice. What the hon. member for Northumberland-Durham has done by moving such a limited and restrictive motion is to take out of context part of the evidence given by Mr. Higgitt by selecting a short paragraph of the letter written to him by the solicitor general in 1973. If we are interested in finding the truth, Mr. Speaker, we cannot ask a committee of the House to limit its examination, its inquiries and its report to such selective passages because the results would be unfair for all members of the House. This goes against the principle of natural justice. It would be unacceptable that the terms of reference of a committee be limited to only part of the evidence. As the President of Privy Council has said, all the evidence has not been given before the commission. Mr. Higgitt has not even been cross-examined, Mr. Speaker.

The inquiry where he stands as a witness is not even concluded and they expect that members who are elected to represent the people and show examples of justice, members who enact legislation, they expect members to go along and waste their time discussing excerpts from letters and shreds of evidence at the very moment when an inquiry is under way to shed light on those incidents, including the letter about which the member who presented this motion today has complained.

In the circumstances they interpret the motion liberally, generally, and consider that even if the motion has been revised and corrected, it still empowers the committee to inquire generally into everything related to that letter and the evidence given by Mr. Higgitt before the McDonald commission. Then, Mr. Speaker, what is related to the letter and what is related to Mr. Higgitt's statement? Obviously, the letter was sent to a Progressive Conservative member by a solicitor general in 1973, so there will be reference to that solicitor general in this committee and he is related to the terms of the

motion. Here is the paragraph of the letter that has been underlined by the hon. member and taken out of context. I quote:

● (1742)

[*English*]

I have been assured by the RCMP that it is not their practice to intercept the private mail of anyone and I trust that the above explanation will set your constituent's mind at ease.

[*Translation*]

Obviously, Mr. Speaker, it will be related to the RCMP. The RCMP is mentioned in that paragraph. Immediately, the solicitor general and the RCMP are involved. And let us not forget the principles I mentioned earlier. The committee will seek a remedy and a sanction against those who are related to the incident referred to by the hon. member for Northumberland-Durham (Mr. Lawrence).

I consider that it does not take much courage and I wonder why the Progressive Conservative members have been so reluctant to say it. It does not take much courage to say that in fact the hon. member who proposed the motion of privilege, wants a sanction against the solicitor general or the RCMP, or both. It is as simple as that, Mr. Speaker. That is exactly what he wants. He seeks a remedy and a sanction against a politician, the solicitor general or someone in the RCMP. There is no one else involved in the letter mentioned in the motion or in the evidence given by Mr. Higgitt before the McDonald commission.

Mr. Speaker, this is precisely where the argument concerning the parallel inquiry is important. Why would this institution—so respectable and with its many tasks ahead—waste its time and engage in overlapping by investigating on the same people and the same facts through a parliamentary committee and the royal commission of inquiry set up by a federal act?

Mr. Speaker, in order to make my point fully understood, I will have to remind you what is the mandate of the McDonald royal commission of inquiry. This commission was set up by an order in council on July 7, 1977. Let me quote a very short extract from this order, which will show to what extent what is actually done by the McDonald commission would be done the same way by the committee which would be examining the letter and Mr. Higgitt's testimony. According to this order, its mandate is to conduct such investigations as in the opinion of the commissioners are necessary to determine the extent and prevalence of investigative practices or other activities involving members of the RCMP that are not authorized or provided for by law. And, in this regard, to inquire into the relevant policies and procedures that govern the activities of the RCMP in the discharge of its responsibility to protect the security of Canada. That is the essence of the mandate of the McDonald royal commission of inquiry, that is to look into the activities of the Royal Canadian Mounted Police.

● (1752)

Such is the essence of the terms of reference of the McDonald royal commission of inquiry: to inquire into Royal Canadian Mounted Police activities. What the hon. member for Northumberland-Durham is asking for is that the standing committee inquire into a letter he received from a solicitor general, wherein it was stated the practice was not for the RCMP to open the mails. What the hon. member is asking for is that a standing committee therefore inquire into RCMP activities, the same thing exactly that is under investigation by the McDonald commission.

Mr. Speaker, what the member is asking for is a parallel inquiry. This is unacceptable. We have no time here to indulge in duplication, to ask members of parliament, public figures to sit, to make inquiries, when we already have legislation providing for royal commissions to do the work much more objectively, much more fairly, in a much less partisan way. Surely, were a committee of this House to go into the same matters the McDonald commission is now investigating, it could be seen that although the matter under review by both inquiries would be identical, even though the facts would be the same, the procedure and conduct of those two investigating bodies would be quite different, and clearly doubts could be entertained as to which of the two inquiries would shed more light and justice. As far as I am concerned, I have no doubt the McDonald commission is in a position to assess in the least partisan and the most objective way the facts in particular that pertain to the complaint made by the hon. member for Northumberland-Durham, and the facts in general that pertain to RCMP activities.

Mr. Speaker, there is something else of significance in this whole debate. Under our parliamentary procedure, in order for the committee to seek remedy, harm must have been suffered, and I wonder how the hon. member for Northumberland-Durham can now suggest, in 1978, he was harmed by a 1973 letter, when in this House, on November 9, 1977, which is nearly a year ago, in answer to his own question, the then solicitor general, the hon. member for Argenteuil-Deux-Montagnes (Mr. Fox) had an opportunity to supply him with answers which, to anyone with even minimal intelligence, meant that the last part of the letter could not have been accurate.

Mr. Speaker, the hon. member for Northumberland-Durham, and I give him the benefit of the doubt in due respect for his intelligence, had every reason in the world last November 9 through the answers given to his questions and those also provided to many other members on the other side on that same issue by the then solicitor general with respect to the opening of the mail by the RCMP. Mr. Speaker, the member cannot therefore make a plea of ignorance. He had been aware since November that the information provided to him by the then solicitor general was no longer correct. Yet he did not complain at that time, Mr. Speaker. Why? Because he suffe-

red no prejudice; it is as simple as that. Another time when he could have made us aware of any such prejudice and when he precisely chose not to do so because he indeed suffered no prejudice was on February 1, 1978, before the Keable commission in Quebec. Mr. Speaker, I took part in the debate before the decision made by the Speaker of the House and I have already alluded to and tabled before the House the testimony of Mr. Higgitt, given on February 1, 1978, before the Keable commission in Quebec.

At that time, Mr. Speaker, you will recall that the letter referred to in the motion that we are presently debating had been tabled before the Keable commission as exhibit P 142, and that in this testimony reference was made to the hon. member for Northumberland-Durham. When I recently referred to this extract of the testimony of Mr. Higgitt before the Keable commission, testimony which referred to the member for Northumberland-Durham and which has been the object of the letter he is complaining about, the hon. member for Yukon (Mr. Nielsen) said: Yes indeed, but you cannot expect the hon. member for Northumberland-Durham to understand the proceedings that have taken place in Quebec because they are conducted in French.

Mr. Speaker, the testimony which I read in English the other day was not a translation. What was read in the House was an excerpt from the testimony as given in English. Well, Mr. Speaker, in case the Conservative members are unaware of it, in Quebec legal procedures are heard in both official languages, as provided in our constitution and recently confirmed by a decision of the Supreme Court of Canada. So when I referred to the testimony of Mr. Higgitt before the Keable commission, that evidence was given in English. Therefore, the point made that the hon. member for Northumberland-Durham could not be aware of it, because it was in French, is not valid. Secondly, the public inquiry dealt with that excerpt. And when the name of a member is mentioned during a public inquiry on an issue of such current interest as the activities of the RCMP and that, in addition, the letter in question today sent by a former commissioner of the RCMP to that member is tabled, I think that one must be an ignoramus, some kind of fool or simpleton not to understand that the words contained in the letter from the solicitor general could prove inaccurate.

Therefore, Mr. Speaker, that is the second instance where the hon. member for Northumberland-Durham could have complained about the fact that the letter addressed to him in 1973 was inaccurate in the last paragraph. But he did not complain then. And that for two reasons, either one of those reasons. Either he really was not aware of what was going on publicly, in English, in the province of Quebec, and on that account I am not blaming him although I feel it not very likely, but I give him the benefit of the doubt. I do not question his word. Or he was aware of it one way or another but did not feel prejudiced. He has not been prejudiced. In view of the circumstances, Mr. Speaker, that is the second instance where the hon. member for Northumberland-Durham could have raised the matter of prejudice for which he is asking redress today.

The motion under study today is very simple. He is asking, for reasons I do not know, that a committee of the House do exactly the same work as the McDonald Royal Commission of Inquiry. He is asking that a committee of the House consider a letter already tabled before the Keable commission and a practice of the Royal Canadian Mounted Police which is now being looked into by a royal commission of inquiry, namely the McDonald commission; he wants us to discuss the testimony given by Mr. Higgitt on November 1 and October 24 before the royal commission of inquiry, when in fact his testimony has yet to be completed, when it has yet to be contradicted though, in principle, it could be, when I am sorry to say, that testimony is ambiguous and contradicted by its own author who could in turn be contradicted by other facts or testimonies; in short, before the inquiry has not been completed.

Mr. Speaker, to my mind, the crux of this debate is to determine whether serious hon. members can, by virtue of our procedure, decide on a matter of privilege through a vote on the motion now before the House. I feel that our first duty is to ask ourselves whether our institutions, as imperfect as they may be, whether our institutions allow us to assign individuals to inquire simultaneously, on a parallel basis, on exactly the same facts, situations and circumstances. Secondly, I wonder what such a committee could do in terms of applying remedies or sanctions when, it really seems, in fact, that the hon. member for Northumberland-Durham suffered absolutely no prejudice because, were it otherwise, he would have complained about it last November or in February of this year. Mr. Speaker, there is another important, in fact, very important principle involved here. Namely, the danger that we abuse our institutions, that we arrive at contradictory reports. The royal commission of inquiry has been requested to bring in a report; it is its duty to make recommendations.

It could very well be, Mr. Speaker, that in light of a much more exhaustive inquiry and after having heard a much greater number of witnesses and studied a lot more documents, it could very well be that some time from now the royal commission of inquiry arrive at recommendations which are different from those which could be made by the committee to which we would now like to refer a letter or part of it which was quoted, and to which we would also like to refer part of a testimony. The parliamentary committee, Mr. Speaker, could very well make findings and conclusions clearly different from those made by the royal commission of inquiry, and I am convinced it is not part of the terms of reference of members of parliament to overlap and make contradictory decisions. It would be a nonsense and a procedural abuse to vote in favour of this motion.

Mr. Speaker, I see it is six o'clock and if you wish to interrupt me, I will let you do so.

[*English*]

Mr. Speaker: Order, please. The hon. member for Central Nova (Mr. MacKay) on a point of order.

Mr. MacKay: I rise on a point of order, Mr. Speaker. I presume we will be continuing with this tomorrow, so I should like to call it six o'clock.

Mr. Speaker: Order, please. It has already been called six o'clock. That is no problem. The speaker who just had the floor called it six o'clock and, even if he had not, it is still six o'clock.

The hon. member for Central Nova has raised a point of order which I was going to inform the House about in any event. We have found ourselves in a situation which resembles the disposition of motions pursuant to Standing Order 43, prior to the question period. It resembles it only in this sense, that we face a situation we have not faced previously.

We have a motion on the floor at the present time. Proceedings on that motion are automatically interrupted by the ordinary hour of adjournment which has now arrived. I have therefore a choice, it would seem, of how to dispose or deal with this matter on the order paper. One way is to list it under motions, and the other is to list it under government orders pursuant to some of the Standing Orders. I am not clear as to which way it ought to be done and we have no precedents to guide us. It is a motion in the name of the hon. member for Northumberland-Durham (Mr. Lawrence), and it is a privilege motion. I have therefore opted in favour of treating it on the order paper as a motion. That is the way it will appear on the order paper. I do so, however, subject to a point of order which I do not think we should deal with at this hour, because I cannot really expect anybody to be prepared, and certainly we are not prepared to deal with it at this point.

This is my preliminary choice and those are the brief reasons why I have done so. I do so subject to a point of order which can be raised tomorrow before this matter is resumed.

Mr. Lawrence: On a point of order, Mr. Speaker, among the other personal undertakings broken by the President of Privy Council (Mr. MacEachen) before this House was one today in which as he lightly castigated some of us on this side for having no courage. He indicated he was going to table the correspondence, at the same time asking why I did not do it. He knows full well, of course, that under the rules of the House I have no authority to do that. My understanding is that he has not yet tabled that piece of correspondence. I would ask the President of Privy Council to do so. At the same time I would ask the hon. gentleman, as he indicated that there was a very selective taking out of testimony of former commissioner Higgitt, that he also table, if he would please, the complete testimony of former commissioner Higgitt, of October 24 and November 1, 1978. This is referred to in the motion before the House.

● (1802)

Mr. MacEachen: Mr. Speaker, I will be happy to table the letter. It is in my office and if the hon. gentleman would give me a moment, I will be happy to get it.

* * *

MESSAGE FROM THE SENATE

Mr. Speaker: I have the honour to inform the House that a message has been received from the Senate informing this House that the Senate have passed Bill S-7, an act to implement conventions between Canada and the Republic of Korea and Canada and the United Kingdom of Great Britain and Northern Ireland and an agreement between Canada and Jamaica for the avoidance of double taxation with respect to income tax, to which the concurrence of this House is desired.

* * *

PRIVILEGE

MR. LAWRENCE—MINISTERIAL CORRESPONDENCE

The House resumed consideration of the motion of Mr. Lawrence:

That the letter sent by the Solicitor General of the day to the hon. member for Northumberland-Durham on December 4, 1973, and the testimony of former RCMP Commissioner Higgitt on October 24 and November 1, 1978, before the royal commission of inquiry (McDonald commission) concerning the practice of the RCMP in preparing letters for the signature of the Solicitor General, be referred to the Standing Committee on Privileges and Elections for investigation and report.

Hon. Allan J. MacEachen (Deputy Prime Minister and President of Privy Council): Mr. Speaker, as I indicated earlier, I would be pleased to table a copy of the letter from the solicitor general to the hon. member for Northumberland-Durham. The letter is dated December 4, 1973. I am happy to comply with the request and I regret that following the applause which greeted my speech I forgot to table it at that time.

Mr. Speaker: It being six o'clock, this House stands adjourned until tomorrow at two o'clock, pursuant to Standing Order 2(1).

At 6.07 p.m. the House adjourned, without question put, pursuant to Standing Order.

HOUSE OF COMMONS

Thursday, December 7, 1978

The House met at 2 p.m.

• (1407)

ROUTINE PROCEEDINGS

[*English*]

GOVERNOR GENERAL OF CANADA

APPOINTMENT OF EDWARD SCHREYER—RETIREMENT OF JULES LÉGER

Hon. Allan J. MacEachen (Deputy Prime Minister and President of Privy Council): Mr. Speaker, it gives me great pleasure today to advise the House that Her Majesty the Queen, this morning in London, approved the recommendation by the Prime Minister (Mr. Trudeau) that Mr. Edward Schreyer be appointed the next Governor General of Canada.

Some hon. Members: Hear, hear!

Mr. MacEachen: Those of us who have served in the House of Commons for a period of time well remember the vigorous young member who served the interests of his province and region so well during the four years he spent in Ottawa before returning to the west to become premier of Manitoba.

At only 43 years of age, he now takes on the deep national responsibilities of a new office which symbolizes such a vital link between the different parts of Canada and gives evidence of the cultural and linguistic character of the country.

Mr. Schreyer's background itself is almost a manifestation of the Canadianism, if I may use that word, which developed as this land was being settled. He was born during the depression to a Manitoba farm family of German descent. While growing up in the west, he became familiar with German, Polish and Ukrainian and while serving as a member of parliament was quick to take advantage of the opportunity to learn French, a language in which he is now fluent.

Some hon. Members: Hear, hear!

Mr. MacEachen: In his political career, while lending his efforts to improving the conditions of daily life for Canadians generally, he has always had a particular concern and compassion for the native people and those whose opportunities have been limited by factors outside their control.

Mr. Speaker, Mr. Schreyer has a feeling for all of Canada and possesses qualities which I am sure will bring the same sense of understanding and excellence to this high position as was possessed by his predecessors.

Finally, Mr. Speaker, to his Excellency the Right Hon. Jules Léger, and Madame Léger, we would offer our deep gratitude and affection for their warm and enthusiastic contribution to our country and its unity.

Some hon. Members: Hear, hear!

Mr. MacEachen: The word "distinguished" is the exact description of their performance, and I think all members would wish to salute their courage and dedication in the past five years. We extend to them our best wishes for many more happy years together.

Some hon. Members: Hear, hear!

Mr. Joe Clark (Leader of the Opposition): Mr. Speaker, I am pleased to receive, as I am sure the House is, the announcement by the Deputy Prime Minister (Mr. MacEachen) of the approval of Her Majesty, this morning, of the recommendation by the Prime Minister for the appointment of Mr. Schreyer as next Governor General of Canada. I am sure he will do a good job in that role, and on behalf of my colleagues I want to wish him well.

[*Translation*]

Mr. Speaker, I also wish to pay a tribute to Madame Léger and the Governor General for the services they have rendered to Canadians during difficult times.

[*English*]

Mr. Edward Broadbent (Oshawa-Whitby): Mr. Speaker, I think hon. members will understand why I am particularly pleased to congratulate our new Governor General and, if I may say so in this context, the Government of Canada for its very wise selection.

As the Deputy Prime Minister (Mr. MacEachen) has already indicated, Edward Schreyer—a man we know well as Ed—served not only in a distinguished way in this House for a number of years, but in an equally distinguished way performed his responsibilities as premier of the province of Manitoba.

As has already been indicated, I think it is very important at this particular point in our history that we have a Governor General who not only speaks our two official languages but who is, himself, not of either English or French ancestry but comes from that broader, third dimension in Canadian history which is so important to our past and will be so important to our future.

Some hon. Members: Hear, hear!

Mr. Broadbent: I should only add that the personal qualities of integrity and commitment to the common good in Ed Schreyer will be a continuation of the tradition that has been firmly established by his predecessors, notably by the Right Hon. Jules Léger, the man he will replace in this important task for our country.

Some hon. Members: Hear, hear!

[*Translation*]

Mr. Léonel Beaudoin (Richmond): Mr. Speaker, I join the two previous speakers to praise Mr. Schreyer. Members of the Social Credit Party of Canada are quite pleased with that appointment, because Mr. Schreyer served in the House for four years and throughout that period he was constantly the champion of the humbler classes and the average man. He was also the defender of both official languages and I am sure he will continue to be as Governor General of Canada. Before concluding, we must thank more particularly their Excellencies the Right Hon. and Madame Jules Léger for what they did for Canada during the five years Mr. Léger has served as Governor General.

* * *

● (1412)

[*English*]

RAILWAYS

GOVERNMENT ASSISTANCE TO MAINTAIN NEWFOUNDLAND RAILWAY—MOTION UNDER S.O. 43

Mr. John C. Crosbie (St. John's West): Mr. Speaker, I rise on a matter of urgent and pressing necessity under the provisions of Standing Order 43.

In view of the enthusiastic and determined public meeting of 700 Newfoundlanders, held at St. John's Tuesday evening, including the MPs for St. John's West and Gander-Twillingate (Mr. Baker), five cabinet ministers of the government of Newfoundland, and some 20 members of the House of Assembly of Newfoundland representing all parties, representatives of the NDP and of the Newfoundland Federation of Labour and the St. John's city council, all of whom resolved unanimously that the Newfoundland railway continue in full operation, supported directly by funds from the Government of Canada and with new and invigorated management, and in view of the commitment contained in a telex message from the Secretary of State for External Affairs (Mr. Jamieson) that the government will grant direct financial support for the continued operation of the railway, I move, seconded by the hon. member for St. John's East (Mr. McGrath):

That the government pay all rigorously audited and proven losses of the Newfoundland railway each year and provide necessary capital expenditures and that the government instal active and aggressive business management dedicated to attracting business and competing, so that the jobs of several thousand Newfoundlanders and the rail mode of transportation in Newfoundland be maintained and strengthened.

[Mr. Broadbent.]

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

Some hon. Members: Agreed.

Some hon. Members: No.

* * *

IMMIGRATION

ENTRY INTO CANADA OF LANTOS FAMILY FROM HUNGARY—MOTION UNDER S.O. 43

Mr. Tom Cossitt (Leeds): Mr. Speaker, I rise on a matter of urgency and necessity concerning three Hungarian refugees, presently in Austria, with relatives in my constituency, namely, Ignac Lantos, Sr. and his sons, Ignac Lantos, Jr., and Laszlo Lantos. In so doing, I would sincerely like to compliment the Minister of Employment and Immigration (Mr. Cullen) for the interest he has taken in this case and the telexes he has sent to Vienna in an effort to facilitate their entry into Canada, but at the same time strongly criticize Canadian bureaucrats in Vienna who are moving slower than the pace of a turtle in dealing with ministerial instructions.

I would move, seconded by the hon. member for Moose Jaw (Mr. Neil):

That in view of the dire straits in which this refugee family finds itself, in view of the fact that Canadian relatives have guaranteed to sponsor them financially in every way, and in view of the fact that Hungarian authorities are trying to entice them back over the border where they would be in severe danger, that the House appeals to the Minister of Immigration to issue an immediate ministerial order permitting entry to Canada of the Lantos family, thus enabling them to finally join in safety their relatives Mr. and Mrs. Larry Sherman of Brockville, Ontario.

Mr. Speaker: The introduction of such a motion would require the unanimous consent of the House. Is there unanimous consent?

Some hon. Members: Agreed.

Some hon. Members: No.

* * *

CANADIAN PACIFIC RAILWAY

REQUEST CORPORATION PROVIDE ADEQUATE FACILITIES FOR MOVEMENT OF FREIGHT—MOTION UNDER S.O. 43

Mr. Les Benjamin (Regina-Lake Centre): Mr. Speaker, I rise, under the provisions of Standing Order 43, on a matter that is not only urgent and pressing but is some 90 years old.

In view of the fact that CP Limited has used money earned from gifts by the Canadian people to expand Marathon Realty, in the United States, and to purchase Baker Commodities of Los Angeles, Syracuse China of Syracuse, N.Y., and Amtel Inc. of Providence, Rhode Island, but refuses to invest in new and repaired railway cars to move grain and other commodities, and since the situation is now so bad that the

Canadian Wheat Board, in a desperate, last resort effort, called for tenders for 2,000 hopper cars at the farmers' expense, I move, seconded by the hon. member for Yorkton-Melville (Mr. Nystrom):

That this House request the government to have the Canadian Transport Commission enforce section 262 of the Railway Act, namely, to require the CPR to 'furnish adequate and suitable accommodation for the carrying, unloading and delivering of all such traffic.'

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

Some hon. Members: Agreed.

Some hon. Members: No.

* * *

[*Translation*]

BILINGUALISM

USE OF FRENCH LANGUAGE IN TRAINING COURSES FOR QUEBEC AIR TRAFFIC CONTROLLERS—MOTION UNDER S.O. 43

Mr. Léonel Beaudoin (Richmond): Mr. Speaker, pursuant to Standing Order 43, I seek the unanimous consent of the House to move a motion of vital importance for all French Canadians and the future of our country.

In view of the fact that this government has always claimed to be in favour of a just society; considering the alarming and unacceptable discrimination which was denounced recently by 16 Quebec students who are undergoing training as air traffic controllers in Cornwall with the consent of the Department of Transport, and that such discrimination runs contrary to any concept of national harmony, I move, seconded by the hon. member for Lotbinière (Mr. Janelle):

That the House urgently appoint a parliamentary commission to carry out an on-site investigation and make recommendations to hon. members as soon as possible, so as to put an end to this national scandal.

Mr. Speaker: Order, please. The House has heard the hon. member's motion. Pursuant to Standing Order 43, this motion requires the unanimous consent of the House. Is there unanimous consent?

Some hon. Members: Agreed.

Some hon. Members: No.

• (1417)

[*English*]

CANADA LABOUR CODE

PERMANENT HOURS OF WORK EXEMPTION FOR COUNTRY ELEVATOR AGENTS—MOTION UNDER S.O. 43

Mr. Gordon Ritchie (Dauphin): Mr. Speaker, I rise, under the terms of Standing Order 43, on a matter of urgent national importance.

In view of the early lapse, on January 1 next year, of the temporary exemption of country elevator agents from the hours of work regulations, I would move, seconded by the hon. member for Swift Current-Maple Creek (Mr. Hamilton):

That the Minister of Labour make permanent the hours of work exemption under the Labour Code and thus remove this potentially serious impediment to the movement of grain.

Mr. Speaker: In accordance with the terms of the Standing Order, unanimous consent is required before such a motion can be presented. Is there unanimous consent?

Some hon. Members: Agreed.

Some hon. Members: No.

* * *

FORESTRY

TASK FORCE REVIEW ON FUTURE OF CANADIAN FORESTRY SERVICE—MOTION UNDER S.O. 43

Mr. F. Oberle (Prince George-Peace River): Mr. Speaker, I rise, under Standing Order 43, to present a motion regarding the crucial importance of the Canadian Forestry Service to the forest industry in our country, on which a million Canadians rely for their jobs and which is our most important export earner. I ask leave to move, seconded by the hon. member for Timiskaming (Mr. Peters):

That the Minister of State for the Environment be required to implement a resolution passed on December 6, 1978, by members of the Canadian Institute of Forestry, and presented to him today, providing for the immediate establishment of a task force to review and make recommendations about the future of the Canadian Forestry Service and the federal contribution to forestry in Canada; that the members of the task force be representative of the forest industry, labour unions, the provincial forest services, the universities, the Canadian Institute of Forestry and the Canadian Forestry Service; and that the task force should be as representative as possible of the geographical regions of Canada; that this task force be established immediately and submit its report, with recommendations, before April 1, 1979; and that pending the submission of this paper, the recently announced cutbacks in the Canadian Forestry Service be deferred.

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

Some hon. Members: Agreed.

Some hon. Members: No.

S.O. 43

HOUSE OF COMMONS

USE OF AIR PASS BY SECRETARY OF STATE—MOTION UNDER S.O. 43

Mr. Cyril Symes (Sault Ste. Marie): Mr. Speaker, I would like to move a motion under the provisions of Standing Order 43.

In light of news reports that the Secretary of State and his wife may accept a free CP Air flight to the Far East, valued at $6,000, and will use the occasion to study cultural policy and freedom of information matters, I move, seconded by the hon. member for Brant (Mr. Blackburn):

That this House request the minister to make a statement on motions upon his return outlining what new ideas he has learned about freedom of information from such model democracies as Burma, Vietnam, Cambodia and Laos.

Some hon. Members: Oh, oh!

* * *

FINANCE

RIGHT TO DRAW ANNUITIES ON P.R.S.Ps—MOTION UNDER S.O. 43

Mr. Bob Corbett (Fundy-Royal): Mr. Speaker, pursuant to Standing Order 43 and due to the fact that a provision in the budget bill of April, 1978, prohibits persons under 60 years of age who are disabled, or otherwise physically unable to support their families, from drawing an annuity from their registered retirement savings program to which they may have contributed for several years, I would move, seconded by the hon. member for Halifax-East Hants (Mr. Crosby):

That this House do instruct the Minister of Finance to so amend the budget bill to restore to people who are under the age of 60 who are disabled, or otherwise physically unable to support their families, the right to draw an annuity from their registered retirement savings programs to which they might have contributed for years, so that these unfortunate people may look after and raise their families without being a liability to society.

Mr. Speaker: Presentation of such a motion would require the unanimous consent of the House. Is there unanimous consent?

Some hon. Members: Agreed.

Some hon. Members: No.

* * *

● (1422)

GOVERNOR GENERAL OF CANADA

MOTION UNDER S.O. 43

Mr. S. Victor Railton (Welland): Mr. Speaker, I rise under the provisions of Standing Order 43. I move, seconded by the hon. member for Drummond (Mr. Pinard):

That this House extends its sincere appreciation and best wishes to Their Excellencies, the Governor General and Mrs. Jules Léger, for their devoted service to Canada and all Canadians for the past five years, and that this House congratulates—

[Mr. Speaker.]

Mr. Speaker: Order, please. I do not want to interrupt the hon. member or put him in an awkward situation, but I think he will recognize that I have consistently rejected the use of Standing Order 43 for this kind of purpose.

Furthermore, the hon. member must surely recognize that the spirit of his resolution has already been entirely accepted by the House through the remarks which have been made. I put them, as a matter of priority, before any other business today, to announce the appointment of the new Governor General and to wish him well, and also to extend on behalf of all parties the congratulations of the House to the new incumbent and, of course, the present incumbent of that office.

* * *

AIR CANADA

CALL FOR REINSTATEMENT OF FLIGHT 562 TO MONCTON, N.B.—MOTION UNDER S.O. 43

Mr. Leonard C. Jones (Moncton): Mr. Speaker, I seek the unanimous consent of the House to move a motion of urgent and pressing necessity under the provisions of Standing Order 43.

Whereas the greater Moncton area of New Brunswick is a large distribution centre; whereas in order to retain employment and an effective distribution system it is necessary to maintain expeditious transportation services for freight, cargo, mail and passengers in and out of the Moncton area by air, rail and highway; whereas Air Canada has just discontinued an absolutely necessary cargo and freight services to southern New Brunswick, flight No. 562, which operates regularly into Moncton in the early hours of the morning; and whereas this decision will have a very damaging and deteriorating effect on the economy, I move, seconded by the hon. member for Carleton-Charlotte (Mr. McCain):

That the Minister of Transport and Air Canada be directed to reinstate immediately this special cargo and freight service, flight No. 562, to Moncton, as well as to improve passenger scheduling and service.

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

Some hon. Members: Agreed.

Some hon. Members: No.

Mr. Speaker: I hope the House will agree that the oral question period should continue until ten minutes past three.

ORAL QUESTION PERIOD

[*English*]

ECONOMIC DEVELOPMENT

IMBALANCE IN CURRENT ACCOUNT DEFICIT

Mr. Sinclair Stevens (York-Simcoe): Mr. Speaker, my question is for the intended President of the Board of Economic Development Ministers, the virtually supreme economic commander in the cabinet. It touches on the current account deficit of this nation which was disclosed yesterday, of $1.3 billion, our highest quarterly deficit as far as current account is concerned.

This means that there has been a deficit of over $17 billion run up by the government, in our foreign position, since 1973, the worst such record of any major industrial nation in OECD. Would the intended minister indicate what steps he has in mind to try to correct this serious imbalance in our current account deficit with the rest of the world?

Hon. Robert K. Andras (President of the Board of Economic Development Ministers): Mr. Speaker, I doubt if I will be able to give answers on a daily basis on what is obviously a medium and long-term problem to be solved.

I think the generality of my responsibilities and the responsibilities of the proposed Board of Economic Development Ministers will be detailed when we can find House time to bring forward for debate the resolution which is already before hon. members in terms of being public. However, the debate will probably be scheduled on the return of the Prime Minister some time next week, at which time the general functions of this board will be made clear to the House.

Mr. Stevens: Mr. Speaker, my supplementary question is to the same minister, the would-be economic czar in Canada. The $17 billion cumulative current account deficit since 1973 to which I have referred represents an interest cost flowing out of the country, which is required to finance that type of deficit, of $1.5 billion.

Has the intended minister any plans to work with the government, with industry and with other groups to stem the outflow and, most importantly, the interest deficit we are accruing as a result of covering the deficit by the funding to which I have referred?

Mr. Andras: Mr. Speaker, the hon. member knows very well that the balance on our merchandise trade account is encouraging to all of us. He knows the other problems to which he referred are long-term. Indeed, I will not spin-off an answer to a question in the question period on the kind of long-term, medium-term solution which we will endeavour to find, because it would be absolutely ridiculous to suggest that there is a short-phase panacea answer to these kinds of questions that has any real validity.

• (1427)

Mr. Stevens: Mr. Speaker, I have another question for the minister. In view of the fact that great uncertainty has been brought into the marketplace concerning the government's attitude to our floating dollar—which is again under pressure today; it is brushing 85 cents—would the minister, who hovers over all the other economic ministers, indicate whether we are going to have a pegged dollar, as suggested by the chairman of the Standing Committee on Finance, Trade and Economic Affairs, or does he support the Minister of Finance in floating the dollar, notwithstanding the fact that the government is spending hundreds of millions of dollars a month doing exactly what government members have said they are not doing?

Mr. Andras: The Minister of Finance clearly speaks for the government on that kind of question, which is in the area of economic policy, and he has given his answers to the House on many occasions. I doubt very much if he would have given a different answer today if the question had been addressed to him. I will note the question and refer it to the minister to see if he wants to elaborate further on another occasion.

* * *

TOURISM

PREDICTIONS RESPECTING BALANCING OF TOURISM BUDGET

Mr. John C. Crosbie (St. John's West): Mr. Speaker, my question is for the Minister of Industry, Trade and Commerce: it is in connection with the deficit in the current account balance of payments.

With respect to the figures on tourism for the first three-quarters of 1978, our cumulative deficit is $1,387 million, the worst in our history. Last year, for the first three-quarters, it was $1,314 million, and the deficit in the tourism account for the first three-quarters of 1976 was $898 million. On February 26 of this year, when speaking at the Liberal party convention in Ottawa, the minister stated that Canada should come "awfully close" to balancing its tourism budget this year, after two years deficit.

My question is this: does the minister expect that there will be a surplus in the tourism account for the last quarter of this year of at least $1,300 million, so we will be "awfully close" to balancing our tourism budget; or does he agree with me that his predictions should be extinct, just like the great auk and the Newfie Bullet?

Hon. Jack H. Horner (Minister of Industry, Trade and Commerce): I do not know whether the Newfie Bullet should or should not be extinct, but I like to think it could provide a tourist attraction if more members of the hon. member's former government supported it.

With regard to the tourist deficit, if one looked at the figures for the past three years one would see that the growth in that deficit has definitely declined.

Some hon. Members: Oh, oh!

Some hon. Members: Hear, hear!

Mr. Horner: The Leader of the Opposition taps his desk and says, "Isn't it terrible that nobody wants to listen to me today?" I could play the game, too, with all the laughter and merriment on that side of the House.

Some hon. Members: Oh, oh!

Some hon. Members: Hear, hear!

Mr. Crosbie: Mr. Speaker, I did not want to embarrass the hon. gentleman. I am sorry he has become crotchety because of my question. The deficit in the first three-quarters of this year was $63 million more than in the first three-quarters of last year, so I do not see how it can be declining.

My supplementary question to the minister is this: on June 10, the minister said, as reported by Canadian Press, that he would recommend to cabinet a package of promotional measures designed to reduce the lag in tourism and keep travelling Canadians at home. Perhaps handcuffs and leg-irons might do the trick.

Some hon. Members: Oh, oh!

Mr. Crosbie: He said he was waiting for the recommendations of the special committee, which reported to the minister on August 30. My question is this—

Some hon. Members: Oh, oh!

Mr. Crosbie: You do not like it, I know, but my question is this: has the minister now made his recommendations to the cabinet, and when will his promotional measures be announced which will correct this tourism deficit, this lag which we came "awfully close" to conquering in the first three-quarters of this year?

Mr. Horner: I do not know where the hon. member has been for the past year, but everybody in Canada knows that we have made great strides in convincing Canadians to travel across Canada. Every travel agent in Canada knows—

Some hon. Members: Hear, hear!

Mr. Horner: —and every one of my counterparts, every minister of tourism in the provinces, knows that in fact the Atlantic provinces and western Canada have benefited a great deal from the additional charter flights and the low-cost travel by rail that was brought into being by myself and announced last February.

Newfoundland, in particular, benefited a great deal because of the additional 314 charter flights which were made available to Canadians to travel within Canada this past year. We hope to upgrade them. We hope to have better co-operation from some of the major airlines. They have co-operated, but they have assured me that they will co-operate in an even better way next year.

[Mr. Horner.]

• (1432)

POST OFFICE

CANCELLATION OF NEXT-DAY DELIVERY SERVICE

Mr. Edward Broadbent (Oshawa-Whitby): Mr. Speaker, the more Canadians travel around and see the country, the less popular Liberals become: perhaps there is some connection.

Some hon. Members: Hear, hear!

Mr. Broadbent: My question is directed to the Postmaster General: it concerns a report on the Post Office which appeared in today's press, concerning the assured next-day delivery service. According to this report, not only has this assured next-day delivery service been cancelled, but it has not been in existence for more than 18 months and Canadians have not been told about it.

Is it true that the assured next-day delivery service is not functioning, according to the minister's own departmental officials? If it is true, why were Canadians not told that the program was officially cancelled?

Hon. J. Gilles Lamontagne (Postmaster General): Mr. Speaker, it is simply because Post Office people are very realistic about the service they can provide. Some time ago, when we did not have the same volume, when we did not have the same difficulties with transportation and all that, we guaranteed 24-hour delivery. Due to increased volume and various matters, we now know that we cannot give 24-hour service in all cases. Instead of lying to the people, we say that we will pick it up unconditionally. In many ways we can provide 24-hour delivery, but in certain circumstances we cannot.

Mr. Broadbent: Mr. Speaker, the Postmaster General has not dealt with the question of the deception involved in this. As the minister knows, on the mailboxes which are within a couple of hundred yards of this building, Canadians are urged to make a distinction and wrap their bundles of mail in different ways, with the expectation that within 24 hours, if they mail at certain times, it will be delivered elsewhere in Canada.

Will the minister tell the House why Canadians were not told 18 months ago, when the program was cancelled, that it was cancelled?

Mr. Lamontagne: Mr. Speaker, this program has not been cancelled; it is just phasing out.

Some hon. Members: Oh, oh!

Mr. Lamontagne: It is.

Some hon. Members: Oh, oh!

Mr. Clark: The Gong Show.

Mr. Lamontagne: May I explain why it is phasing out?

Mr. Hopkins: The Tories are phasing out.

Mr. Lamontagne: It is phasing out because for some time we had double mailboxes: one was for regional mail and the other was for local mail. Now that some of our plants have been automated, we do not need the double mailboxes. Being automated, the selection is done very rapidly at the plant. In localities where the mail is hand-sorted, there are still two boxes. There is nothing funny about phasing out a service which we do not require any more because of automation.

Mr. Broadbent: Mr. Speaker, the program is not cancelled: it is just like the government, dying on its feet.

An hon. Member: Right on.

Mr. Broadbent: The minister said that in some parts of the country, apparently, it is still being continued. Considering that the inventor of the automated postal system—which I understand was reponsible for the complications—very recently admitted publicly that the entire system has not worked, has caused delays in the delivery of mail and has created labour problems of immense proportions, why does the government not recognize reality and cancel all the mechanical changes which have been a misapplication of technological change on a grand scale?

Mr. Lamontagne: Mr. Speaker, the hon. member should get his information straight concerning the inventor. He means Mr. Porter. I know very well what was written in the newspapers. He wrote a letter to me, which I can table if the hon. member wishes, excusing himself: he said that he was misquoted, he overreacted, and that he was involved in the Post Office 25 years ago. He excused himself for saying some things that were not completely true.

* * *

[*Translation*]

BILINGUALISM

USE OF FRENCH LANGUAGE IN TRAINING COURSES FOR QUEBEC AIR TRAFFIC CONTROLLERS

Mr. Léonel Beaudoin (Richmond): Mr. Speaker, I should like to direct a question to the Minister of Transport.

Since the Transport Canada training institute at Cornwall has decided to give courses and exams only in English, which is most unfair for the 16 Quebec student controllers in training at the institute, and since that will certainly not help improve the Canadian linguistic situation, I ask the Minister of Transport whether or not he is aware of that state of affairs and what he intends to do to have things change.

[*English*]

Hon. Otto E. Lang (Minister of Transport): Mr. Speaker, on the general question of examinations, of course, it is obvious that air traffic controllers will have to work in English as well as French in those areas where working in both languages is involved. However, the more serious question was referred to by the hon. member in preliminary remarks on his motion under Standing Order 43.

Simply, I should like to say that I have seen indications, through the press, of certain suggestions of bias or unfairness. Obviously, that cannot be treated lightly or disregarded. But on the other hand, it would be unfair to all kinds of people to assume there was truth in the allegations until there had been a chance to investigate and to obtain the facts. That investigation is now ongoing. As soon as I have any information, I will be glad to tell the hon. member.

[*Translation*]

INQUIRY AS TO MEASURES MINISTER WILL TAKE TO CORRECT SITUATION

Mr. Léonel Beaudoin (Richmond): Mr. Speaker, the minister has just told us the courses should be bilingual. Can he then tell us first of all whether he will see to it that this matter is taken care of for, to my mind, it is most discriminatory against French Canadians and secondly, whether he will ask that courses and exams are bilingual at the air controller institute?

[*English*]

Hon. Otto E. Lang (Minister of Transport): Mr. Speaker, I think the question about examinations may depend somewhat on the subject, the entire nature of the course and the program. I will also attempt to obtain more detail for the hon. member on that matter.

* * *

LOTO CANADA

PURCHASING ARRANGEMENTS FOR LOTO SELECT PROGRAM

Mr. Perrin Beatty (Wellington-Grey-Dufferin-Waterloo): Mr. Speaker, my question is directed to the Minister of State for Fitness and Amateur Sport: it relates to the government's ill-fated Loto Select program.

Three times yesterday my leader asked the minister if she would tell the House what involvement, if any, other departments or agencies of government had in negotiating for or arranging the purchasing for the government's Loto Select program, and three times he received no answer. I wonder whether today the minister will tell the House what involvement, if any, other departments or agencies of the government had in this particular program.

Hon. Iona Campagnolo (Minister of State (Fitness and Amateur Sport)): Mr. Speaker, that was not the question asked by the hon. Leader of the Opposition yesterday. I think the hon. Leader of the Opposition was questioning the functions of Crown corporations. In answering the question of the hon. member for Peel-Grey-Dufferin, or whatever it is—

Miss MacDonald: It is in Ontario.

Mrs. Campagnolo: —first of all, I should like to apologize to him for endowing him with a lawyer's degree, which I understand he does not have.

Some hon. Members: Hear, hear!

Mrs. Campagnolo: Second, the lottery corporation, Loto Canada, was in contact with the Department of Supply and Services with regard to the letting of the contract to General Instruments, to make sure the contract was in all respects properly compiled with respect to the Government of Canada.

Mr. Beatty: Mr. Speaker, yesterday, in response to my question about whether there was a cancellation clause included in this particular contract, the minister refused to answer on the ground that there was a secrecy clause which prevented her from so doing. What was the reason for the inclusion in that contract of a secrecy clause which forbids Canadians knowing the provisions of the contract for $23 million to provide computer services?

● (1442)

Mrs. Campagnolo: Mr. Speaker, the hon. member's question is really a repetition of the question asked yesterday. When the contract is completed, and when General Instruments have reached an end to negotiations with Loto Canada, as I have said, I will be pleased to table in the House of Commons the information which will provide the answers the hon. member is looking for.

Mr. Beatty: Mr. Speaker, it is clear that this minister is not prepared to disclose to parliament why the secrecy clause was included; therefore, I would like to address my supplementary to the Minister of Supply and Services.

In view of the fact that his department was partly responsible for negotiating this costly contract, will he tell the House what possible justification there could be for the inclusion in the contract of a secrecy clause which denies Canadians the right to know the provisions of that $23 million contract, including whether or not there is a cancellation clause in it?

[*Translation*]

Hon. Pierre De Bané (Minister of Supply and Services): Mr. Speaker, on several occasions since the Loto Select file was opened my department has been involved in various aspects and stages of the issue; further, when we started negotiations with the General Instrument Corporation, they refused to give us specific details on the unit cost because of its—

[*English*]

—pricing strategy and its price in competition with other firms. What we did succeed in obtaining, though, is what we call the best price for the best customers. I have been convinced by officials in my department who have looked at the last transaction and other lotos which have been concluded by some states in the United States that we did obtain the best prices.

[Miss MacDonald.]

As the Minister of State (Fitness and Amateur Sport) has said, we have not yet wrapped up everything, but I can assure the House that after everything is settled, in order to protect the legal rights of the state I will publish every detail of that transaction.

* * *

FISHERIES

NEWFOUNDLAND—RESOURCE MANAGEMENT PROGRAM

Mr. Lloyd R. Crouse (South Shore): Mr. Speaker, I wish to direct a question to the Minister of Fisheries and the Environment. At the recent federal-provincial conference of first ministers, on the economy, the minister when speaking of fisheries' development said, "they resisted chasing pie in the sky in the sea", which reminded me of a statement made by a former Social Credit leader when he said, "If this issue catches fire, it will snowball all the way across the prairies." The minister also said that the value of the fishing industry depends upon what is done on shore, and that in this area there was little or no action being taken by the provinces in spite of the fact that it came within provincial scope.

In light of the fact that the provincial minister of fisheries for Newfoundland, the hon. Walter Carter, has announced a program of resource management up to 1985 covering harvesting, the development of an inshore, midwater and offshore fleet, plus upgrading the quality of fish and the training of fishermen; in fact, a program that—

Mr. Speaker: Order, please.

Mr. Crouse: I would ask the minister how he can say that no attention is being paid by the provinces to the problems of fishermen, and when can we expect an announcement of federal participation toward the carrying out of the plan announced in Newfoundland?

Hon. Roméo LeBlanc (Minister of Fisheries and the Environment): Mr. Speaker, I wish the hon. member had not taken the pie in the sky example, because I consciously put it in there to bring to the attention of some people a very simple reality, namely, that the 200-mile zone and the oceans, if we take care of them, will help us; but we cannot expect them to support every aspect of the economy. It was one way of underscoring that fact, and I thank the hon. member for helping me to do so.

I also wish the hon. member had read the entire text of what I said at the premiers' conference, because he would find that the message I was trying to get across was that if the provinces—which are generally responsible for what happens to fish on shore—were discharging these responsibilities, then the real wealth of the 200-mile zone would be realized, because that is where the great development will take place.

With regard to the program brought forth by the province of Newfoundland, I think it contains many positive elements and I am happy to see that that government is moving closer

toward the policy I have been advocating and which we published in 1975.

Mr. Crouse: Mr. Speaker, would the minister tell the House if he has examined the primary handling and distribution centre concept put forth by the Newfoundland government following in-depth studies by the Canadian Kellogg Company, which will revolutionize fishing and plant operations on the Avalon Peninsula and the east and northeast coast of Newfoundland and which will put an estimated 4,500 people to work? If so, does the minister agree with it, in light of the high unemployment rate in this area, and will the federal government be participating financially in the development of this plan?

Mr. LeBlanc (Westmorland-Kent): Mr. Speaker, leaving aside rhetoric, I agree with a number of measures contained in the plan, as I have indicated.

There are a couple of areas where I disagree, and I will give the hon. member a few examples. For examples, part of the proposal is based on a large fishmeal operation for capelin. This was probably quite acceptable 1½ years ago, but with the condition of stocks at the present time I have some doubt that it is now feasible.

The other matter is that the plan presupposes that fish would be caught, frozen at sea and then delivered to plants where it would be thawed out, processed and refrozen. The economics of that operation are not yet convincing; in fact, they are so unconvincing that the industry has been very shy about this sort of operation for a number of years. Obviously, this can be examined and weighed against social implications in terms of job creation, etc. This approach should not be considered as the panacea for all the ills of the region.

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[*Translation*]

PENITENTIARIES

IMPLICATIONS OF RECOMMENDATIONS OF HOUSE COMMITTEE PERTAINING TO IDENTIFICATION OF GUARDS AND INMATES

Mr. Jacques Lavoie (Hochelaga): Mr. Speaker, my question is directed to the Solicitor General, to whom I sent notice of my question on November 22, since it is never too late to do things properly. During a visit I made to the Laval maximum security penitentiary I noted that some inmates did not carry identification while only one out of three guards carried some, and this is one of the things recommended by the justice and legal affairs subcommittee. Could the minister tell the House how many of those recommendations have been implemented up to now, how many are left and finally could the latest budget cuts be detrimental to prison security?

Hon. J.-J. Blais (Solicitor General): Mr. Speaker, I would like to thank the hon. member for his question. When I appeared before the parliamentary commission last week I explained what progress we had made as regards implementation of the subcommittee's recommendations. There are 38 recommendations which have been or are about to be implemented, Mr. Speaker, and one of them deals with identification tags for guards and identification cards for prisoners. We have had problems in making sure that guards wear their identification tags, but the recommendations have been accepted and we are putting all our efforts in ensuring that identification requirements are adhered to by both inmates and guards. As for security, I remind the hon. member that one of the main functions of the Canadian Penitentiary Service is the provision of security measures. No budget cut can have the effect of hindering security in the penitentiaries.

* * *

● (1452)

[*English*]

CANADIAN WHEAT BOARD

PURCHASE OF HOPPER CARS BY BOARD

Mr. Les Benjamin (Regina-Lake Centre): Mr. Speaker, I have a question for the Minister of Transport, who is in charge of the Canadian Wheat Board, regarding the Wheat Board's decision to use the money of farmers for the purchase of hopper cars.

There were discussions last Tuesday afternoon at the National Farmers Union convention with officials of the Canadian Wheat Board and the Canadian Grain Commission. Canadian Wheat Board officials said they did not want to buy the cars, but were forced to do so as a last resort in order to protect grain exports and our grain handling capability, because the government and the railroads refused to buy the necessary cars.

In view of the fact that one of the most urgent problems is hopper car supply, and since it is projected that the railroads will continue to phase cars out of grain service at the rate of 1,800 per year for the next several years, will the minister now require the railroads, as requested by the Wheat Board, to purchase 4,000 hopper cars and repair 5,000 boxcars in order to provide suitable facilities for the hauling of grain; and failing that, will the government do it?

Hon. Otto E. Lang (Minister of Transport): Mr. Speaker, the hon. member has asked me to require the railways to do something. It is a request which I am not at all sure I have the power to carry out. My first difficulty, therefore, is that he asks me to do something for which I do not have the necessary legal power.

The fact is that there is a very complicated argument about the number of cars required in 1979 and 1980 to carry grain. It is possible to take a cautious, different attitude with regard to that matter. The CPR has maintained that it has enough cars to carry its share of our projected 23 million tons of grain. I have indicated to them that I have some concern about that conclusion. I am considering the powers of the Canadian

Transport Commission and of myself in relation to it, should it not prove to be a fact. I have done that particularly in the context of their failure to agree to repair additional boxcars, half at our expense and half at theirs.

In the case of the CNR, there was not that measure of disagreement, and the CN had earlier agreed to repair 1,000 boxcars, half at our expense and half at theirs. After the CPR refusal, CN agreed to repair another 1,000 boxcars. We will be entering into an agreement with them in order to pay one-half of that cost as well. The Canadian Wheat Board, wanting to be sure—

Mr. Speaker: Order, please. The hon. member for Regina-Lake Centre on a supplementary.

Mr. Benjamin: Mr. Speaker, in order to help the minister continue his speech, I will ask a supplementary question. In view of the fact that the minister, a former dean of law, has some doubts about his legal capacity, I would refer him to section 262 of the Railway Act.

Since the Canadian Wheat Board urged the purchase of these cars and the repair of another 5,000 cars, as we are told by the minister, supported by the CNR and refused by the CPR, I ask the minister if he will require Canadian Pacific, under the provisions of the Railway Act, to cease investing money in the United States for the purchase of other property and provide suitable and adequate facilities for the movement of traffic in Canada on their railway lines.

Mr. Lang: Mr. Speaker, the hon. member said he was not a lawyer and I recognize that fact. The problem, which I thought I made clear to him, is that as long as a railway can maintain that it has adequate equipment, then some of the powers which may lie under the law in other circumstances do not apply.

I think it is important to recognize that in this case the Canadian Wheat Board take the view that they want to be absolutely sure about having the equipment. That is the basis of their decision. We have the same difficulty with regard to terminal facilities, where terminal companies are cautious about expanding facilities because they like to use what they have to the full before they move to the expansion that the Wheat Board and this government urge upon them.

* * *

CANADA LABOUR CODE

PERMANENT HOURS OF WORK EXEMPTION FOR COUNTRY ELEVATOR AGENTS

Mr. Frank Hamilton (Swift Current-Maple Creek): Mr. Speaker, may I address a question to the Minister of Labour which deals with a contentious issue in western Canada, namely, the hours of work of the country grain elevator agent-managers?

Can the minister announce an exemption, preferably a permanent exemption, from the provisions of part III, relating to hours of work, of the Canada Labour Code for the grain buyers of western Canada?

Hon. Martin O'Connell (Minister of Labour): Mr. Speaker, as the hon. member probably knows, an exemption is now in place and will terminate on February 1, 1979. This question is on my desk. I think we all understand that until some five years ago elevator agents were considered managers. That status was upset by a judgment of the Canada Relations Board on due process. Since then, efforts have been made to work out a suitable hours of work regime for persons now classed as employees and who, therefore, come under the protection of the law as parliament passed it.

I am trying to find a balance between the interests of farmers, particularly at seeding and harvest time who have need for essential elevator services, and people who perhaps work hours well in addition to the normal. I am trying to balance those interests with the interests of persons as employees. I trust a satisfactory method can be found to balance these interests.

Mr. Hamilton (Swift Current-Maple Creek): Mr. Speaker, may I direct a supplementary question to the Minister of Transport, in charge of the Canadian Wheat Board? In view of the understanding he left with the western farm groups this fall, that that exemption would be granted, would he use his good offices to persuade his colleagues to grant a permanent exemption under the act?

Hon. Otto E. Lang (Minister of Transport): Mr. Speaker, I think my colleague just demonstrated his very full grasp of the problem and indicated that he had the matter before him at this time. I am confident of the wisdom of the solution which will emerge.

* * *

CANADIAN WHEAT BOARD

TWO MARKETING SYSTEMS FOR GRAIN

Mr. Jack Murta (Lisgar): Mr. Speaker, may I address a supplementary question to the Minister of Transport, responsible for the Canadian Wheat Board, in an area that concerns the Canadian Wheat Board?

The chief commissioner of the Canadian Wheat Board has been quoted as saying that the two marketing systems, that is, the open market system and the Wheat Board marketing system, cannot operate together, certainly not as they are presently set up. Does the minister agree with the statement of the chief commissioner? Could he inform the House if the Wheat Board, or the government, are giving consideration to changes in the Wheat Board system of marketing in Canada?

Hon. Otto E. Lang (Minister of Transport): Mr. Speaker, I certainly agree that the way the systems were operating in the early part of last autumn made it difficult for them to operate successfully side by side. The end of switching, particularly the kind of switching which was not related to a sale at the

country elevator, however, has gone a long way toward improving that situation.

I believe other things can be done of a minimal nature in trying to improve the system, but I do not see any basis for terminating the general approach of an open policy with regard to feed grains. I have told those who want to terminate it that they should first have an answer to the question we were asking in 1971 and 1972 as to how we could have fair pricing in feed grains across the country. If they come up with another solution to that problem which is superior to the open market system we now have, I would, of course, be happy to consider it.

Mr. Murta: A supplementary question, Mr. Speaker. Are the government or the Canadian Wheat Board giving consideration to ideas being put forward in western Canada to introduce more competition at the elevator level in order to allow any aspect of the elevator companies to have more say in the control of boxcars, for example? This has been suggested by the United Grain Growers and one of the pool organizers. Is this idea being considered, and could the minister comment on whether anything will be done about it?

Mr. Lang: Mr. Speaker, I would say, generally, that the whole question of the control of cars and the maximization of their use is under consideration, both because the consultants will be looking at that aspect and also because it is obviously of vital importance to the whole question of grain movement.

● (1502)

I think that over the years the Wheat Board has tended to give preference to non-board grain, because it was controlling the cars and did not want to appear to be favouring its own grain. With the importance of non-board grains of a variety of types, this becomes a questionable procedure and some alternatives may certainly be required in that regard.

* * *

NARCOTICS

BRITISH COLUMBIA—FINANCIAL ASSISTANCE TO REDUCE HEROIN ABUSE

Mr. John A. Fraser (Vancouver South): Mr. Speaker, my question is to the Minister of National Health and Welfare.

On Friday, my colleague from Fraser Valley East asked the minister whether there were any federal funds available, or about to be made available, to the province of British Columbia to assist in the health entry program, a program for the treatment of heroin addicts. The minister indicated there were not. If that is so, why was it the former minister of justice, the hon. member for Vancouver Centre, stated four weeks ago that there would be money available, and why is it there is a letter to the former minister of justice from the attorney general of the province of British Columbia complaining that the word of the government has been broken in this regard?

Hon. Monique Bégin (Minister of National Health and Welfare): Mr. Speaker, I think that part of the question which has to do with the accountability of my colleague, the former minister of justice, should be asked of him. I do not know what the statement was. I can explain my contribution and responsibility.

As Minister of National Health and Welfare for Canada, responsible for health in Canada and social services, I stated that there is no way in which we can give to one particular province an additional $16 million—which was the original request—when, if I remember correctly, that province is now being given close to $586 million in block funding for health purposes only, plus another amount for social services, which it can apply to any new hospital facilities it wishes to develop for the treatment of drug addicts.

Under what is really left to the federal government, namely, experimental development, I have offered to the province a special, additional fourth year extension of the program called Alternatives. That is what I referred to last Friday in this House.

Mr. Fraser: Under the circumstances, Mr. Speaker, I will direct my supplementary question to the Deputy Prime Minister. Reports and information have been received that a commitment was made by the former minister of justice that there would be funds, not for the government's Alternatives program but for this particular program which British Columbia is launching because British Columbia has the largest number of heroin addicts in the country; consequently, it has incurred greater cost in dealing with them.

I ask the Deputy Prime Minister whether the government, through the former minister, made a commitment, or did the government not make a commitment? I understand perfectly the problems of the Minister of National Health and Welfare; however, I think the people of British Columbia are entitled to know whether a commitment was made or not.

Hon. Allan J. MacEachen (Deputy Prime Minister and President of Privy Council): As far as I am concerned, Mr. Speaker, the situation is quite clear. The Minister of National Health and Welfare speaks for the government with respect to matters within her portfolio. She has already indicated the position with respect to her responsibility.

Mr. Fraser: With the greatest respect, Mr. Speaker, the question directed to the Minister of National Health and Welfare was not adequately answered; that is why it is now being put to the government.

The question remains, did a former minister of this government make a commitment to the province of British Columbia to assist, or did he not? Surely that is a question the Deputy Prime Minister can answer. That is the allegation; that is the suggestion; that is the information I have obtained. Surely the Deputy Prime Minister can give an answer to that question. I do not want to hear anything more from the Minister of National Health and Welfare, because she does not have an answer.

Miss Bégin: Mr. Speaker, I would like to add to the obviously incomplete answer that I gave earlier. The first request from the government of British Columbia came to me, as Minister of National Health and Welfare of this country. It was for $16 million. The British Columbia government, which split on that issue, finally decided to have a program costing only $4 million. It is still split on this issue.

I have said there is no way in which a particular province is going to use one particular disease or special circumstance, such as having more drug addicts in the province, to ask for more money, because each province has particular circumstances of one sort or another which are covered under the very generous block funding agreement on the health side.

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[*Translation*]

OFFICIAL LANGUAGES

RESPONSIBILITY OF PROVINCES FOR FEDERAL FUNDS USED FOR TEACHING OFFICIAL LANGUAGES

Mr. Jean-Robert Gauthier (Ottawa-Vanier): Mr. Speaker, my question is directed to the Secretary of State and it deals with federal-provincial agreements on financing to support the teaching of the country's official languages.

Since this question has been raised on numerous occasions by myself and other hon. members, I would like to know if the provinces will be made accountable for the federal money used to teach the official languages. As these agreements will be terminated in March, 1979, can the Secretary of State tell us when the negotiations on that matter will begin and if he intends to demand that the provinces be accountable for all federal funds spent for teaching our official languages?

Hon. John Roberts (Secretary of State): Mr. Speaker, the negotiations to renew these agreements with the provinces will start early next week.

[*English*]

Obviously the House would not expect me to lay out in detail what it is we would be suggesting. I want to assure hon. members that the government does not intend to diminish its efforts in this area. We are concerned about having greater accountability, greater reporting, and success in meeting the objectives of the agreement. We will be proposing a rather strong shift away from the present emphasis on formula payments, to the non-formula side. I think that is about all I can say as to the position we will be taking at the conference.

[Mr. Fraser.]

NARCOTICS

BRITISH COLUMBIA—FINANCIAL ASSISTANCE TO REDUCE HEROIN ABUSE

Mr. Joe Clark (Leader of the Opposition): Mr. Speaker, I will direct my question to the Deputy Prime Minister, since it deals with the obligation of the government to keep its word.

Was a commitment made by a former senior member of this government to the province of British Columbia with regard to the heroin addiction program? Is it the intention of the government to keep the word of that former senior minister? If the Deputy Prime Minister does not know, will he give us an undertaking to find out all the details? Also, will he tell us whether it is a matter of policy of this government to keep the word given by senior ministers to provinces such as British Columbia on questions of this kind?

Hon. Allan J. MacEachen (Deputy Prime Minister and President of Privy Council): Mr. Speaker, I think the Leader of the Opposition realizes that the Minister of National Health and Welfare is the minister speaking on behalf of the government with respect to such a program.

If, indeed, a commitment had been given by any member of the government, carrying the authority of the government, it would be known and supported by the Minister of National Health and Welfare. I can understand that the former minister of justice, as a minister from the province of British Columbia, might have exhibited, as I do on many occasions with respect to my province, a sympathetic and forthcoming attitude to support particular projects. However, it does not constitute, and ought not to be taken as, a commitment on the part of any minister when such a sympathetic attitude is put forward. Policy with regard to departmental responsibilities is obviously expressed by the minister who has the statutory responsibility for these programs. In this case, it is the Minister of National Health and Welfare.

Mr. Clark: Just to be clear on this, Mr. Speaker, is the Deputy Prime Minister saying that when the former minister of justice made that commitment on behalf of the Government of Canada, he was not speaking on behalf of the Government of Canada?

Mr. MacEachen: The Leader of the Opposition asked whether there was a commitment. Now he has stated there was a commitment. He ought not to ask questions on matters about which he has already informed himself.

Some hon. Members: Hear, hear!

Some hon. Members: Oh, oh!

• (1512)

BUSINESS OF THE HOUSE

Mr. Speaker: I have received three notices with respect to questions of privilege, but I am conscious of the fact that we are in the process of debating a question of privilege at the present time, and I really do not see any way in which I can interrupt one question of privilege to take into account another.

Yesterday, although there was some doubt about the status of the matter we were debating, I indicated that my disposition was to consider the matter as a motion and that it ought to remain as a motion, and that therefore, when we reached routine proceedings today, we would resume debate on that matter. I cannot see how other matters can be dealt with until we get to that point. However, there are items under routine proceedings, called normally every day, which bring us to the consideration of motions, and we ought to go through those steps.

There is a difficulty about the reporting of the decision I made yesterday, with regard to which I shall have something to say to the House a little later. For the moment, I would call those items under routine proceedings which will take us into further discussion of the motion in the name of the hon. member for Northumberland-Durham (Mr. Lawrence).

ROUTINE PROCEEDINGS

[*Translation*]

POST OFFICE

TABLING OF LETTER FROM MR. PORTER

Hon. J. Gilles Lamontagne (Postmaster General): Mr. Speaker, as regards the question put by the hon. member for Oshawa-Whitby (Mr. Broadbent), I mentioned that I was going to table a letter to complete his information, considering that without this additional information the question might raise confusion or be subject to a wrong interpretation.

That is why I will be pleased, Mr. Speaker, to table Mr. Porter's letter which clearly defines his position as regards the Post Office.

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INTERNATIONAL TAX AGREEMENTS

MEASURE TO IMPLEMENT

Hon. Jean Chrétien (Minister of Finance) moved that Bill S-7, to implement conventions between Canada and the Republic of Korea and Canada and the United Kingdom of Great Britain and Northern Ireland and an agreement between Canada and Jamaica for the avoidance of double taxation with respect to income tax, be read the first time.

Motion agreed to and bill read the first time.

* * *

[*English*]

THE PRESS

The Press

GROSSLY AND FUNDAMENTALLY INACCURATE REPORTING OF MR. SPEAKER'S DECISION ALLEGED

Mr. McGrath: On a point of order, Mr. Speaker—

Mr. Speaker: Order. I have indicated I would not interrupt the continuation of the debate on the matter raised by the hon. member for Northumberland-Durham (Mr. Lawrence) by any procedural matter, neither questions of privilege nor points of order which arose during the question period, nor indeed, by reference to any of those three matters of which I have received notice. There is one question of privilege before the House and I think I ought to give it priority over other proceedings of the House at this time.

Having placed the subject on the order paper, under motions, the House should return to the consideration of the debate on the motion of the hon. member for Northumberland-Durham which we were in the process of dealing with yesterday at six o'clock. The Parliamentary Secretary to the President of Privy Council (Mr. Pinard) had the floor at six o'clock and a few minutes were left to him in which to continue the discussion. That will be the situation when I conclude the remarks I want to address to the House in a moment.

The House will know that the subject which was under discussion yesterday, the question of privilege raised by the hon. member for Northumberland-Durham, had one or two rather special features attached to it. I was at great pains to mention one of them, both on November 9 and yesterday: it was a departure from some of our practices in the past where, in circumstances of this sort, attacks had been made directly upon a minister or the government with respect to a communication of this sort.

I do not think it was my function, in reaching a decision, to indicate that in some way, in the course of debate on this question, the government was immune from attack. I certainly did not do that. Neither did I say, nor was I invited to say, by the hon. member for Northumberland-Durham or by others who participated in the discussion, that the hon. member was misled by the government of the day or that he was deliberately misled by the government of the day. As a matter of fact, one of the points that I made was that we were not, as had sometimes been done in the past, holding the minister accountable in this process but that we were going around the minister to deal with this official.

In the contributions which were made to the debate from both sides of the House there were several arguments and submissions that the action complained of was one whereby

the solicitor general of the day may have been deceived. I am carefully trying to avoid coming to conclusions about this, but I think I ought to review the discussion to keep it in context, and that was that the solicitor general of the day may very well have been deceived by the action which was the subject of the complaint by the hon. member for Northumberland-Durham.

I was making the point that by going around the minister to get to an official who may have first of all deceived the minister and, through the minister, deceived the member, and therefore the House, we were embarking upon a procedure which was unique in that respect.

I can therefore only express my shock and dismay when the reporting of that decision seems to indicate that I had somehow found an element which not only was I not asked to find but which, of course, I did not find, and that was that the member had been misled by the government and, in turn, the House had been deliberately misled by the government.

Some hon. Members: Hear, hear!

Mr. Speaker: I want simply to say, not by way of any procedural point, that since we as a parliament are at great pains on both sides of the House to support and maintain a press gallery whose function it is to stay here and observe the proceedings of the House, obviously with a view to examining and reporting accurately and carefully the proceedings of the House, and since that particular decision seemed important enough to attract a large amount of attention to it, it is particularly disturbing that, when it does attract that kind of attention, the reporting of it should be so grossly and fundamentally inaccurate.

Some hon. Members: Hear, hear!

* * *

PRIVILEGE

MR. LAWRENCE—MINISTERIAL CORRESPONDENCE

The House resumed, from Wednesday, December 6, consideration of the motion of Mr. Lawrence:

That the letter sent by the Solicitor General of the day to the hon. member for Northumberland-Durham on December 4, 1973, and the testimony of former RCMP Commissioner Higgitt on October 24 and November 1, 1978, before the royal commission of inquiry (McDonald commission) concerning the practice of the RCMP in preparing letters for the signature of the Solicitor General, be referred to the Standing Committee on Privileges and Elections for investigation and report.

[*Translation*]

Mr. Yvon Pinard (Parliamentary Secretary to President of Privy Council): Mr. Speaker, I want to pursue the points I was making yesterday; I note that following your remarks only members on this side of the House and the New Democratic Party approve. For my final argument, I want to go back to the remarks made by the hon. member for Northumberland-Durham (Mr. Lawrence).

[Mr. Speaker.]

Mr. Speaker: Order, please. The Parliamentary Secretary to the President of Privy Council (Mr. Pinard) has the floor.

• (1522)

Mr. Pinard: Mr. Speaker, here is what the hon. member for Northumberland-Durham said yesterday, speaking of the solicitor general in 1973 who wrote him the letter he wants deferred to the committee, and I quote from page 1860 of *Hansard* for that day:

—he should be given an opportunity in the committee to tell us his side of the question.

I am talking of the then solicitor general. He should be given the opportunity to make known his side of the question in the House, if we are genuinely seeking the truth with regard to this matter without partisan consideration. On that ground alone members who support the government should examine their consciences as they vote on this motion this afternoon.

Mr. Speaker, that type of statement and insinuation is really irresponsible on the part of any hon. member who would be honourable and courageous to any degree. Mr. Speaker, the hon. member for Northumberland-Durham was here in the House when, on November 3 last, I had occasion to quote excerpts from the testimony of the solicitor general in 1973 (Mr. Allmand) before the Keable commission in Quebec on February 15, 1978, and I can only refer you to *Hansard* for November 3, 1978, on page 786, where I quote the replies of the then solicitor general who unequivocally and categorically denied that he was aware that the RCMP opened mail, contrary to the allegation contained in the letter written to the hon. member for Northumberland-Durham. The hon. member who presented a motion of privilege yesterday, when he asked that the former solicitor general appear before a committee of the House, knew full well that the then solicitor general had made known his position on the matter, and that, unequivocally. I therefore submit with all due respect that it is unfair for that former solicitor general to insinuate and indicate that he never took a stand, never committed himself and to refuse to comment on the matter.

Mr. Speaker, allow me to refer you to the statements I made in the House on November 3 this year in the presence of the hon. member for Northumberland-Durham, at which time I quoted excerpts from the testimony of Mr. Warren Allmand before the Keable commission on February 15, 1978. I quote:

—the Minister of Justice (Mr. Lang) referred this morning to the testimony made by the same Solicitor General on February 15, 1978 before the Keable commission. He quoted only one answer but he could have added the two following answers on pages 50 and 51 of the document he referred to. The then solicitor general, Mr. Allmand, said, and I quote:

'No, I was told on every occasion that they did not open mail.'

And a little further during the same inquiry, the solicitor general said, and I quote:

'The first time I found out that they did open mail was when it became public after I left, you know, in recent months.'

Mr. Speaker, this is evidence the hon. member for Northumberland-Durham should have considered yesterday before insinuating that a committee of this House should be formed,

if only to hear the account of the former solicitor general. As the result of such statements, implications of unkind innuendos, untrue and incorrect newspaper reports and headings have appeared and it is due to the irresponsibility of some Conservative members in the House that quite often certain media absolutely destort the facts. Mr. Speaker, we only have to refer to the decision you made yesterday and to quote a very clear excerpt. On page 1856 of *Hansard*, while rendering your decision whether there was a prima facie case for a question of privilege to allow the House to go further, you stated in your decision, I quote:

> The complaint which is the subject matter of the question of privilege is not directly a complaint about the minister.

Mr. Speaker, it could not be clearer. I cannot understand how certain media and members could possibly disagree and suggest or print the following heading as did *Le Devoir*: "Member of parliament deliberately misled by Warren Allmand". Mr. Speaker, this is irresponsible and absolutely untrue as you mentioned in the House yesterday afternoon. Again, Mr. Speaker, I quote the ruling you made yesterday:

> The complaint which is the subject matter of the question of privilege is not directly a complaint about the minister. Indeed, if is founded on the fact that it is one of the minister's officials who has calculated to contrive this deliberate deception of the House.

Mr. Speaker, one has to be completely ignorant to interpret your statements and your decision as certain media did yesterday and in particular as a journalist of *Le Devoir* headed his article. The exact opposite happened in the House and it is an insult not only to the House but to all Canadians to say such unpleasant and unacceptable lies.

Mr. Speaker, another fact bears stressing. We should debunk what the Progressive Conservative members are trying to achieve with this question of privilege in the House. Nobody here wants to avoid truth, nobody wants to hide facts. We know that the McDonald commission exists under a federal act, I said so yesterday, and we all know that it is under the Inquiries Act and section 4 of that act that the commissioners are empowered to question ministers, to call them before them and to make recommendations about them once the inquiry is completed.

Mr. Speaker, I repeat in this House what I have already said: the former solicitors general who are directly or indirectly concerned by the activities of the Royal Canadian Mounted Police for that period, all those former solicitors general and the present Solicitor General (Mr. Blais) are anxious to be called before the McDonald commission and tell their version of the facts, and more particularly former solicitor general Allmand. On February 15, 1978, before the Keable Commission in Quebec city, he already denied under oath, categorically and explicitly, that he had been aware the RCMP was tampering with letters at the time he wrote his letter to the hon. member for Northumberland-Durham. And this member, Mr. Speaker, has shown irresponsibility when he required yesterday that a parliamentary committee be set up to enable former solicitor general Allmand to take position.

Mr. Speaker, the former solicitor general has made his position clear. He has nothing to reproach himself; he categorically denies all allegations about irregularities and he is ready to testify again before the McDonald commission. Therefore it should not be suggested to the Canadian public nor insinuated in front of the people who watch us that the former solicitor general, his successors or the government want to hide the truth. On the contrary. They are prepared to testify before a democratic institution established under a law passed by this parliament. They want to do it in an atmosphere as objective as possible, Mr. Speaker, devoid of all petty politics and partisan tendencies, which would not be the case of a parliamentary committee where hon. members amuse themselves by taking out fragments of evidence and letters to make demagogy of the worst kind, as was shown by the statements generally made by the Progressive Conservative members on this irrational question of privilege.

Mr. Speaker, I want to conclude my remarks by saying simply that the main reason why we on this side want this question of privilege to be dealt with is that we understand well the evidence, the parliamentary process and the well documented decision you gave yesterday. We know that whether there is a question of privilege or not is not decided by you but by the House. All hon. members will have to vote on the motion which is presently before us. All you have to do under the parliamentary procedure, and you explained this properly but apparently some media did not understand it, is to determine whether according to some allegations there is a prima facie case of privilege, whether superficially there is an important matter to enable the House to discuss the substance of the matter and to decide whether there is a question of privilege or not.

It is a little similar to a preliminary inquiry before the courts, Mr. Speaker. In the preliminary inquiry, the judge does not rule on the substance of the matter. If there are prima facie facts which lead to believe that charges should be laid against the accused, the doubt is at that time against the accused. It is only during the trial itself that the principle of the benefit of the doubt is in favour of the accused, and the preliminary inquiry enables the judge to observe prima facie evidence. We know very well that nine times out of ten, during the preliminary inquiry, the judge decides charges should be laid against the accused who is afterwards entitled to the benefit of the doubt, during his trial. By analogy, Mr. Speaker, that is what you did yesterday. You said, at first sight, I will not go into details, you will discuss it, the motion is debatable and you will settle the matter, for my part, I think that prima facie it is sufficiently founded, there is enough evidence to allow a debate on the matter to take place and I allow the hon. member for Northumberland-Durham to move his motion. That is all you did and it is correct, it respects the rules of

procedure. As for us, members from both sides of the House, yesterday and today we accept our responsibilities, we respect parliamentary procedure and we decide whether or not there is ground for privilege. We are the ones who will rule on the question of privilege, as it is our duty to do so.

Following the interventions that have been made, we realize it would be pernicious, unfortunate and ridiculous to establish a second body to inquire into facts that are already being investigated by a commission created by parliament itself. The argument of parallelism, of the parallel existence of two parliamentary bodies investigating the same matter, and possibly leading to contradictory reports, the principle of avoiding two parallel inquiries should, by itself, suffice to justify an intelligent act, that is to reject the motion before us. It is inconceivable, Mr. Speaker, that on the one hand parliament be allowed to ask judges to inquire into the activities of the RCMP and that on the other hand this same parliament say: "Yes, but we do not believe in that too much, and that may take time, so we will not take any chances, we will use parts of the evidence and set up a little committee composed of members from the various parties, and make our own little inquiry at the same time, and if our report comes out before the McDonald commission's report, well, let us just hope that it comes to the same conclusions as ours".

This shows, Mr. Speaker, the absurdity of this whole situation. It seems to me that Canadians are now faced with enough serious problems that they have a right to expect a much more responsible behaviour on the part of the members of this House than what has been shown since yesterday, especially among the Progressive Conservatives. It is this same Progressive Conservative party, Mr. Speaker, which was complaining that we were not proceeding quickly enough with the consideration of the motion to create the new department. It is at its insistence that we wanted to debate the motion yesterday, that we wanted to put it on yesterday's order paper. But it is also because of its attitude that we were prevented from doing so, because we had to debate a question of privilege which is not finished and which we are still discussing today, Mr. Speaker.

No doubt that the serious people watching us will come to two conclusions. First, that the Progressive Conservative party is wasting the time of the House and that of Canadians, because the government is ready to move on to other matters and, therefore, the Progressive Conservative party is not assuming its responsibilities and could not care less about the Canadian people; and second, that the Canadian public will have the opportunity to realize that the government has assumed its responsibilities. What the hon. member for Northumberland-Durham is complaining about, namely the illegal opening of the mail, is the subject of an inquiry just now, and the government certainly assumed its responsibilities when it set up this inquiry commission which is currently working very seriously, and which is empowered to call in as witnesses not only the people of the Royal Canadian Mounted Police, but politicians, past and present solicitors general as well. A royal commission will soon make its report. Why ask it to duplicate the efforts of another institution and waste its time by studying the same facts simultaneously, as I said earlier?

Mr. Speaker, this in short is the situation I wanted to explain on behalf of the government and this is why we want to settle the matter, as provided in our parliamentary procedure, by voting against this motion to avoid a duplication of efforts, to avoid the danger of contradictory reports, to avoid bringing ridicule on this institution since it has already passed legislation to establish a royal commission which is doing its job and its duty, as well as to show some respect for the former solicitor general who has been subjected to all sorts of charges and suspicions. Moreover, as hon. members will have seen, I wanted in concluding my intervention to make a rectification and call to order certain irresponsible people who have publicly spread lies, rumours and misrepresentations of the facts, especially as on the first page of *Le Devoir* of today we can see the title "Member of parliament deliberately misled by Warren Allmand". Mr. Speaker, this shows a total lack of responsibility or complete ignorance of the facts. Mr. Speaker, I consider the person who gave such a title to this article a fool, a simpleton or an ignoramus. He has lost contact with reality, he shows no respect for the very clear observations that you made in your ruling yesterday, he is completely divorced from reality, he has falsified what has happened in the House of Commons and misled the Canadian public, and he should be reprimanded publicly as I am now doing, Mr. Speaker, in closing my comments on the question of privilege raised by the hon. member for Northumberland-Durham.

• (1532)

[*English*]

Mr. Elmer M. MacKay (Central Nova): Mr. Speaker, I was just checking with the right hon. gentleman from Prince Albert to see if he wanted to precede me but, if that is not the case, I will continue briefly.

I consider it a privilege to be able to take part in this debate. I must say that I am disappointed by the attitude of my fellow Nova Scotian, the Deputy Prime Minister and President of Privy Council (Mr. MacEachen), who more and more frequently appears to intervene in the House and to use his great parliamentary talents in an attempt to restrict the activities of members of the House trying to uncover information.

I listened with great care to the speech made by the minister's parliamentary secretary, which I thought, if I may say so with all kindness, to be rather repetitious. It seemed to say, in effect, that what we should do is abandon our responsibilities as the House of Commons to the McDonald commission. Implicit in that was the question, to use his terms: what more democratic institution is there than the McDonald commission? That may very well be so, but I would have thought that the House is at least as important an institution, at least as democratic an institution, as the McDonald commission,

and certainly much more important and much more long lasting.

I was intrigued also by the fact that so far the government has been represented only by the Deputy Prime Minister and by his parliamentary secretary. Without in any way reflecting on the quality of what they have done and what they have said, I would have thought that since we have such a plethora of former solicitors general in the House, who presumably are very interested in the background of the matter, we would have had an intervention from at least one of them, if not from the present Solicitor General (Mr. Blais).

I do not really believe that anyone suspects, that the solicitor general in question who wrote the letter—at least I do not—deliberately misled anybody, in the technical sense. I have felt, and I am on the record in the House as suggesting, that a number of solicitors general, perhaps through their own negligence, have not fulfilled their statutory responsibilities in keeping themselves informed as to what the true situation is with respect to their duties.

Section 5 of the RCMP Act is very explicit. I will quote it, it is very brief. It states:

The governor in council may appoint an officer to be known as the commissioner of the Royal Canadian Mounted Police who, under the direction—

I emphasize the word "direction".

—of the minister, has the control and management of the force and all matters connected therewith.

In this particular instance it is very obvious what has happened. Someone prepared a letter for the attention of the then solicitor general, the contents of which caused that hon. gentleman to give the wrong information to the hon. member for Northumberland-Durham (Mr. Lawrence), and that is what we are debating here in essence.

Just as in the case of the hon. member for Nickel Belt (Mr. Rodriguez) who had a similar, valid, prima facie case of privilege, as found by the Chair, we find the government, instead of allowing the proper committee of parliament, which is the Standing Committee on Privileges and Elections, to proceed with its duty and look into this important matter, using all its resources to block this procedure. Just as it did in the case of the hon. member for Nickel Belt, no doubt we will see the government mustering every vote possible to keep the committee from looking into the background of a matter which, I would think, using logic, the former solicitors general and the government would very much want to see. They should want to see what really happened and who was at fault.

If the then solicitor general is not culpable, then somebody is, and surely nobody over there would want to allow that sort of serious misconduct to go unpunished, or at least unreprimanded. Right now we in the House have no idea how this happened, and what better body than the committee to find this pertinent piece of information?

I have been concerned, as I said before, about the attitude of the government and of various solicitors general. This particular case, involving as it does privileges of members, is not a unique one. The hon. member for South Shore (Mr. Crouse) had occasion at one time to be concerned about a letter that was inspected by the technical unit of the RCMP. I do not know whether or not he ever received an adequate explanation for it.

The same thing happened to me, and I wrote to Your Honour about it. As the letter indicates, I did not wish to make a big fuss about it but I was curious as to how this innocuous letter addressed to me, containing one piece of paper, was inspected by the RCMP technical branch. I am sure it is coincidental that the letter dealt with the concern of the writer for the treatment handed out to Peter Worthington of the Toronto *Sun*. It is probably just a coincidence. However, all I wanted to find out, sir, from the Solicitor General—since there was a place in the stamp that was affixed, presumably by one of the technicians of the force, for a signature and a date on which the letter was inspected—was, when this occurred and, if possible, the name of the officer or the technician who did it so that I could have a chat with him. After exchanging a lot of correspondence, I am no further ahead now than when I started. That is the kind of co-operation that members get in this chamber from the government.

An hon. Member: You don't know how to write a letter.

Mr. MacKay: A member says I do not know how to write a letter. I would have accepted a most rudimentary letter, even if it was full of misspellings and so on, from the government in response to my, perhaps, poor efforts. The solicitor general said that he took this up with the commissioner. I will quote from his letter to me of July 19 in which he said:

The commissioner further informs me that the points which you have raised have all been noted with interest by senior force personnel. Additionally, the commissioner has directed, as a result of your correspondence, that the mail screening operation at the Parliament Buildings be the subject of an examination in an attempt to alleviate any existing deficiencies, and to generally improve upon the operation whenever possible.

● (1542)

I do not know whether that is reassuring or not. I accept it in the spirit it was written, but I am still no further ahead.

The attitude of the government toward civil rights and toward the concerns of members of parliament and ordinary citizens leaves an awful lot to be desired. On February 7, 1977, I asked the Prime Minister (Mr. Trudeau) a question relating to this subject. As reported at page 2777 of *Hansard*, he replied as follows:

Mr. Speaker, I for one, as a Canadian, would not admit that we have lesser rights than the Americans. They may have more abuses there and that is why, perhaps, they have to have corrective measures. I do not think the people suspect the RCMP of conducting themselves as the FBI do.

That was a gratuitous insult to the Royal Canadian Mounted Police and the FBI, two fine police forces. Why did he give such a nebulous answer? Since that time, that statement of the Prime Minister, as so many of his have been known to do over time, has not really stood up. We find in fact that the RCMP have recruited people from the FBI to come and work in Canada, such as Mr. Hart. I find no fault with that. The only fault I find is the manner in which they treated him, and the

way they are so determined to keep him from testifying, so far at least, before the McDonald commission of inquiry.

I should like to contrast that with what is going on in the United States. In a recent edition of the *Globe and Mail* the following appeared:

Who says the Canadian system is better than the American?

In the United States, the government is giving $1,000 cheques to citizens who had their mail intercepted by the CIA.

What a beautiful way to stimulate the economy, if we knew how many Canadians have had their mail intercepted.

Mr. Lawrence: It would cost too much.

Mr. MacKay: I suspect that is the truth. The article continues:

In Canada the victims of mail monitoring by the Mounties are getting beans all. Thus far the government has not even divulged who the victims were.

As I mentioned in my speech last week, certainly there has been a systematic attempt over the years, a highly sophisticated one in nearly every major city in the country, by the security service, authorized at highest levels, to intercept the mail of some people. In many cases I am sure the abuses would boggle the mind, if they were all brought to the attention of Canadians.

It continues:

Recently a federal appeals court affirmed a decision requiring the U.S. government to make payments to three people identified as targets by the CIA.

Citing this as the test case, attorney Melvin Wulf is now asking the government for the same $1,000 settlement for the "tens of thousands" of others who had their mail snitched.

It is incredible that up to a few months ago the then postmaster general, the present Solicitor General (Mr. Blais), stood up in the House of Commons and solemnly assured us that mail was not being opened, as one of his predecessors assured the hon. member for Northumberland-Durham. I am making no reflection on the Solicitor General deliberately misleading anyone. But indeed, there was a facade or a front used to mislead people in this country and in this parliament, for one reason or another, for years and years and years, about mail openings.

I do not intend to speak long. I am sorry the Solicitor General is not present because I wanted to ask him a question. I should like to explore what was going on concerning the activities of the RCMP vis-à-vis the Parti Québécois in the last few years. I doubt there is anyone in the House of Commons who has any sympathy whatsoever with the political aims of the Parti Québécois. However, it is a legitimately elected party. This is not Iran; this is not a country where repressive measures are taken on the basis of political disagreement. At least I should hope not. In fact, we received some assurance in a letter from the right hon. Prime Minister to the hon. Leader of the Opposition (Mr. Clark) last year. Page 4 of that letter reads as follows:

No person in Canada is immune from observation, surveillance or detection, if it is determined that such person has been or is engaged in activities that are defined in the Official Secrets Act as being subversive.

[Mr. MacKay.]

Prima facie, I am sure no one can complain about that. We recognize that the enemies of our country, who are doing things which they should not, should not be immune from surveillance or punishment simply because they belong to any organization, or because they happen to be members of the House of Commons, the Senate, or any other institution. I want to be fair, and if my impression is wrong I want members to correct me.

Based on my perusal of *Hansard* and my recollection of past statements by various members of the government, I have the impression that as far as the security service and the government are concerned, it was stated the Parti Québécois was never punished or harassed as such simply for being the Parti Québécois. There may have been some concern about terrorist elements attached to it going back to the 1960s, or infiltrating the party. The Prime Minister went on record and said that it was a very acceptable party, that it was democratically elected, and so on. As a matter of fact, on October 31, 1977, the then solicitor general said the following:

No democratic political party of any stripe can be, should be or ought to be the object of systematic surveillance by the RCMP. That has been made clear time and time again in this House by the Prime Minister.

He was replying to a question which was asked by the hon. Leader of the New Democratic Party (Mr. Broadbent). He continued:

As to the other part of the question, where I think some confusion arises, the Prime Minister is obviously referring to the fact that this question concerning the computer tapes on which the lists of members of the Parti Québécois were included was brought to his attention at the end of last week or at the beginning of last week. I think it is as simple as that and the confusion once again rests in the mind of the reader.

At that time the hon. Leader of the New Democratic Party was concerned, as he had every right to be, about the democratic process and what pressures, if any, were being brought to bear on the Parti Québécois which were improper, in so far as its legitimate political activities were concerned.

Personally I have no time for the Parti Québécois, but I should like to put some information on the record which may be of assistance, if it is not already known. Perhaps in some ways it will contradict the impression which I and other members of the House have as to what went on respecting sympathizers of the Parti Québécois. Perhaps some members are aware that there is a file called MC-83. As people with some knowledge know, it is the code name of a top secret file in the RCMP. Some of the contents of this file may have been disseminated to newspapers. I do not know whether that is the case or not, but I have every reason to believe that as far as the security service activities directed against the Parti Québécois are concerned, indeed there was a PQ desk in G section of the RCMP. It was a specific desk in G section devoted to the Parti Québécois. This is a very interesting situation.

The member who was in charge of that desk, Sgt. Maurice Goguen, may have testified already respecting operation HAM at one of the inquiries. But the situation is a little more intriguing than that. The RCMP source or contact with whom he was particularly concerned, was well placed in the provincial ministry of cultural affairs. The honourable François

Cloutier was a member of Robert Bourassa's government. Mr. Cloutier moved on to some other cabinet responsibilities, and I am sure the situation continued. Serge Raymond, the RCMP source contact in this ministry, was used by the force to assist in eradicating Parti Québécois elements in the Liberal party, as far as federal and provincial government departments were concerned. His handler, an RCMP member named Michel Papineau, who incidentally is no longer in the force, would go to Mr. Raymond and designate or finger someone who was not acceptable. It was Mr. Raymond's job to get rid of that person, using his political connections.

A lot of concern was expressed by serving members of the RCMP that this process may have been abused. One can see readily the tremendous capacity for abuse in this type of situation. I do not believe that the Solicitor General is aware of this situation, as far as I know. Certainly if he was, he had ample opportunity to put this on the record when he was questioned.

● (1552)

The implications of this are mind boggling as far as I am concerned. To think that this sort of situation could be permitted to exist on the basis of someone being designated, without any opportunity to defend themselves—perhaps not even knowing about it—relates back to the same sort of mentality we saw in this House in the operation of the so-called "black list" which was distributed, apparently, to his cabinet colleagues by the then minister of supply and services.

I hope that the Solicitor General and the McDonald commission will take the opportunity to look into this and ask these men, Messrs. Goguen, Papineau and Raymond, some very pertinent questions about what was going on. Perhaps the Keable inquiry will do it.

Getting back to this particular motion, we must keep in mind that what is asked here is that the matter be referred to the Standing Committee on Privileges and Elections for action and decision. It was the government that talked this matter out last night. Why is the government so reluctant to carry out this straightforward exercise? Why do we have such a committee in the first place, if access to it is so jealously guarded by the government majority for what surely can only be for political purposes? After all, they control the committee. Does the Deputy Prime Minister or his parliamentary secretary hold a committee in this place in such little regard that they do not trust it to look into a matter such as this, particularly when it is dominated by their own colleagues? Obviously, as in the case of the question of privilege by the hon. member for Nickel Belt, the government seeks to use its majority to block a very necessary function of parliament.

I urge members opposite to reconsider their position. If precedents such as this are allowed to pile up, they will not only be counterproductive to the operations of this House but they will undermine, to some extent, the status of the Speaker, who made the ruling, in the first instance that there was a "prima facie" question of privilege. If the Speaker makes such a ruling—and I agree that perhaps some unfortunate implications have been drawn from this matter, which is the only thing I can agree with in the speech of my friend opposite who spoke just before me—and it is systematically blocked by the members of this House, there is no point in making a ruling. It becomes a very trivial and redundant procedure when it should not be, and it reflects on the Chair.

The people of Canada who are watching right now the proceedings of what many have called, with some justification, the highest court in the land, must wonder what we are now doing here. The member opposite has said that we are wasting our time. I disagree. I think that this is one of the most important debates that this parliament has had recently. The only way we could be wasting our time would be if it becomes apparent that this government will not allow the opportunity for this important matter to be looked into by a committee set up for that purpose and staffed by members of this House from all parties. What could be more logical than that? What could be more illogical than the action of this government in impeding and undermining a very important parliamentary process, which ultimately undermines the position of the Chair as well?

Mr. Raines: Will the hon. member for Central Nova (Mr. MacKay) permit a very brief question?

Mr. MacKay: Yes, I would be glad to accept a question.

Mr. Raines: Mr. Speaker, I found the argument put forth by the hon. member for Central Nova very persuasive. If this was a matter that was more clearcut, that is, if it was simply between the Solicitor General or anybody in the cabinet and any member of the opposition, then I could see that it would be a matter which could go before the committee on privileges and elections for decision. However, in this case we have an alleged link between the RCMP, a member of cabinet, and a member of the opposition, and if there were an inquiry before the committee all the witnesses would be needed. There is already an exhaustive inquiry in process, the McDonald inquiry. I am sure that the hon. member is not denigrating the McDonald inquiry, but in light of all these facts why would he want to bring this matter before a committee of this House?

Mr. MacKay: Mr. Speaker, that is a very fair question. Of course I am not denigrating the McDonald commission, but neither am I upgrading it to the extent to where I think that it should be allowed to be equal to parliament in dealing with the privileges of the members of this House.

With regard to the link, it is simply this: the Solicitor General is one of us in this House and he has been apparently misled by our national police force. As a consequence he has, in turn, done something which has affected the privileges of another member of the House. I believe that such a situation is definitely within the jurisdiction and ambit of this place and is definitely of interest primarily to this place. The McDonald commission may not even be constituted at this time next year. It is a very worth-while body, but it comes and goes, as do all other royal commissions.

We have a fundamental problem here as to what will happen to this country—and I mean no disrespect to the Solicitor General, the government or the RCMP—if our national police force or any members of it are allowed to act as if they were a law unto themselves. If there is one thing we cannot afford in this country it is to have our national police force operating out of control, and when they mislead a minister of the Crown they are coming awfully close to that situation. That is why I think that we should be looking at the matter in this House.

Mr. Edward Broadbent (Oshawa-Whitby): Mr. Speaker, I would like to say at the outset that it is always a pleasure to follow the Deputy Prime Minister (Mr. MacEachen), who does so well in misleading this House of Commons about what the essential issues are in any debate. In fact I would be prepared to say that he is quite conceivably the best debater in this House of Commons. I would even go that far, keeping in mind that debating techniques only occasionally touch on questions of truth.

The Deputy Prime Minister has to be seen throughout his career in this House as the master of the irrelevant argument, and if we ever had a performance which would lead to that conclusion, we had it yesterday. People who were here and watched that performance saw as clearly as it could possibly be demonstrated—and those who will read *Hansard* will be able to see even more clearly because they will not be encumbered by the drama, and I use that word loosely, of this place—the irrelevance of the debate by the Deputy Prime Minister.

The Deputy Prime Minister spent almost half of his time yesterday, not on the substance of the motion, but on poohpoohing the nature of the original letter which was intercepted and which gave cause to the erroneous letter that was sent from the former commissioner to the solicitor general and then on to the hon. member who has raised this question of privilege. He then went on to spend a good part of his time in raising an irrelevant comparison with the task of the McDonald royal commission, somehow implying that this question of privilege, and the way in which we have established procedures and methods of dealing with privilege, in this particular case would be duplicating in some sense the work of the McDonald commission. It was all absurd and irrelevant to the central question.

He then thought that his clinching argument, which was sufficient only for the minds of the backbenchers of the Liberal party in defence of government bad guys, that Mr. Higgitt, the former commissioner of the RCMP—

Mr. Raines: Mr. Speaker, on a point of order, I would like to advise the Leader of the NDP that I have the utmost respect for him. In the years I have been here I have listened to him with a great deal of interest. I am looking forward to what he has to say now. I think this is an important question. But I happen to sit in the back row, Mr. Speaker, and after four years I have just about had enough. I would like to have mutual respect from any member of this House. From time to time we have these little lines about "another race," perhaps, and it is easy to fall into that habit.

● (1602)

An hon. Member: If it is that bad, quit.

Mr. Raines: Oh, no! With the utmost respect, Mr. Speaker, I would like to hear what the hon. member has to say, and I am sure he will take into account my seat in the back row of this House.

Mr. Broadbent: Mr. Speaker, I sincerely apologize if I conclude from what the hon. member has said that he interpreted my comment as casting some kind of criticism on backbenchers. If that is his interpretation, I sincerely withdraw it. I said it in the context—and I shall not withdraw this—of what I regard as a profoundly misleading and dramatically interesting performance yesterday by the Deputy Prime Minister. The people who were cheering were backbench members of the Liberal party, and I will not elaborate on that.

I paid him the compliment of saying that he is perhaps the most effective debater in the House of Commons, but debate, as the Deputy Prime Minister knows, has only occasionally something to do with facts, and that is particularly so on the other side of the House. He raised a number of interesting, at times charming, and other times not so charming points, all of which, except for the clinching argument which I will come to, were basically irrelevant to the very serious question that the House is now debating.

The question that we are debating was put yesterday by the Speaker in the following words, and I want to repeat them and deal with the substance of the argument. In dealing with the fundamental question of privilege that is at stake, Mr. Speaker said:

> That leaves us with the complaint of the hon. member for Northumberland-Durham respecting the testimony of former commissioner Higgitt—and I assume there is no further argument to be addressed to this matter at this time—to the circumstances in which the Solicitor General's letter dated September 4, 1973, was drafted. Does that lead us to the conclusion that, by virtue of an act or omission, the House, or a member, has directly or indirectly been impeded in the performance of its functions or his duty, or that there has been a tendency to produce such result? If I so find, then I really have no choice but to find, prima facie, that a contempt has been committed.
>
> Having considered the whole question with extreme care, I come back to the simple testimony of former commissioner Higgitt when he said:
>
> 'That is not, that is not an assurance the RCMP is giving to the minister at all, and as a matter of fact, the practice was in matters of this kind—the practice was very often ministers' letters were not exactly drafted on precise statements of fact.'

Then the Speaker concluded making his ruling with the following words:

> I can interpret that testimony in no other way than meaning that a deliberate attempt was made to obstruct the member in the performance of his duties and consequently, to obstruct the House itself.

That has absolutely nothing to do with the McDonald inquiry. It has nothing to do with the nature of the original plastic or non-plastic letter that gave rise to the case. It has absolutely nothing to do with most of the matters that the

Deputy Prime Minister spoke about in the House yesterday. The Speaker in the chair yesterday was unequivocal in his assertion that there was a prima facie case of privilege involved because of the evidence that had been produced. It was pretty clear from this assertion that a member of the House had not been informed on the facts in the way that he ought to have been, and that information was being withheld that ought not to have been withheld.

If that is a conclusion of the Speaker, then how are we to deal with this case? There is the Standing Committee on Privilege and Elections, whose very reason for existence is to consider prima facie cases of privilege. That is the purpose of the committee. It is not for this chamber, for members of the House of Commons at this stage of consideration of a question of privilege, to make a final decision on it. Not at all. We do not call witnesses, Mr. Speaker. We cannot call the former commissioner of the RCMP before the House. We cannot call the former solicitor general, the Minister of Consumer and Corporate Affairs (Mr. Allmand). In short, we cannot do the kind of job that the committee exists to do.

Once we get through the maze of irrelevant argument presented by the Deputy Prime Minister and come to his fundamental argument, we find a flaw in his judgment when he concludes, as he did yesterday, that it is the purpose of the House and not the purpose of the committee to reach a decision at this point on this matter. That is precisely the argument the Deputy Prime Minister made yesterday. I want to use his exact words because I certainly would not want to distort his argument. I refer hon. members to page 1865 of *Hansard* where the Deputy Prime Minister is reported as follows:

> The Speaker is obliged, under our rules, to find whether there is a prima facie case of privilege. Prime facie means on the first impression, on the surface, or at first blush. Beauchesne goes on to say that it is the responsibility of the House of Commons to find in substance whether there is in fact a breach of privilege.
>
> So today, when the government is saying that it does not propose to support this motion, it is not saying to the Speaker that we have no confidence in his finding. It is saying that Mr. Speaker having done his duty, we have probed beneath the surface and found that there is contradictory evidence—

Mr. Speaker, I say the Deputy Prime Minister was wrong on both counts. First, he was challenging a ruling of the Chair. I would argue, because he knows better than most of us as he has been here longer, that there have been only two occasions since 1965—one just a matter of weeks ago, and the one now brought before the House—where the government has challenged a Speaker's ruling.

The Speaker has looked at the evidence on a prima facie basis, and brings to the House a recommendation which a standing committee of the House should consider further. Mr. Speaker pointed out quite correctly in the House today that he did not make a final decision yesterday. He did not condemn the government, nor did he condemn a minister. He said there was a prima facie case, based on a sentence, and the President of Privy Council singled out this one sentence. He asked how the Speaker could possibly base a decision on one sentence. I would point out to him that some people are married for their whole lives after saying one sentence. People who perjure themselves in court frequently do so on the basis of one sentence. His is not a very persuasive argument when he says the decision was based on only one sentence. It was not very persuasive for the Speaker, nor for people on this side of the House. He has challenged the traditional position of the House of Commons, the traditional position of decisions reached by the Speaker.

In my view, if it is appropriate to comment on decisions and, I think, indirectly it is, the Speaker quite correctly reached the right conclusion on the basis of the evidence that there is a prima facie case. He has put this to the House, and if the House had any sense at all we would not be debating this now. We would have let this matter go where it ought to go, namely, to a committee to consider whether there is something beyond the prima facie case. After considering the matter, hearing expert testimony, calling Mr. Higgitt and others, if it turns out there is no question of privilege, and I would find that strange although it is possible, the committee could come back to the House and make its recommendations. At that point, what the Deputy Prime Minister says is true. At that point the House of Commons should make a final decision as to whether we have or do not have a real question of privilege.

● (1612)

To put it bluntly, the Deputy Prime Minister has it ass-backwards. He is saying that the House of Commons should be deliberating and passing judgment without evidence and without testimony. If there is an affirmative decision, he then wants to go to the committee. How absurd.

We say that the Speaker's ruling should be respected. We say there is indeed a prima facie case here, that an hon. member has been misled. This matter should go to a standing committee of this House which has been constructed to look at such matters. We say in the final analysis that the government is wrong, that it is challenging the decision. If this is perpetuated, the whole function of that committee, the whole *raison d'être,* goes out the window.

An hon. Member: And the Chair.

Mr. Broadbent: I am coming to that. Not far down the road Speakers' rulings will become irrelevant if they are not in accord with the majority view of this government.

Mr. MacEachen: Mr. Speaker, I wonder whether the hon. member will permit a question.

Mr. Broadbent: Certainly.

Mr. MacEachen: I have been following the hon. member's very interesting address, but from his comments he has obviously forgotten what the Speaker has asked the House to do, namely, not to draw him into the argument by saying that in reaching a decision, with each member of the House making up his mind on the motion, that that in any way is casting a reflection upon him, because he has done his duty and it is now up to the members of the House to do their duty. That is what I was doing in making my statement. I wonder if the hon.

member has taken to heart the advice the Speaker gave by saying, leave that part of the argument alone, it has been settled.

Mr. Broadbent: With all due respect to the Deputy Prime Minister, I am not challenging or questioning the Speaker's judgment. I am commenting on the logic of the government's position. Whether the Deputy Prime Minister wants to put it that way or not, it is indeed questioning the Speaker's ruling. When the Speaker says there is a prima facie case, that is his ruling.

Mr. MacEachen: Absolutely.

Mr. Broadbent: Before we had this government, the traditional practice of the House was to deal with such a ruling in a perfunctory way, instead of debating it and having the House perform as a committee. The Speaker surely knew, although I obviously did not discuss it with him, the normal procedure would be for a government which respects the Chair to respect that decision and have it referred to the committee.

Some hon. Members: Hear, hear!

Mr. Broadbent: I am not saying the government is not showing respect for the Chair. I am saying that the government ought to let this go to the committee so it can do its proper job and, after it makes its recommendation, let the members of this House, then, and only then, make the final decision.

Some hon. Members: Hear, hear!

Mr. Maurice A. Dionne (Northumberland-Miramichi): Mr. Speaker, I wish to intervene briefly in this debate, not from the point of view of an expert on the rules and Standing Orders of this House, nor from the point of view of a great legal mind, because I am neither.

Some hon. Members: Hear, hear!

Mr. Dionne (Northumberland-Miramichi): At least I recognize my own limitations, which is more than some members do. I rise in this debate to put in my own crude words the point of view of the ordinary man on the street who must be confused by this debate. I am an ordinary person who represents the common people, in this House of Commons.

I take offence with the remarks made by the leader of the New Democratic party (Mr. Broadbent), who is more often a clown than an intellect, a quality which he displayed admirably today. The hon. member's remarks with regard to the Deputy Prime Minister (Mr. MacEachen) were not only wrong, but outrageous. That should be on the record of the proceedings of this House.

The hon. member for Oshawa-Whitby stated that the Deputy Prime Minister was challenging the Speaker's ruling. That, of course, is arrant nonsense. He also stated that we who occupy the back benches on this side of the House will do whatever we are told. That, too, is arrant nonsense.

Some hon. Members: Oh, oh!

[Mr. MacEachen.]

Mr. Dionne (Northumberland-Miramichi): It is nice to hear the guffaws from the other side. Over the years since I have been here, we have been called all kinds of names, such as trained seals. At least we do not flap our flippers.

Mr. Benjamin: Good line!

Mr. Dionne (Northumberland-Miramichi): I am surprised that the main proponent of illogic in this House, the leader of the New Democratic Party, would dare to comment on the logic of the government's case.

In his opening remarks the leader of the NDP referred to the ability of the Deputy Prime Minister to mislead this House. That is an affront to every member of the government party and, in particular, to the Deputy Prime Minister, who is known throughout this country as a man of honesty and integrity. I suggest that the leader of the NDP withdraw that specious remark. It has merit neither in fact nor in logic.

● (1622)

I want to deal with some of the remarks made by the hon. member for Central Nova (Mr. MacKay). I did not find them offensive. However, I want to comment on them in the perspective of the man on the street who is not trained in the rules of parliamentary procedure or in the legal arguments of counsel.

The first comment which concerned me was that someone has caused the Solicitor General (Mr. Blais) to misinform the House. That is a very serious statement. I am sure the hon. member made it very seriously and without any facetiousness. If that in fact occurred, and that seems to be the crux of the ruling which was made yesterday, it is indeed a matter of grave concern, not only for us here but for all Canadians. If it did occur, there are several questions that arise.

If someone caused the Solicitor General or any minister to misinform this House, who is responsible for this misinformation? Is the Solicitor General personally responsible, is the government collectively responsible, or is the person who misinformed the Solicitor General responsible for this misinformation? From the point of view of common sense, it would seem that the person who misinformed the person who passed on the information is responsible.

The Leader of the New Democratic Party said we cannot call the commissioner of the RCMP before this House. That is nonsense. We can call before the bar of this House anyone we wish to call.

Mr. Orlikow: When did we last do it?

Mr. Dionne (Northumberland-Miramichi): It does not matter when we last did it. The fact is we can do it and, if we must, we should. I understand, Mr. Speaker, there is still some space in the Peace Tower.

I do not believe any resolution of this question can be arrived at until all the information is placed before the committee. I agree with the House leader that the best way to get all the information is to await the report or, at least, the

further proceedings of the investigation which is currently going on into the activities of the RCMP. As I understand it, the accusation made by the hon. member for Northumberland-Durham (Mr. Lawrence) is based upon testimony before that commission given by the former commissioner of the RCMP. If that is indeed the case, it seems to me that in the name of common sense we should wait until we hear the rest of the testimony of that former commissioner and until we hear the results of the cross-examination of that witness before the royal commission.

Mr. Baldwin: It is going on in camera. How can we hear it?

Mr. Dionne (Northumberland-Miramichi): The hon. member for Peace River (Mr. Baldwin) seems to want to build a reputation on certain aspects of security, availability of information, and so on. I do not blame him for that. In fact I applaud him for it. He wants to know how we can find out what is happening when the proceedings are taking place in camera. Well, it is obvious we should await the report of the royal commission; the House could then deal with the question of privilege raised by the hon. member for Northumberland-Durham. The fact that he waited for five years before raising it indicates to me that there is no urgency attached to the matter at this point.

Some hon. Members: Oh!

Mr. Baldwin: We might never see the report.

Mr. Dionne (Northumberland-Miramichi): The hon. member interjects to say we might never see the report. Well, I, at least, expect to be around here longer than that, and I expect to see the report. I know it is the government's intention to make the report public because, obviously, the government does not appoint a royal commission and then hide the report the commission makes.

Some hon. Members: Oh, oh!

Mr. Knowles (Winnipeg North Centre): You haven't been around here very long.

Mr. Dionne (Northumberland-Miramichi): The concept of ministerial responsibility is important to us, and there should be no question that parliament is the highest court in the land. The government has proven over and over again that it is determined to find the whole truth in this matter. It has proven this, first by forbidding ministers of the Crown to go before the Keable commission in Quebec—

Some hon. Members: Oh, oh!

Mr. Dionne (Northumberland-Miramichi): —to give that commission documents which were outside its authority. Subsequently the government established the McDonald commission to inquire into the RCMP. This commission has the legal status to look into all the activities of the force and report on them fully and completely. That is something we would never have received from the Keable commission, as should be obvious to everyone.

Statements have been made to the effect that the government will not allow a report to be made. That is a specious argument. It is entirely sensible that we should wait until we hear the evidence before the McDonald inquiry. The worst aspect, from the point of view of the question under consideration, is that no matter what that evidence may be, no matter what the decision of this House may be with regard to the ruling made yesterday by Mr. Speaker, the reporting, or I should say, the misreporting of what happened here yesterday, has convicted the government of the day in the minds of the people of Canada of, and I quote, "deliberately misleading the House."

Some hon. Members: Hear, hear!

Mr. Dionne (Northumberland-Miramichi): That is not what the Speaker ruled yesterday, and every member over there knows it is not what the government ruled yesterday.

An hon. Member: The government?

Mr. Dionne (Northumberland-Miramichi): When they sit there now and say, "Hear, hear" they are only adding to the deliberate misrepresentation of the facts to the Canadian people.

Some hon. Members: Hear, hear!

Mr. Dionne (Northumberland-Miramichi): They say, "Hear, hear" to that, too. They agree they are trying to misrepresent the facts to the public. That is the position I take in this debate.

Right Hon. J. G. Diefenbaker (Prince Albert): Mr. Speaker, I was not here yesterday afternoon and I was not aware of the fact that a debate was to take place on this subject. It is always difficult to take part in a debate simply on the basis of reading *Hansard*. However, I am glad the hon. member who has just resumed his seat has let the cat out of the bag. He said the people of Canada today believe the government is guilty. Well, never did the people come to a conclusion more in conformity with the facts! I am very happy that in his dying words he was able to make very clear that the people of Canada as a whole think this government is guilty. That has made this debate worth while. If he had not participated, there might have been some doubt. After that participation I am sure the Deputy Prime Minister (Mr. MacEachen) will not recommend him for appointment to a ministerial post.

Having said that, I want to deal with one or two matters in very short form. The motion before the House reads:

That the letter sent by the Solicitor General of the day to the hon. member for Northumberland-Durham on December 4, 1973, and the testimony of former RCMP commissioner Higgitt on October 24 and November 1, 1978, before the royal commission of inquiry (McDonald commission) concerning the practice of the RCMP in preparing letters for the signature of the Solicitor General, be referred to the Standing Committee on Privileges and Elections for investigation and report.

If they have nothing to hide, Mr. Speaker, why not agree to that motion? There is nothing more trying for a conscience which has anything to fear than the thought that what it has to fear might be revealed. I came here this afternoon without any preconceived ideas. Now I am convinced that this government is covering something up. That is not unusual for this government.

● (1632)

There are two matters at stake here. The McDonald commission is dealing in general with certain activities of the Royal Canadian Mounted Police. I say at once that I take second place to no member of this House in terms of the number of cases in which I have been involved over the years and in which the Mounted Police took part. In all those cases I have known of only two in which any one of the Mounted Police endeavoured to deceive the courts.

I am very deeply concerned about what has taken place in connection with the representations which are being made and the innuendoes which have been spread in the evidence before the McDonald commission. The RCMP is the most honest, straightforward police institution in all the world. That is its reputation, even though there may have been one or two cases in which there has been obvious wrongdoing, and that should be rooted out.

The royal commission will make its findings. Those findings will have to do with general activities and proclivities which were allegedly wrongful.

The second matter at stake is that the House of Commons is its own judge and must remain the judge of the conduct of its members. No commission has the right to interfere with the right of this House to determine what took place.

Some hon. Members: Hear, hear!

Mr. Diefenbaker: If there is no truth in the allegations which have been made, why not set up a committee of the House on the basis of unanimity? As has happened in past cases, the majority of Liberal members are again united behind the Deputy Prime Minister. With a majority of members of the Liberal party on the committee, do hon. members think there would be any danger that a report detrimental to the Government of Canada would be given? If that took place, it would be the first time, and I have been here almost 39 years. I have never noticed an example in which Liberal members did other than sing the Hallelujah chorus whenever any matter came up, no matter how detrimental it was. Why not set up this committee? What are hon. members opposite so worried about? What are they so concerned about?

I think the McDonald commission sits behind closed doors. I am going to see Mr. Justice McDonald. He has asked to see me tomorrow. The McDonald commission sits behind closed doors. Is the government afraid of what will be revealed? I think the government has every reason to be, but it pretends to be very anxious to have this matter cleared up. When will the McDonald commission report? There is no indication that it will report before at least six or eight months from now, according to what I read in the press.

Mr. Nielsen: After the election.

Mr. Diefenbaker: The hon. member for Yukon (Mr. Nielsen), who never at any time is politically minded, says that the commission will report after the election. I do not know why the government is worrying about the result because, no matter what it does, it is going to be defeated.

Some hon. Members: Hear, hear!

Mr. Diefenbaker: Let us have the situation cleared up. Let us absolve alleged wrongdoers, if they deserve to be absolved, but why—I repeat, why—is there such a desire on the part of the Deputy Prime Minister—and a similar message has been indicated by other Liberal members who have spoken—to deny the people of Canada the right to know what took place?

It has been part and parcel of the policy of the Trudeau government from the beginning, to hide facts and conceal facts from parliament. I will give a simple example. When the Prime Minister (Mr. Trudeau) wanted a swimming pool, philanthropists provided $200,000. Would hon. members not think they deserve to be anointed by public opinion? Are they to receive their rewards only through the Order of Canada? When we asked for information, the Prime Minister said, "I won't give you that information." That has been the answer all along with regard to anything which would be embarrassing to the government.

I will now speak of the Deputy Prime Minister. He has been in the House a long while. I have that admiration for him which one develops for those who have unusual parliamentary ability. He has that. That is generally admitted. He blushes about it because he knows that that is the general feeling. With that massive reputation for parliamentary perfection, does the Deputy Prime Minister not think it would be nice to be able to say, "When parliament asked for action, realizing that something should be revealed, I did not take the advice of the Minister of Transport (Mr. Lang), nor did I adopt his attitude to parliament"? Would it not be nice to be able to say, "I decided that we would reveal the facts"?

If there is nothing to hide, why hide it? If there is nothing to conceal, why conceal it? Why not reveal the facts? Some hon. members who have spoken have said that the people of Canada have already convicted this government on this matter. Of that, those hon. members have better knowledge than I have, because apparently they have been in touch with their constituents and know what is going to happen to them.

Speaking about headlines, I suppose I have been the subject of as many press misquotations as anybody in this House. Sometimes I think I have a record in that connection, but having read *Hansard* and having watched television, I can say that I saw nothing wrong with the headlines.

Headlines do not go into full detail. One headline read, "Liberal Government Letter Misleads M.P., Speaker Rules". I have the letter here, and it is false. One hon. member asked,

"Do ministers have to assure the truthfulness of what they say?" Yes, they do.

Some hon. Members: Hear, hear!

Mr. Diefenbaker: They are not automatons.

Mr. Dionne (Northumberland-Miramichi): I didn't say that. You are dissimulating again.

Mr. Diefenbaker: The hon. member speaks with the authority which ignorance permits him to speak.

Never during the course of the years I was Prime Minister would I ever have signed anything which had not been thoroughly examined. Otherwise one would have to pretend that the civil service is responsible. I will read this letter from the then solicitor general, only in part. I would read it all, but I do not want to waste the time of the House. The present Minister of Consumer and Corporate Affairs (Mr. Allmand) is a thoughtful and very careful man. At least that has been the experience in other matters. The letter was to the hon. member for Northumberland-Durham (Mr. Lawrence), and reads in part as follows:

Dear Mr. Lawrence:

This will refer to your letter dated November 21, 1973 and enclosure concerning allegations made by Mr. Wally Keeler regarding invasion of privacy and disruption of the mails by the RCMP.

● (1642)

Then it goes on to explain what the computer had to say, and adds:

As you can see, the text was sufficiently suggestive of a possible security matter to warrant an investigation by the RCMP.

Every time this government is in difficulty and wants to hide anything, ministers say it is a matter of security. The one security they are concerned about is their own security. All too often they use that for an excuse.

It goes on to say:

This investigation led by Mr. Terrence Woolf of Sudbury . . . assumed responsibility for the communication. His explanation that this was the private form of communication used between members of the People's Republic of Poetry was thought by the RCMP members to be rather far-fetched but was sufficient to convince them that this matter should be treated as a nuisance rather than a breach of security.

So it was only a nuisance. It has become more than that since.

It goes on:

On this note the RCMP investigation was concluded. The communication has been returned to the post office department. I have been assured by the RCMP that it is not their practice to intercept the private mail of anyone, and I trust that the above explanation will set your constituent's mind at ease.

What was the purpose of that? The purpose was to delude and to deceive. Why not let us get at the facts of this? I would like to see the former solicitor general, at present Minister of Consumer and Corporate Affairs, on the witness stand. I would not want to cross-examine him. I would refrain from doing so because of our personal relationship, but somebody else could ask him questions. He is not anxious to get on the stand.

Mr. MacEachen: He has been there.

Mr. Diefenbaker: Yes, he has been there on other matters, but not on this. He is not anxious to get on the stand, because if he were to admit that he did not know what he was talking about, he would be an inefficient minister. If he were to admit that this letter was placed before him and he signed it without consideration or knowledge, the result would be anything but a halo for him.

Mr. MacEachen: There are very few halos in politics.

Mr. Gillies: How right you are!

Mr. Diefenbaker: I will repeat it, and that is all I will say in this connection: if you have nothing to hide, why hide it?

Now I will refer to the views of a gentleman who is often referred to in the better Liberal circles today as they view the Gallup polls. If only John Turner was available!

Some hon. Members: Oh, oh!

Mr. Diefenbaker: I will read you what John Turner had to say two years ago when he was speaking in Winnipeg. He said this:

Where secrecy or mystery begins, vice or roguery is not far off.

Some hon. Members: Oh, oh!

Mr. Diefenbaker: What immortal words! How truthful! I am sure that will appeal to the Minister of Justice (Mr. Lalonde), and even to the Minister of Energy, Mines and Resources (Mr. Gillespie) who is smiling and apparently approves of that. I say to the ministers, they have to be very careful today, because if John Turner hears that they disregard him—

Some hon. Members: Oh, oh!

Mr. Diefenbaker: —what the future will hold for them will not be most hopeful.

Mr. MacEachen: We are quaking in our boots!

Mr. Diefenbaker: I repeat these words: "Where secrecy or mystery begins, vice or roguery is not far off." That is what happened here—secrecy, concealment, a minister protecting himself under pretence that the civil service is responsible. The call for secrecy has a hollow ring; it is always the call of those who are in difficulty. The Solicitor General (Mr. Blais) is in that group. He has an appetite for secrecy. I wish he were here because I would be able to point out to him one or two examples. The appetite for secrecy has become a characteristic of this government.

The government says, "Wait until the McDonald commission makes it findings." I am not speaking about the rapidity with which the commission is meeting or their thoroughness, nor about the fact that a great portion of their meetings is held

behind closed doors. But without having any special knowledge of the matter, I say that I do not think the report would come in before July or August, but rather after the election.

Mr. MacEachen: We will still be here.

Mr. Diefenbaker: All this government is thinking about is that nothing be revealed between now and the election—they have enough trouble the way it is. Thank you very much, Mr. Speaker.

Some hon. Members: Hear, hear!

Hon. Otto E. Lang (Minister of Transport): Mr. Speaker, I do not propose to say very much in this debate because I think the matter involved in the issue is fairly simple and straightforward, and no doubt the House could decide on the issue and consider that it has heard enough, particularly now that it has had the advantage of the words of the right hon. member for Prince Albert (Mr. Diefenbaker). I presume that no Conservative member at least would wish to demean the importance of a message from that voice by following him as though there were anything more to be said on the matter. So, as I say, I hope the question will be put before the House very soon.

There are a number of questions of fundamental fairness which, it seems to me, hon. members on the opposite side have sluffed over and ignored in their urging that an affirmative answer be given to this motion. The fact of the matter is that some of those members are perhaps somewhat careless and carefree about whether what they say and do has an adverse impact upon a particular person involved in politics, even when they themselves admit that there is no basis for the slur, the innuendo, or the aspersion being passed.

We have seen headlines which Mr. Speaker himself noted to have been quite unfair and quite wrong in the light of what he had said and in the light of what had gone on in the House. There has been no suggestion that a minister whose letter was involved had wanted to mislead in any way any member of the House.

Let me point out that in the early part of the debate on the question of privilege, the hon. member for Northumberland-Durham (Mr. Lawrence) himself agreed that that was so, and he is nodding again now in affirmation that he was not making that accusation.

Mr. Lawrence: That is right; we do not know.

Mr. Lang: But at the time I was making that point and asking him to confirm it, I also made the point that it was unfortunate that the same hon. member had used expressions which could have left the impression that that was what he was saying. It was unfortunate that he would say that a minister's letter misled him or, as reported at page 779 of *Hansard*:

—I was deliberately misled by a letter—

I said then, and I say again now, that the fact he admits that the minister did not deliberately mislead him, that he is not making any such accusation, should have led him to be far more careful with his words, should have led him to make it very clear at the time that he was alleging an error in the letter but not imputing to the minister that he was deliberately misleading him. It is very misleading to so use words that you leave a public impression that it is the minister whom you are charging with deliberately misleading.

I say the hon. member for Northumberland-Durham was careless in what he did to the reputation of a colleague and a politician in the way he used those words. That is unfortunate. It is not surprising that, as a result, we have innuendo creeping into press reports. I am sure this is the kind of thing which hon. members opposite would enjoy engaging in, if this matter were debated further, here or in committee. That is a wrong which they do. It would be a wrong done not only to the minister but, in due course, no doubt to others who would not be there to defend themselves either. As the Deputy Prime Minister and President of Privy Council (Mr. MacEachen) said, there is a broad, sweeping accusation, without a named accused, or without any knowledge or suggestion as to where that error crept into the document.

• (1652)

Mr. Gillies: That is why it should go to committee.

Mr. Lang: So says the hon. member for Don Valley (Mr. Gillies), that is why it should go to committee. When there is a suggestion of wrongdoing, an investigation by careful investigative process is the right method. Public debate, analysis, accusation, and broad brush depiction of wrongdoing is not a process which is in our tradition.

As attorney general in days gone by, I knew the care with which an investigation should take place, before public comment or allegation is made to suggest wrongdoing. It is simply improper to use the broad brush approach, which is used time and time again in this political arena.

There is an important matter before the McDonald commission. Surely the matter which this motion seeks to put before committee, in the view of any rational person, would confuse the public and the entire process, in terms of what is happening here today, what will happen tomorrow in the McDonald commission, and then what will happen before committee. It would be difficult to maintain some semblance of the fact the innocent should not be made guilty by innuendo before any evidence is put forward. That guilt by innuendo is what we saw in headlines as a result of the deliberations yesterday. Also it is what we heard in the words of the hon. member for Northumberland-Durham when he raised his question of privilege. That is a wrong we ought not to contribute to, by taking this type of sweeping issue before committee, when no wrongdoing against a member or minister is alleged.

Mr. Railton: It should not be allowed in parliament.

Mr. Lang: In the course of argument on a question of privilege, I made a point which I should like to elaborate on now. From time to time in the House, a minister or other member will state something as though it were a fact, which turns out on later examination to have been an error. It is one

of the fine traditions of this House, as soon as that is discovered, that the member or minister will inform the House he has discovered the error. Obviously the statement made in error could in one sense be argued to be an issue of privilege in relation to members and how they are affected, as indeed is the pith and substance of the argument relating to this letter. Even when it is a matter of privilege, the tradition of the House is: when a member or minister makes an explanation and gives the House the correction or information upon which he was acting, it is accepted and the matter is treated as at an end.

Specifically that is what happened in this particular case, but in a much more broadly sweeping manner. A number of answers were given in the House which were not far different in substance from what the hon. member for Northumberland-Durham alleged was contained in the letter as a part of an answer. There were members in this House, ministers or solicitors general, who had a belief which they indicated in the House and in other places in open testimony, that certain practices were not being engaged in by the RCMP. Based on that belief, obviously their answers and perhaps this letter gave assurances which either touched that question or indicated their belief in that regard.

As soon as it was discovered that those answers had been given in error—and no member suggests the error was deliberately expressed to the House—the then solicitor general clearly indicated that indeed it was an error. All matters founded upon that false understanding by solicitors general, at that point effectively were dealt with by the solicitor general of the day, as though a matter of privilege but in the tradition of the House, putting the matter to rest by making clear the error. At that time we took the more fundamental step of referring the entire question to a commission for inquiry.

Apart from the arguments put forward by my colleagues as to whether this was privilege, and the arguments by the Deputy Prime Minister and President of Privy Council indicating that the House could well judge beyond the prima facie level that it was substantially not, the House received an explanation that a series of answers, including the part of this one which is of the same sort, was based upon an erroneous belief on the part of solicitors general. The moment the true fact correcting that erroneous belief was made known, it was brought to the attention of the House, and in that sense completed.

Therefore, even if it were a substantial question of privilege, as distinct from simply a prima facie one, the motion does not present the course of action which the House should follow. The matter of any misleading by a member or minister, albeit innocent, was put to rest as far as the traditions of this House are concerned by the clarification of that error by the solicitor general of the day, as soon as it was known to him that there were facts other than those upon which his predecessors had based themselves.

As far as the House is concerned, this matter should be considered closed. Substantial questions relating to police activities are before the McDonald commission, and they will be dealt with there. In terms of privilege, the matter is closed. There is no need to deflect or distract attention from the proceedings in one place, to recreate the confusion by having a House committee and a commission alternatively dealing with some of the same issues, to the great disadvantage of the public. Certainly we know from yesterday's experience, when the press was not able to handle a fairly straightforward analysis by the Speaker of a question of prima facie privilege, the chance of misreporting. As the right hon. member for Prince Albert said a moment ago, that need not happen and we need not have further innuendo on colleagues in the House. The right hon. member claimed the record for misquotes and misguided references. I believe that makes clear why I will vote against this motion. With the facts I have recited, I consider the issue closed.

• (1702)

[*Translation*]

Mr. Gérard Laprise (Abitibi): Mr. Speaker, I will take only a few minutes—

An hon. Member: Dear God!

Mr. Laprise: I hear someone saying "Dear God!" I think he had better rise and take the floor than say: "Dear God!"

Mr. Speaker, this debate is taking a rather surprising turn. One side is asking that a parliamentary committee be established to throw light on revelations dating back to 1973 which eventually proved to be inexact. Well, Mr. Speaker, I do not intend to make long comments on that matter. I merely want to say that I agree with the motion to allow the Standing Committee on Privileges and Elections to throw light on that issue.

I read yesterday's *Hansard* and I listened to the proceedings this afternoon and I have been particularly encouraged to take the floor in support of this motion by the speech made by the Deputy Prime Minister and his parliamentary secretary. They were eloquent enough to convince me that this motion is really needed because of their determination to oppose it. Mr. Speaker, I understood that the government had something to hide concerning that letter and what was said as well as concerning the revelations made sometime later before the McDonald commission by commissioner Higgitt. Mr. Speaker, in the last few years there have been surprising revelations concerning the activities of the RCMP, its methods of investigations, its actions against a large part of the Canadian people and, considering those events and the actions of that police force which we used to consider as the best in the world, these revelations have undermined our trust in that police force.

Well, Mr. Speaker, we have reason to believe and to demand that the matter be clarified, in spite of the argument that a royal commission was set up to shed light on those activities, the fact still remains that the House of Commons is the supreme tribunal in Canada and parliament has all the rights

to shed light on points where it considers it necessary or useful. And that is indeed an important point.

In his argumentation yesterday, the Deputy Prime Minister said this, and I quote:

—that you say there has been a contempt, a deceit, and that is what the House is asked to find today, and the person or persons alleged to have brought about the deceit are left unnamed.

Of course, Mr. Speaker, in the letter the solicitor general sent to the hon. member for Northumberland-Durham (Mr. Lawrence), he does not mention the sources of his information. And that is precisely what we want to know.

The solicitor general of the day who was here in the House and listened to the debates all afternoon is now responsible for another department. He could probably, have risen and set things straight but he did not want to do so.

Mr. Speaker, that is why we are asking that this matter be referred to the Standing Committee on Privileges and Elections so we can question him to know the name of the person who misinformed the minister, and later on, through the minister, misled the House of Commons. The Deputy Prime Minister concludes by saying, and I quote:

In this case, we neither have an accused nor an unaccused.

Mr. Speaker, it is absolutely certain that a committee of the House of Commons, be it the Standing Committee on Privileges and Elections or another, is not a court of justice, but a committee to inquire into certain revelations that were not entirely made. We want to know all the facts, and this is what the motion put forward by the hon. member for Northumberland-Durham is all about.

I do not see why government members do not wish to shed light on this if they have nothing to hide.

Mr. Speaker, we support the motion. We hope the Standing Committee on Privileges and Elections will have all the help it will need to bring the matter under full light. I hope it has the complete staffing facilities needed to complete the inquiry.

It is my hope the government will recognize this is a valid motion and let the committee clarify this whole matter. If it so happens that there is nothing wrong, so much the better. The mover will lose face and support the consequences.

It is therefore my view that hon. members should support the motion so that we may finally know the facts.

[*English*]

Mr. Andrew Brewin (Greenwood): Mr. Speaker, the Minister of Transport (Mr. Lang) just addressed the House a short while ago, and at that time he implied that after he had spoken the matter was so very simple it required no further debate. I notice that he is being consistent in that he has folded his tent and stolen away. I agree with him that the matter is a simple one, but I come to the opposite conclusion. I think that this motion ought to be passed and that all members of this House should support it. To turn it down, and I am not unaware of what the Speaker himself has said, would be a reflection on the Speaker, would undermine his authority and, as such, it would be a blow to parliamentary institutions generally and to the proper conduct of this House.

[Mr. Laprise.]

In addition, once the Speaker has held that there is a prima facie case of privilege by a member of this House, then the investigation of the facts by a committee of this parliament is essential. That is precisely the situation we are in now. The proposal to defeat this motion could only be based on a contempt for the privileges of the members of this House, and, indeed, of parliament itself.

Why is the government trying to hide behind the arbitrary rule of a majority? What does it have to conceal? What has it to fear in having a committee look into what the Speaker has held to be a prima facie invasion of its privileges? Do the government supporters not trust a committee of this House, upon which they are represented by a majority, to determine the facts without bias? I think the suggestion that they are not a fitting tribunal to do so is a reflection on the government members of the House, as well as on others.

The government party calls itself the Liberal party. The essence of true liberalism is respect for parliament and an openness and a willingness to look into the facts impartially, particularly where there may be some breach of the law or rules of parliament. I suggest that a refusal to carry out the normal practice of sending this matter to the committee on privileges and elections is a betrayal of all that is best in the philosophy of liberalism. I am not a member of the Liberal party, but at least I am enough of a liberal to say that what is being done in this particular debate constitutes a denial of liberal principles. It is time that the supporters and every member of the Liberal party elected to this House decided whether to be governed by principles or by a narrow view of their own interests and also perhaps by an ingrained habit of secrecy in respect of public affairs.

• (1712)

I know it is perhaps naive and over optimistic to hope, but I do hope that some Liberal members recognize that what we are seeing today, if the arguments put forward by the Deputy Prime Minister (Mr. MacEachen) are to be accepted and this motion voted down, is the destruction of a party which, with all its faults, has served this country.

The argument of the Deputy Prime Minister that the motion is based on one sentence is, of course, nonsense. It makes not the slightest difference whether one, two or 50 sentences are the basis of a prima facie breach of the privileges of the House. If we have any doubt about whether that sentence—two sentences put together—subject to further investigation and consideration, did in fact constitute a prima facie breach of the rules of the House, we have the ruling of the Speaker to take as the principle which should enlighten us in this respect.

It is further suggested by the Deputy Prime Minister that the federal McDonald inquiry into alleged RCMP wrongdoing should prevent an inquiry by this House into a breach of its own privileges. This seems to me to be highly specious. I

concede the ability of the Deputy Prime Minister in argument, but no argument is going to persuade me, where the privileges of this House are concerned, that this House is not the primary tribunal in which to determine those matters.

Perhaps I am wrong, but what I think I see is part and parcel of a general tendency to cover up and keep secret anything that could be embarrassing to the government. I think these arguments should be repudiated by this House, as I am sure they will be by all Canadians who have a sense of the dignity of parliament and respect for its institutions and privileges.

The prima facie case is there, Mr. Speaker. The Minister of Transport says that he is fully confident that the McDonald commission should inquire and that it be left to them. I leave apart the question of the inevitable delay. This parliament is the highest court of justice in the land and it is this parliament to which responsibility is given to protect the privileges of all its members. The orderly way of doing it is to designate a committee to look into the facts.

The McDonald commission may do very well pursuing its appointed course, but it does not have the overriding authority to determine questions of privilege of members of this House. It is the duty of the House to deal with this matter and, after dealing with it in an orderly way, to send it to the Standing Committee on Privileges and Elections.

I do not think this is an unimportant debate. I think if this debate pursues the course it appears to be going, and if members of the government use their majority to defeat this motion, it would be an example of the fact that parliamentary democracy is decaying because of the actions of the government of the day.

Some hon. Members: Hear, hear!

Mr. Bill Jarvis (Perth-Wilmot): Mr. Speaker, it is with regret I note that the Minister of Transport (Mr. Lang) has left the chamber. This is one of the few occasions in the six years that I have been here that I have found an issue upon which I could agree absolutely with the minister. He went on at some length and in a very convincing fashion to indicate the dangers to which a debate such as this can lead. I could not agree more. Had he been here I would have given him the opportunity of solving the potential problem by agreeing, without further debate, that this matter go to committee.

The minister and I acknowledge all the problems that can be created in a debate such as this, but apparently our solutions are different. For some miraculous reason he felt the solution would be to defeat this motion. I am not as sophisticated as the minister. I can only relate this to the problems in my part of the country. There are a lot of farmers among my constituents and many of them produce livestock. Any livestock producer will tell us that there is a byproduct of that occupation which goes under various names. I think if I use the word "manure" most people will know what I mean. This presents a problem for which there are various solutions. The main solution in my riding is that producers knuckle down to a pretty tough job and restore that manure to the land so that it may in turn become productive. What they do not need is the solution of the Minister of Transport—to go out and shoot all the livestock. That would end the problem immediately and forever, and that is what the Minister of Transport is urging, that we shoot down this very important issue.

Today the Chair was very concerned about press reports and the way the media treated this matter. I only saw one or two reports but I certainly saw the words "deliberately misled." I thought that is what this is all about. I am not disagreeing with the Chair's interpretation of the reports.

We only have to read yesterday's *Hansard* regarding the evidence of former commissioner Higgitt and the correspondence my colleague received from a former solicitor general relating to these matters. As reported at page 1857 the Speaker said:

> I can interpret that testimony in no other way than meaning that a deliberate attempt was made to obstruct the member in the performance of his duties and, consequently, to obstruct the House itself.

I agree. I agree that there is only one possible interpretation, as the Speaker found. I agree that the only conclusion is that there had been an attempt to obstruct, and that attempt had been deliberate. I agree that the attempt to obstruct was directed at a member of the House, the hon. member for Northumberland-Durham (Mr. Lawrence). It was not an attempt deliberately to obstruct the then solicitor general, although that could be possible. This was a letter from that solicitor general, signed by him, and directed to my colleague.

The hon. member for Northumberland-Durham has no idea who was misleading him, and I am sure he agrees with the Speaker that, whoever it was, it was certainly deliberate. I thought that would be the function of the committee. The hon. member received a letter which deliberately misled him. He has never said, and I think all those who have participated in this debate agree, that the then solicitor general deliberately attempted to mislead him.

• (1722)

Mr. Pinard: He did say that.

Mr. Jarvis: He said the letter misled him. There is no question that the letter was signed by the then solicitor general. I hope no one is denying that. However, the instruction that was perpetrated was perpetrated by a deliberately misleading statement. Surely there is no question about that. The Speaker has ruled on that. We surely are not appealing that.

The letter that was signed by the solicitor general of the day was directed toward a member of this House. That is far different from correspondence that may be the subject matter of the McDonald commission investigation. We remember the letter from the then minister of national revenue, now the Minister of Employment and Immigration (Mr. Cullen), directed to the then solicitor general, now the Minister of Consumer and Corporate Affairs (Mr. Allmand), relating to RCMP access to confidential tax files. That gives rise to no question of privilege. That is far different from what we are talking about here. That was a letter from one minister who

was very concerned about the legality of certain operations in which his department was involved, directed to his cabinet colleague who was responsible to the agents of government that were involved in that particular seeking of information from confidential files. That is far different in terms of the rights and privileges of members of this House from a letter from the then solicitor general to a member of this House, in which the Speaker has ruled there was a deliberate attempt to obstruct the hon. member in the performance of his duties and, consequently, a deliberate attempt to obstruct the House itself. The Speaker went on to say yesterday, as reported at page 1857:

—I cannot conceive that there is any one of us who would accept the argument that this House of Commons has no recourse in the face of such an attempt to obstruct—

What is the recourse? The government is saying the recourse is the McDonald commission. What is the McDonald commission? I regret I have to give a lecture in government to the Parliamentary Secretary to the President of Privy Council (Mr. Pinard). In order to determine what the McDonald commission is, the parliamentary secretary need look no further than the very clear statement of Mr. Justice McDonald contained on pages 6 and 7 of his statement of November 13, and I quote:

The governor in council, in creating such a commission as this, asks this newly and specially created unit of the executive branch of government to examine some particular aspect of the government, that is the executive. The executive branch, through its chosen executive instrument, is examining itself. This must not be forgotten by those who expect the commission to do as they wish and as it wishes.

Mr. Justice McDonald went on to indicate that he was part of the instrument created by the executive to examine itself. He pointed out that this was a very difficult and delicate position in which to be. Therefore, certain things must attach to it. It must not only appear that the commission is operating with some independence, but in fact it must so operate without interference.

Mr. Justice McDonald went on to say that it could not be directed by a minister. With all of this, I agree. If the executive creates an instrument to examine itself, and if it is to be anything more than pure sham, certain very special conditions must attach its operations. Still, however, as Mr. Justice McDonald pointed out, the commission remains an instrument of self-criticism.

The McDonald commission is not an instrument of the House of Commons. It was not created by the House of Commons. Its terms of reference were not approved by the House of Commons. None of its rules, practices or procedures are influenced in any way whatsoever by the House of Commons. It does not report to the House of Commons. The commission's terms of reference can be amended, not by the House of Commons but by order in council, the executive, the cabinet. Its very existence can only be maintained or terminated, either directly or indirectly, by the cabinet.

Mr. Nuss was originally counsel for the solicitor general of the day. Subsequently, and this is not at all clear, even to the McDonald commission, because Mr. Justice McDonald specifically said so, that counsel enlarged his clientele to include all ministers of the Crown. That means the Privy Council, with one possible exception, the Minister of Justice (Mr. Lalonde) in his capacity as Attorney General. It is very uncertain whether Mr. Nuss is counsel for the Attorney General of Canada, but it appears now that he is counsel for the government and not just the Solicitor General.

Mr. Nuss's arguments some-weeks ago were to this effect. Once the Privy Council decides that such a document or such and such evidence is not to be produced in public, that decision should be binding upon the McDonald commission. Fortunately that was rejected out of hand by the commission in its statement. If that argument were to prevail, and thinking how the government can terminate indirectly the existence of the commission, it could put the commissioners in such a position that in order to maintain any vestige of integrity they would be forced to resign.

If I recall correctly, Mr. Justice McDonald said that even if the government changes the terms of reference, the commission would be forced to re-examine its position. I agree. However, it is certainly within the power of the cabinet to terminate indirectly the very existence of the McDonald commission, a power that this House would not even presume to think it had in these circumstances.

I do not think we need go any further in terms of the relationship between the cabinet and a commission than to look to the Mackenzie commission. Hon. members will recall that the Mackenzie commission reported to cabinet, not to the House of Commons. Subsequent to the Mackenzie commission report, there appeared, and I believe it was tabled, an abridged report of the Mackenzie commission's findings. I do not know what was deleted. I doubt that any member now or then sitting, unless he was a member of the cabinet, has any idea in the world what was deleted from the MacKenzie commission report. Therefore, it is absolutely clear that commissions such as the McDonald commission, which according to the President of Privy Council (Mr. MacEachen) is the answer to this question of privilege, bear no relationship whatsoever to the House of Commons or its individual members. The only relationship which exists is that between the commission and the cabinet.

● (1732)

Hon. members will recall that very early in the hearings of the McDonald commission submissions were made arguing that counsel should be permitted to appear on behalf of other groups in Canada. One of those groups happened to be the party I support. Those requests, not only by our party but by other groups, were rejected upon the basis of vigorous opposition by government counsel.

Compare that situation, the situation of the McDonald commission, which is simply the executive examining itself, with the position of the House of Commons. From my earliest days as a student I understood that parliament was the watchdog of the executive. It is interesting to note there has been some dialogue during this debate with respect to the role of the

backbencher; a point of order was raised today with regard to it. With respect to the McDonald commission, the backbencher has no role to play although, of course, he can ask questions about it. But as a watchdog over the executive, each member has a role. No matter where he sits in the House or what party he represents, he is entitled to fulfil that role as a watchdog of the executive. I hope that role is not questioned by anyone here.

Is the McDonald commission charged with determining whether or not there was a deliberate attempt to obstruct a member of this House? Never. That is not within the terms of reference of the commission. Indeed, I believe the commission would be horrified to find that this was its responsibility. Is it being alleged that the McDonald commission will investigate this particular situation? Well, I would want some very strong assurance from the President of Privy Council or from his parliamentary secretary that such an investigation is to be carried out. Does any government spokesman intend to assure me that the McDonald commission will investigate the circumstances leading up to this correspondence, this letter directed to the hon. member for Northumberland-Durham? Are they going to find out who drafted that letter and bring that person forward to give evidence in public? Are they going to determine who gave information to that person and bring him, too, before the commission to give evidence in public? Are they going to determine who placed that letter in front of the solicitor general and bring that person forth to give evidence in public?

I would welcome assurances along these lines if they could be given, and I would accept them. But that is entirely hypothetical because such assurances will never be given. I would also want to know whether that evidence would be deleted from the report when it is finally made, as in the case of the Mackenzie commission report—it is within the power of the Privy Council to take such action. Suppose the commission were to decide to take this evidence in camera but to include it in the report. What assurance do we have that this particular part of the evidence would not be omitted? How could we be sure that we were not getting an abridged report as in the case of the Mackenzie report? We have no such assurance.

There is only one forum in Canada capable of dealing with a deliberate attempt to obstruct a member of this House, and that is the House itself through its committees. No one else can do it. No one else has the authority to do it. The circumstances leading up to the letter which was written to the hon. member for Northumberland-Durham are an important issue, but not the only one. The hon. member himself put the matter clearly when he said the job of parliament is to do all it can to make sure this does not happen again. Can the McDonald commission give us that assurance? Never. It lacks the ability, the authority, to give such an assurance. Only the House itself can do that.

What has the response of the government been? I have read and re-read the speech made in this debate by the President of Privy Council and the reasons he gave for voting against the motion. I noted five. The first was that the motion had been "sprung upon the House". That is a surprising comment, coming from the expert "springer" himself. Then he said he and his hon. friends proposed to vote against the motion, not because they had no confidence in the Speaker but because they had "probed beneath the surface". Amazing. They had no idea this matter was coming up; it was sprung upon them. Yet within minutes the President of Privy Council had been able to probe beneath the surface. This meant that the hon. gentleman and his colleagues were going to judge the issue. They were going to judge themselves.

The third reason he gave for voting against the motion was that it represented a plea to close down the McDonald commission. Good heavens, it was the government's own lawyers who said on its behalf: We, the Privy Council, want to decide whether the proceedings should be in secret or not. Just six weeks ago it was the government's own lawyer who said in an impassioned speech before the commission that the Privy Council wanted to determine what portion of the inquiry should be held in secret and what portion in public, what documents were to be made public and what documents were to remain secret.

● (1742)

I am sure the minister's lawyer did not just dream this up by himself. He had to be acting on instructions when he said that the government would take away the most vital part of the commission's role, that of deciding what is to be secret and what is to be open. The minister says this motion is a plea to close down the McDonald commission. That is nonsense.

The fourth reason given is that this is a sensitive matter relating to the security of Canada. What garbage is this? It has absolutely nothing to do with the security of Canada, and to allege the contrary flies in the face not only of fact but also of reason. If he had said that this is a matter of the security of this government, that at least would have been honest and we would have debated the matter on that basis. I do not know whether I should accuse the Deputy Prime Minister of confusing the security of the country with the political security of the party he represents, but to allege that this motion and its subject matter should not go to a committee on the basis that it represents a security threat to Canada is about as ridiculous as republishing 59 documents containing so-called top secret information and being for Canadian eyes only and distributing them all over Parliament Hill and Ottawa.

The fifth reason given was that the committee would be a political forum. For heaven's sake, what else would it be? Certainly it would be a political forum. The role of watchdog is to watch a political institution. Certainly the committee would be a political forum, and so it should be. Perhaps the minister meant by that that on the eve of an election it would be all partisan. That is what we expect in committees. Sometimes committees go that way. Sometimes they go other ways. I understand that, but to say that the matter should not go to a committee because the committee would be a political forum

invites us to extend that to its logical conclusion and to suggest that nothing should go to a committee.

The Deputy Prime Minister contented himself with those five reasons, but his parliamentary secretary came up with a couple more for urging his colleagues to vote against this motion. He said that the motion questions the credibility of the McDonald commission. Months after the commission began operating a government lawyer appeared before it and said that from that point on the Privy Council wanted the right to decide what the commission should hear in public and what it should hear in private. That makes this question of credibility look pretty weak. Frankly, that is like comparing a demi-tasse with a swill bucket. It just makes no sense at all. As recorded in page after page of commission proceedings the government's lawyer argued that the Privy Council should be deciding what should be public and what should be private. That in itself questions the credibility of the McDonald commission. Does the parliamentary secretary mean to tell this House that a committee investigating a deliberate attempt to obstruct a member in the performance of his duties creates a question regarding the credibility of the McDonald commission? Nonsense.

Finally, the parliamentary secretary made a long and impassioned argument regarding the lack of urgency of this matter. Allegedly, the hon. member for Northumberland-Durham should have raised this matter a long time ago.

Mr. Boulanger: Right. That is a weakness.

Mr. Jarvis: That is a good argument, and do hon. members know what it is good for? It would have been a good argument regarding a prima facie case. At that point that argument should have been made. It would have been a good argument. Many questions of privilege have been refused on the basis that there was no prima facie case because of lack of urgency. I agree that that is an excellent argument, but although there was all the opportunity in the world almost a month ago to argue lack of urgency, that argument was not made.

However, once a prima facie has been established, it is too late to make that argument. Hon. members opposite missed their day in court in that regard, and to raise it now, to go over it time and again and to suggest that government members should vote against this motion because of lack of urgency, simply does not hold water. Hon. members opposite profess not to disagree with Mr. Speaker and not to question his ruling, but then after a prima facie case has been found, they turn around and argue that there is lack of urgency. That simply will not wash. It is too late for that. When hon. members make that argument at this point, they challenge the competence of Mr. Speaker. When they make that argument at this point, that is exactly what they are doing.

Mr. Boulanger: No, sir. Explain.

Mr. Jarvis: Who are they who might be tempted to vote against this motion? I cannot name them, but they are those who wish to perpetuate the cover-up, the stonewalling, the delay and the whole litany of procedures the government has practised for months respecting the broader issue of security service operations which led to the setting up of the McDonald commission. Ample evidence regarding that issue has been forthcoming for months now, not just in this debate. There have been questions during question periods, speeches and questions of privilege for months and months.

At first there was supposed to be one isolated incident. Then there was contradictory evidence, and we went on and on. There was an attempt to cover up. Prima facie cases having been established, there have been only two incidents since, I believe, 1965 in which government members voted against sending matters to committee. It is a remarkable coincidence that those two instances related to this particular issue. One would have to be very naive to believe that that is coincidence.

Who else might be tempted to vote against this motion? There are those who wish to have the executive proceed without accountability to the highest court of this country, this parliament. In the interests of expediency and efficiency there might be some who would say that executive action need not be accounted for to anyone. I believe that is the philosophy of the Prime Minister (Mr. Trudeau). It has been the philosophy of many political leaders, none of whom were very successful over the long run and most of whom were regretted in terms of history. However, that philosophy appears to be very much the philosophy of this government.

It has been said that ministers should be expected not only not to know about day to day operations but that they should virtually and deliberately avoid knowing. That is one of the most outstanding statements I have ever heard in terms of its repugnancy to me. It is absolutely unacceptable in terms of all I have come to know about parliamentary democracy. It is unacceptable by any yardstick because its logical extension would be that there should be government by the executive branch alone. I cannot accept that.

Nor can I accept the establishment by the executive of a special agency to examine the executive, such as the McDonald commission, as a replacement for accountability to parliament. With all its inefficiencies, with all its lack of expediency and with all the frustrations there may be, accountability to parliament has been the best system ever devised. If someone can show me a better system which eliminates the need for having the executive account for its actions and which at the same time protects the interests of the people it is set up to serve, then I would be the first to change my mind; but for centuries of parliament the fact that such a system exists has never been successfully argued.

● (1752)

Finally, there will be a group which might be tempted to vote against this motion. This group would be those who wish the rights and privileges of members to take second place to political expediency and political cover-up. Now, sir, in a pre-election period, as we all know, atmospheres change, attitudes change, performances change. That is part of the system. But that does not mean that one changes one's integrity. It does not have to mean that one compromises one's principles.

It does not have to mean that the very root of parliamentary democracy, that of accountability, has to take second place. Even from the crassest, most partisan political viewpoint, I cannot understand why we would deny a committee the right to investigate what Mr. Speaker calls a deliberate attempt to obstruct a member. To say that the privileges and elections committee is a parallel committee to the McDonald commission is about as absurd as anything I have heard. It boggles the mind. It just does not wash.

Once it is found to be a prima facie case that there was a deliberate attempt to obstruct a member—and Mr. Speaker found that that was the only conclusion to which he could come—the only conclusion was that there was a deliberate attempt to mislead; it was not negligence, carelessness or an inadvertent act, but a deliberate attempt to mislead and obstruct a member.

There is no question in Mr. Speaker's mind that it was intended to obstruct and mislead when he found there was a prima facie case, and there is no doubt whatsoever that it was a member who was being deliberately misled. No one is accusing anyone here. The hon. member for Northumberland-Durham has no idea in the world who was perpetrating the deliberate obstruction, and he has never alleged that it was the previous solicitor general. That is a possibility because, as my colleague the hon. member for Yukon (Mr. Nielsen) points out, he signed the letter. That is something which I would hope the committee would come to grips with immediately.

Let me say in conclusion that I implore members of the House to think about the role of the committee as the watchdog of executive action, not to try to crucify the government politically but to be the watchdog of executive action, the one form of accountability that the cabinet has to use. Why should we not have the right to discharge that function properly?

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

The Acting Speaker (Mr. Ethier): Is it agreed that we call it six o'clock?

Some hon. Members: Agreed.

The Acting Speaker (Mr. Ethier): It being six o'clock, I do now leave the chair until eight o'clock this evening.

At six o'clock the House took recess.

● (2002)

AFTER RECESS

The House resumed at 8 p.m.

The Acting Speaker (Mr. Ethier): The hon. member for Yukon (Mr. Nielsen).

Mr. Boulanger: Oh, oh!

Mr. Erik Nielsen (Yukon): Mr. Speaker, the hon. member will have to put up with it, as well as with a good many other things before he is through. I know we are a nuisance on this side. I also know the regard on the other side for this place is such, as has been indicated by the participants in this debate, that it is a complete misconception of what it is all about.

Mr. LeBlanc (Westmorland-Kent): That is an old cliché.

Mr. Nielsen: The hon. member does not understand this place.

Mr. Railton: It is too bad.

Mr. Nielsen: It is too bad, as the hon. member for Welland (Mr. Railton) says.

Mr. Railton: It is too bad you people do not understand it too.

Mr. Nielsen: It is too bad hon. members opposite do not understand this place.

Mr. Railton: It is too bad the hon. member is making a travesty of parliament.

Mr. Nielsen: It is a travesty of parliament to suggest that the privileges of this place and of the members of this place—

Mr. Railton: It is too bad the hon. member for Yukon (Mr. Nielsen)—

An hon. Member: Order.

The Acting Speaker (Mr. Ethier): The hon. member should address himself through the Chair. The hon. member for Yukon has the floor.

Mr. Railton: Tell the hon. member not to talk back.

Mr. Nielsen: Mr. Speaker, I was not interrupting while the hon. member was talking; it was he.

Mr. Railton: Get down to the subject.

Mr. Nielsen: It is a travesty of this place when hon. members opposite suggest the McDonald commission would have the power to decide the privileges of members of this chamber. I cannot conceive of a more distorted idea than that which seems to be prevalent in the minds of government members. It is not in keeping with any logic whatsoever or with any traditions built up over the years. We hear from members opposite that the privileges of members of this place should be decided by the McDonald commission.

Mr. Boulanger: Oh, oh!

Mr. Nielsen: That is exactly what they have been saying.

Mr. Boulanger: The hon. member is stretching it.

Mr. Nielsen: I am not stretching it at all. That is exactly what they have been saying. They have said that we should not

conduct a parallel inquiry in the Standing Committee on Privileges and Elections of this House, because the McDonald commission already is determining these matters. I suggest they fail to appreciate the nub of the question of privilege raised, that members of parliament have been misled by the government.

I sympathize with the remarks of Mr. Speaker today when he commented respecting the treatment which the procedure of this place was accorded in the press yesterday. According to the blues, Mr. Speaker said, "As a matter of fact, one of the unique points that I made was that we were not, as had sometimes been done in the past, holding the minister accountable in this process but that we were going around the minister to deal with his official."

● (2012)

With the greatest of respect, I do not share the view of Mr. Speaker when he made those remarks. Because we are dealing with the government and a minister of that government whose reply in a letter to the hon. member for Northumberland-Durham (Mr. Lawrence) binds that government in a situation where there was a deliberate misleading of the House.

Mr. Boulanger: You mean one paragraph of the letter.

Mr. Nielsen: I do not care whether it is one paragraph or two words, it makes no difference.

Mr. Boulanger: It makes a big difference.

Mr. Nielsen: If the Deputy Prime Minister and President of the Privy Council (Mr. MacEachen)—of whom I will have something more to say in a moment—were shot to death, for example, and I were on trial for his murder—and God knows, sometimes it is difficult to tell whether the President of Privy Council is dead or alive, and the same applies to a good many of the members over there—and I was asked the question in my trial, "Who killed him?" and I answered, "I killed him", those three words would surely constitute rather compelling evidence for a jury to bring in a verdict of guilty.

Mr. Boulanger: *C'est un argument simpliste.*

Mr. Nielsen: *C'est ça.* Mr. Speaker went on to say, "I am carefully trying to avoid coming to conclusions about this." That is to say, whether there had been any misleading of parliament. He went on to say, "I ought to review the discussion to keep it in context and that was that the solicitor general of the day may very well have been deceived by the action, which was the subject of the complaint by the hon. member for Northumberland-Durham. I was making the point that by going around the minister to get to an official who may have first of all deceived the minister, and through the minister, deceived the member, and therefore the House, we were embarking upon a procedure which was unique in that respect."

He is quite correct, but hon. members will note that Mr. Speaker is very careful in his choice and permissive use of the word "may", because the other conclusion, which many in this country have already arrived at, is equally as applicable, that the minister himself may have deceived the House. That is what the motion is all about, to refer this matter to the Standing Committee on Privileges and Elections for the purpose of conducting an investigation.

The hon. member for Oshawa-Whitby (Mr. Broadbent) was quite accurate in his contribution to this debate when he said that the normal procedure would be to have the subject matter referred to the committee where an investigation would be conducted, and after the committee had reported to the House, the House would then make a decision as to the substance of the motion itself. However, the government has plugged its ears and decided that it is not going to committee, even though it has nothing to hide, but instead the decision will be made by a vote against the motion for referral.

Mr. Boulanger: You're playing a game.

Mr. Nielsen: This is more important than a game. I suggest to the hon. member and to the hon. member for Welland—

Mr. Railton: You're just playing a game, Nielsen. Don't kid me.

Mr. Nielsen: I have been accused by the hon. member for Welland of playing a game.

Mr. Railton: That is my opinion.

Mr. Nielsen: I am not going to take objection because my hide is a little thicker than to be offended by his remark, but I am surprised that the good doctor would say such a thing because this is no game.

Mr. Railton: I thought that the lawyer from the Yukon was more sensible.

Mr. Nielsen: This matter concerns a member of this House who has been deliberately misled.

Mr. Railton: Baloney.

Mr. Nielsen: It is not baloney.

Mr. Railton: It is baloney.

Mr. Nielsen: The hon. member for Northumberland-Durham, the evidence is clear, was told in a letter which was signed by the solicitor general that there was no practice extant of opening the mail of citizens of this country. That is not baloney, that is fact.

Mr. Railton: That is baloney because both you and he have made up your minds to carry on this sort of debate. That is all it is, just a debate. You have no real reason for it.

The Acting Speaker (Mr. Ethier): Order, please. Once again I would remind hon. members that if they wish to seek the floor they must rise in their place.

Mr. Nielsen: He must also take off his hat, Mr. Speaker. I find it very difficult to believe that members opposite would

have that kind of view, that they could come to that kind of conclusion.

Mr. Railton: You know what you can believe and what you cannot believe. You have given a good demonstration of that in the last six years as far as I am concerned. You can believe almost anything.

Mr. Nielsen: Mr. Speaker, the hon. member may have had too much dinner.

An hon. Member: More than dinner.

Mr. Nielsen: Maybe more than dinner. There was an occasion in this House about five or six years ago when I rose in my place to complain about wiretapping. I related an experience that I had had with my telephone in my parliamentary office. I was conclusively led to believe that my telephone was being tapped, and I complained through the grievance procedure here in the House.

At that time the former member for Vancouver Quadra, Mr. Deachman, moved a motion that the subject matter of my question of privilege be referred to the Standing Committee on Privileges and Elections. We agreed that it should be referred. I received a letter from the distinguished chairman, who is still chairman of that Standing Committee on Justice and Legal Affairs, requesting me to appear before that committee to testify. I said that I would be delighted to appear but for the sake of order perhaps the solicitor general should appear first to explain the policy of the government, and that members of the RCMP should appear following him to explain their activities. Once that had been done I explained that I would be most delighted to appear.

They did not call the solicitor general or the members of the RCMP to testify. The matter had ended and the committee had come back *nulla bona*, as we say in law, with nothing to report. Their tactic clearly was to "MacCarthyize" me on that committee, and when that opportunity was not available to them they stopped. They were very quick in those days to refer this kind of matter to the Standing Committee on Privileges and Elections but only if they could obtain political advantage. Yet we hear the hypocrisy of the President of Privy Council saying that we are taking this action for political purposes. We are not doing that at all.

Mr. Railton: Beautifully done. I should congratulate you.

Mr. Nielsen: We are taking this action for the purpose of determining who is telling the truth. There have been all sorts of contributions in this debate as to whom we are to believe. We are told by members opposite that once a minister stands in his place, then by the traditions of this House we must believe him. Yet we are confronted with the testimony before the McDonald commission which throws doubt on that belief.

We are not alone in coming to these conclusions. This has been a subject matter for the press throughout the country for a good long time. The Parliamentary Secretary to the President of Privy Council (Mr. Pinard) is not in the House, I am sorry to say. He complained about headlines in the press to the effect that the Speaker ruled that a government letter misled members of parliament. That is exactly what he ruled—the prima facie case that is being submitted to parliament to refer to a committee. The hon. member for Assiniboia (Mr. Goodale) shakes his head in a negative manner.

● (2022)

Mr. Goodale: Did you hear him speak?

Mr. Nielsen: I heard him speak. I have been sitting here throughout this debate. The hon. member for Assiniboia has not. I have heard every word and have gone to the trouble of getting the blues so I know precisely what was said today and yesterday. I assert that the press stories are perfectly true. The hon. member for Northumberland-Durham was misled; there can be no question about that.

Mr. Railton: He is easy to mislead.

Mr. Nielsen: He was told that mail was not opened.

Mr. Railton: Five years ago.

Mr. Nielsen: I heard that too from the hon. member for Northumberland-Miramichi (Mr. Dionne), but the hon. member for Northumberland-Durham did not find out about this until the testimony came forth in the McDonald inquiry. Then he raised it at the first opportunity. There is no doubt—

Mr. Railton: It took five years.

Mr. Nielsen: The hon. member for Welland says it took five years. How can he complain about something that does not surface for five years? The hon. members received that letter in 1973 and did not learn it was false until the testimony was given before the royal commission that we set up to look into these matters.

Mr. Railton: It is not false yet. Who says it is false?

Mr. Nielsen: It is patently false. He was told in that letter—

Mr. Railton: It has got to be true. You are making a lot out of nothing.

Mr. Nielsen: If what the hon. member for Welland says is true—that what the solicitor general said in the letter was true—then we would not be going through this exercise.

Mr. Railton: Yes, you would. You would do it anyway just to mislead us and the country. That is what your main line is, to mislead the country.

Mr. Nielsen: This is the old line, that we are a nuisance over here, a thorn under their saddle and we should be abolished—get us the heck out so that they can go on their own sweet way.

Mr. Railton: The country is wising up to this.

Mr. Nielsen: Indeed, they are! That is reflected in certain headlines I have read in the last two or three days.

Even the hon. member for Welland should concede that the letter from the solicitor general was false. He signed it. If we were to believe that he did not know what he was signing, I suppose he could well have sent a copy of the Lord's prayer to the hon. member for Northumberland-Durham and have adopted it as government policy.

Mr. Railton: I don't know how he would know.

Mr. Nielsen: There is a certain exposure there which might be beneficial to those on the treasury benches, of course!

The second point I want to make with reference to these things that are perfectly true is that, in order to be a prima facie case of privilege, the action had to be deliberate. Hon. members opposite have been delivering barbs and, indeed, some members on this side have been making excuses that the then solicitor general did not know the letter was false. But he signed the letter, Mr. Speaker. Ministerial responsibility has to begin and end somewhere. It had to be deliberate. When he signed that letter it had to be deliberately misleading. It was misleading; there is no doubt about that.

The letter, emanating as it did from the solicitor general, emanated from the government. It came from the solicitor general. He signed it. He made the misleading statement; therefore, the government has mislead a member of the House and, as Mr. Speaker has said, that is a contempt of the House itself. Therefore, I say that the press treatment of this proceeding is perfectly correct. That letter deliberately misled the hon. member for Northumberland-Durham and deliberately misled this House.

The Prime Minister's predecessor in 1963 suffered from what we called at the time "selective amnesia". As long as remembrances occurred which might be embarrassing to the government with respect to the Rivard affair, the furniture matters or Munsinger matters, ministers conveniently forgot the circumstances. They could not remember; it was selective amnesia. The former prime minister travelled back from Prince Edward Island on a plane with the minister of justice of the day—God rest his soul—and he was told about certain things that he afterwards did not remember.

That was an affliction which dogged the government of that day. It seems to be a peculiarly Liberal affliction. They are no longer suffering from selective amnesia, but rather what I might call self-inflicted blindness, which is a theory that holds that by seeing no evil, its reality can be denied. Over and over again we have heard the Prime Minister (Mr. Trudeau) say in this House—and I have quotations by the ream—that, of course, government is responsible for setting the policy of the security service.

Mr. Railton: You should write children's stories.

Mr. Nielsen: Mr. Speaker, I think the hon. member for Welland has more ability to write children's stories than I.

Mr. Dionne (Northumberland-Miramichi): You have the ability.

[Mr. Nielsen.]

Mr. Nielsen: The hon. member for Northumberland-Miramichi really should not speak about ability after his dismal performance in the debate this afternoon. I have never heard anything more inane in my time in the House than his so-called contribution to the debate. He asked, as did the President of Privy Council, "Who misinformed?" He wondered about responsibility being attached to an individual for misinforming the House. He did not know who it was.

I just put the question, Mr. Speaker: Who signed the letter containing false information sent to a member of parliament? Who signed the letter that deliberately misled the hon. member for Northumberland-Durham? It was the solicitor general of the day, and I am glad to see him in his seat. He has been peculiarly silent. One might have expected he would take part in this debate and attempt to set the record straight. That is the simple answer to the question.

Mr. Dionne (Northumberland-Miramichi): Very simple. That is the problem.

Mr. Nielsen: Very simple and very accurate. When a minister signs a letter one assumes he has read it. One also assumes that if the statement was made in that letter that mail was not being opened, he would recognize the seriousness of signing such a blanket assurance without asking questions. It is completely inconceivable to any logical, reasonable individual to conclude that the government operates a security service without any knowledge of what that service is doing in the country.

● (2032)

I believe that the letter contained information sent to the hon. member for Northumberland-Durham which deliberately misled him, and that was the finding of the Speaker as well.

The motion calls for an investigation, but members over there do not want an investigation because the former solicitor general would have to appear and give testimony. The government majority would then have to exercise its usual effort of stonewalling. Even so, some damage and embarrassing evidence would emerge. That is what the motion calls for.

The President of Privy Council has tried to leave the impression that the House must make its decision here. When the hon. member for Oshawa-Whitby made his contribution to the debate, he was absolutely correct in outlining the normal procedure that should be adopted when the House is considering matters of this nature. The matter should be referred to the committee, the committee should hear and consider evidence and then report to the House. Then and then only should the House make a decision.

Instead the government members, on instructions that the whip has laid on, are plugging their ears. They do not want to hear anything. They have decided the matter is not going to committee, that we are not going to get information, so that the matter will die here. They will be successful because of their majority. The facts will not be exposed.

An hon. Member: Oh, oh!

Mr. Nielsen: Let me give one educated guess for the benefit of the hon. member. The hon. member for Northumberland-Miramichi during his so-called contribution to this debate spoke about trained seals. I might remind the hon. member that those members over there are precisely that, sir. They are trained seals. There is not an honest, independent initiative among all government backbenchers, no matter how important the matter is to parliament.

Some hon. Members: Hear, hear!

Mr. Nielsen: The hon. member opposite claps. Let me remind him of what his leader, the Prime Minister of this country, said of Liberal backbenchers in the days when he was not in this place. He described members like the hon. member for Northumberland-Miramichi as trained donkeys seeing how fast they could get to the trough. That is a paraphrase but it is damned accurate in respect of the Prime Minister's words.

An hon. Member: He didn't say that.

Mr. Nielsen: He said that. He did not say it since he became Prime Minister but when he was a member of the NDP.

An hon. Member: He said that before he saw the light.

Mr. Nielsen: I wonder what light they see over there that blinds them to the natural course this parliament should be taking on this issue.

Let us consider the Minister of Transport (Mr. Lang) who used to be the minister of justice as well. Not only was he the minister of justice, he was the dean of the law school in Saskatoon, Saskatchewan.

An hon. Member: Does that bother you?

Mr. Nielsen: It doesn't bother me at all. What bothers me is that students who went to that law school to learn the fundamental principles of law were subject to the influence of the kind of thinking to which the Minister of Transport is prone.

I can remember an occasion here in the House when we considered a statute which said in one of its clauses that payments "shall" be made to wheat farmers on a specific date. The Minister of Transport stood in his place and argued—I think he argued sincerely—that the word "shall" could be construed to mean "maybe". That is exactly what happened and the government held up those payments to the wheat farmers even though the statute said implicitly that they had to be made.

I remember the present Prime Minister standing up in the House, in February, I think, of 1968, when we defeated the government by two votes on a money measure, arguing that this really was not a lack of confidence and the government had every right to subsist and survive. He also used to be a law professor at a notable university in Montreal. No wonder we say that hon. members over there do not understand this place. They cling to power like a cat clinging to the hide of the Canadian people, whatever the cost.

An hon. Member: What do the Canadian people say, Erik?

Mr. Nielsen: I think the Canadian people are pretty disgusted. The hon. member opposite reminds me of Bryce Mackasey. I forget his riding, whichever one it was he represented from time to time—Verdun at one time, and a recent attempt at Ottawa Centre. He always tried to portray himself as the man going to work with a lunch bucket. The hon. member for Northumberland-Miramichi thinks he is the only member of this House who has an understanding of what he calls the common, ordinary man in the street. I have news for him. There are other members of this House, on all sides, who are just as keenly aware of the guy who uses a wrench as that hon. member. He asks me what the Canadian people think. I would presume that what the Canadian people think is that those members over there are trammelling the rights of parliament. If the President of Privy Council were to have his way, we would have the gag rule. If the Minister of Transport had his way, it would be the gag rule, and that is the fact.

An hon. Member: The people seem to be happy in my riding.

Mr. Nielsen: I have lived in the hon. member's province for quite some time.

An hon. Member: It doesn't show.

Mr. Nielsen: I am sorry if it does not show. I went to university in the hon. member's neighbouring province and I lived in that area of the country for six years.

An hon. Member: You better go back and refresh yourself.

Mr. Nielsen: I wonder if the hon. member has ever been to the Yukon. Let me tell him that I have lived permanently in every province and territory in the country, and I do not think that is a statement he can make. As a result, I think I am just as keenly aware of the feelings of Canadians as he is.

Canadians are going to get the impression from this debate and the exposure the question is receiving that the government, through the former solicitor general, is misleading members of this House. The Minister of Transport would like to see the debate terminated. He said the debate was closed and that this was a political attack. I have already given members the wiretapping example. It seems to me that if government members vote against this motion—

An hon. Member: We will.

Mr. Nielsen: The hon. member says they will. The phrase immediately leaps to my mind: My mind is made up; don't confuse me with the facts. Hon. members opposite do not want the facts because they are embarrassing. This is yet another example of their total lack of regard for this place, and an example of the extremely low regard in which they hold the parliamentary process, the subject matter of the debate here last Tuesday.

● (2042)

I am really disappointed. I have sat here several years listening to the President of Privy Council. Usually I have a

very high regard for his participation in debates of a procedural nature. However, every time he opened his mouth yesterday, he was doing so for the purpose of placing yet another restriction on members, yet another gag on members of parliament.

The hon. member for Winnipeg North Centre (Mr. Knowles) raised a point of order last night with regard to the words used by the President of Privy Council. During the debate today the President of Privy Council rose and tried to recoup some of that ground. There is no doubt that he was annoyed yesterday when Mr. Speaker found a prima facie case of privilege. He was annoyed that he had not received a copy of the motion. Obviously he was manifestly annoyed. He said in that debate—and so that hon. members do not forget who was the first person to reflect on the Chair, I will quote from page 1863 of *Hansard*:

> Mr. Speaker, we are dealing with a motion that obviously was well prepared beforehand and which obviously was in the hands of the official opposition for some time, having prepared it in consultation with the Chair.

I am informed that is not true at all. That motion was not prepared in consultation with the Chair but was prepared in consultation with the Table and the officers of the House. There is a big distinction between the two. He went on to say:

> I regret that on a matter of this importance the motion itself was suddenly sprung upon us,—

What liability do members have—and I have raised several questions of privilege in this House in years past—to inform the government that we are going to be raising a question of privilege? None at all. They would like to have us operate as puppets, but that is not how we operate. He went on to say:

> —and that we were not given any opportunity to consider the terms of the motion prior to its being put before us,—

Here were the damaging words:

> —obviously on a prearranged basis.

He was accusing the Chair in no uncertain terms of collaboration, to use the word that was used by the hon. member for Winnipeg North Centre last night. The Chair had nothing to do with the preparation of that motion. That was a very crass accusation to be made by the President of Privy Council. He really should apologize for it. However, it will not do any good because, in my view, the Speaker has a very fine judicial mind. After extreme care in exercising his discretion yesterday, he came to the conclusion that there was a prima facie case of privilege that has to be considered here.

What those opposite are saying is: "Your opinion is worth naught, Mr. Speaker. We do not agree with you that there is any case of privilege here. We are not going to allow it to be investigated. We are not going to allow it to be sent to committee. We are not going to hear anything from any witnesses. Our minds are made up. We are going to vote against the motion and you with your reputation as a very fine legal mind can go down the tube with it."

That is the position those opposite are taking. Then they draw the red herring across the trail of a parallel inquiry. I am glad to see the Parliamentary Secretary to the President of Privy Council in his place.

Mr. Pinard: As usual.

Mr. Nielsen: He has the audacity to suggest that this question of privilege should not be discussed in a parliamentary committee but should be decided by Mr. Justice McDonald and his commission.

Mr. Pinard: You don't understand.

Mr. Nielsen: I not only heard the parliamentary secretary say that, but I read it again today. That is what the hon. member for Northumberland-Miramichi and the President of Privy Council have been saying. What a travesty of the parliamentary process! What could more clearly illustrate the complete lack of understanding of what this place is all about than that kind of a statement from the Parliamentary Secretary to the President of Privy Council? We do not want a parallel inquiry. What we want, as the motion describes it, is a reference to the standing committee which usually considers matters of this nature.

The Acting Speaker (Mr. Ethier): Order, please. I regret to interrupt the hon. member but his allotted time has expired.

● (2052)

[*Translation*]

Mr. René Matte (Champlain): Mr. Speaker, your arguments and those put forth by most hon. members who have already spoken are quite convincing. This is clearly a motion which deserves the support of most if not all hon. members. This opportunity hon. members have to demonstrate real and sincere eagerness to straighten up our political ways should have precedence over any other consideration. For we must agree that unfortunately most of our so-called democratic governments are democratic only in names. Sometimes our leaders, under the cover of democracy, administer and govern in a way that would shock our people, if only they were aware of what is going on.

Without presuming what results such an investigation could have, Mr. Speaker, it seems to me that there has been too much mystery about things whose consequences are too serious to allow us to dismiss them lightly without scrutinizing them so as to show once and for all, as I said earlier, that this government can offer the population something positive rather than the opposite.

Mr. Speaker, I recall that in 1969, the Standing Committee on Broadcasting, Films and Assistance to the Arts heard the evidence of municipal authorities from the city of Montreal who stated that they were aware of a great number of subversive activities not only in the metropolitan area of Montreal, but also elsewhere in Quebec, and that they did not understand why nothing was being done to stop these activities after they had told the police and government authorities about them.

One year later, there was the famous October, 1970, crisis where we witnessed serious disturbances, and because of the circumstances surrounding these events, we were able to ask ourselves certain questions such as this one: Why is it that since the authorities were aware that certain events could occur, why is it that the police, especially the RCMP, while it found quite normal in its regular operations to infiltrate certain underground movements in the field of criminal activities or where the security of the country was involved, had let the situation deteriorate to such a point that this crisis could occur and not only affect certain people, as I said earlier, Mr. Speaker, but also harm the reputation of a whole nation and a whole population? The hon. member for Champlain was taken lightly and even laughed at in 1970, 1971 and 1972 when he asked a series of questions to determine how come certain events had occurred when the police was aware of the situation. All I was told at that time was that I could not be told anything on this subject because national security was involved, and this is how, as others have said before me, the government hid behind the rules to avoid revealing certain facts about which we should have been told.

Mr. Speaker, circumstances made it possible a few months ago to see that those considerations made several years ago were just as founded as the confessions of the Solicitor General who said it was true that the RCMP had set criminal fires, stolen dynamite, and issued communiqués in the name of the FLQ in 1971.

Mr. Speaker, when we uncover everything under those revelations, we will realize that we are very close to a dictatorial government acting much like South American republics which always stand one hour or one day away from revolutions. Mr. Speaker, either one of two things—either the government takes its responsibilities and it has true and absolute control over everything that has to do with the security of this country, everything that has to do with its administration, directly or indirectly, or it leaves that democratic power in the hands of law enforcement agencies. In both cases, this goes against fundamental rules that should be guiding policies of this kind.

We have before us today a motion which puts those facts right to our faces, Mr. Speaker. How come the Solicitor General refuses to participate and the government confirms that refusal by informing us that it is going to vote against this motion whose only purpose is to bring about clarifications we need to set things straight? If there was an attempt to cover up, if it is still going on, I say, Mr. Speaker, that that is a way of doing things which sooner or later will generate disastrous reactions, and then do not be surprised when you see the comments that can be made on the general morality across this country, when the example comes from the top—the government itself.

Mr. Speaker, it is important that we in our capacity as representatives of the people be able to preserve the fundamental rights and privileges the people have to know how their money is being administered, how their interests are being protected and what is the general direction of policies. If a solicitor general does not have more responsibility before this House than any law enforcement agency dictating letters to him, Mr. Speaker, we have to know where we stand. To refuse to inform adequately the duly elected representatives of the people is, as everyone else said before me, to try to hide the truth. It is high time in the system we have, which more and more people see as a corrupt system, for those who run it to shed their fear of facing public opinion directly by having the courage to disclose all the side-lights of what was done. I repeat, whether it was authorized or not, it occurred. Mr. Speaker, it would be interesting to know under what authority and how it is the delegated authority the police was given went as far as stealing dynamite, setting criminal fires, and issuing communiqués in the name of the FLQ.

In view of the special circumstances under which emancipation and growth led to the election of a Quebec government advocating a restructuring of the country along the lines of sovereignty-association, there is a strong tendency to conclude that everything has been done for a number of years to tarnish the reputation of those who are honestly, sincerely and peacefully striving to find a way for the people in this nation to live in true harmony. That the temptation has been to tarnish their reputations by all sorts of arbitrary means, such as controlling in some way the enforcement agencies or letting the police lead activities that are unacceptable in a so-called civilized nation—

● (2102)

An hon. Member: Speak to the motion!

Mr. Matte: Mr. Speaker, an hon. member opposite suggests I am not speaking to the motion, but this is more relevant than he thinks. I know of course such matters are of no interest to hon. members supporting this government. I know full well the large majority of Liberal members are not aware of all those actions, but they know as well as we do there have been actions that prove beyond the shadow of a doubt that the police are indulging in activities that might have been and in effect were from time to time in the nature of provocation. There were attempts to tarnish reputations, the audacity went as far as—and this has now been proved—to discredit a political party as a whole, namely the Parti Québécois, in a successful attempt at getting a list of their membership.

Mr. Speaker, we hear reports of coups in South America. The reference is to banana republics, the implication is this is quite normal there. Well, if we got deeper, if we could finally find out how things happened and why they did happen, we might find out we are faced with an administration whose sense of democracy is no more advanced than that of countries led by what amounts to dictatorships. Mr. Speaker, we are here to protect the citizens, we are here to pass legislation

promoting their emancipation and growth. In other words we are not here to play hide-and-seek to protect anybody.

Whether it be police forces, high-ranking civil servants or government authorities that are involved and made mistakes, we and the people are entitled to know the truth. And we should agree that the matter be referred to committee, so we may shed light. Certainly there can be no other conclusion that those who do not support that have something to hide. Indeed, Mr. Speaker, everything surrounding the facts that came to light, everything surrounding the very existence of the McDonald inquiry, the circumstances surrounding what is for all practical purposes the demise of the Keable inquiry in Quebec, all these things are rather mysterious and directions have certainly been given at a certain time to create such a situation. If we are not given the opportunity to scrutinize those issues in committee, how shall we know? When shall we be able to undertake a really objective analysis of all those facts and circumstances?

Mr. Speaker, we have no choice because there is no other means in this country to call all the witnesses to throw light on that issue. We have witnessed the fight between the Solicitor General of the federal government and the attorney general of Quebec concerning the famous Keable inquiry. We have witnessed that mouse and cat game, those proposals and counter-proposals, the systematic refusal of any cooperations to shed light on the activities of police agencies and authorities in that matter, Mr. Speaker. How would we not conclude, as are doing all Canadians, that there is a plot of enormous proportions to try hiding the truth?

This is why, now that we have an opportunity to find out the truth, not for the sake of political or partisan revenge but merely to demonstrate to Canadians that we are responsible, we want to show our respect for democracy and even if the inquiry casts aspersion on certain people, we agree to go to the bottom of the matter to purify political morals and put an end to irregularities by the police to make sure that that kind of interference with the basic rights of citizens will not reoccur.

[*English*]

Mr. John C. Crosbie (St. John's West): Mr. Speaker, I am glad to have an opportunity to speak in this debate because I think it is a matter of great importance. At least, I would have thought it was a matter of great importance, because surely whether the parliamentary system works or does not work depends on whether we can trust one another; and if we are getting into situations where a member cannot trust a minister, an answer he gets from a minister, a letter he gets from a minister, or a verbal answer he gets from a minister outside this House, and if he cannot trust that he is getting accurate information from a minister, or from another member for that matter, then how can this parliamentary system work at all? That is what I think is really at stake here.

When this letter was written on December 4, 1973, by the solicitor general of the time, we do not know whether the solicitor general of the time knew he was giving false information to the hon. member for Northumberland-Durham (Mr. Lawrence). We do know that, in response to a letter of November 21 addressed to that minister by a member of this House, that minister gave incorrect information when he stated that he had been assured by the RCMP that it was not its practice to intercept the private mail of anyone, when it was its practice, when it was the usual thing, and when the RCMP had done it on dozens and hundreds of occasions.

Whether the minister just did not know or whether he took any steps to check the information he got, this House does not know. Therefore Mr. Speaker found a prima facie case. I want to point out what Mr. Speaker said as it is recorded at page 1857 of *Hansard* as follows:

> I, therefore, find a prima facie case of contempt against the House of Commons.

Further on Mr. Speaker said:

> —the hon. member does in fact have a prima facie case of privilege involving a deliberate attempt to impede the House in its work, and perhaps the minister and, in turn, the hon. member for Northumberland-Durham.

Having found a prima facie case, Mr. Speaker was not making a final decision. Surely the House has no other recourse but to ask the Standing Committee on Privileges and Elections to look into this matter. That is what one would have thought, but for the second time since 1965 hon. gentlemen opposite are going to vote against such a motion.

I remember that there was an Irish playwright who wrote a play called "The Playboys of the Western World". We see on the benches opposite the lemmings of the western world. They are all rushing headlong after their leader going over the precipice to electoral suicide. They are absolute lemmings, going blindly. The hon. member for Northumberland-Miramichi (Mr. Dionne) demonstrated his lemming-like instincts here today. I have made up a little verse about him.

> The member for Miramichi
> When told by his whip says "oui, oui".
> Tonight on orders you'll note
> He'll give us a negative vote.

That is a typical hon. gentleman opposite. He does not want to make up his own mind about contempt of parliament, about contempt of the privileges of members, about whether members should get truthful answers from ministers, about whether members should get truthful answers from members or about whether members should have any rights at all. He just wants to vote blindly with his whip. When the whip says "vote yes," he votes "oui, oui."

> The member for Miramichi
> When told by his whip say "oui, oui".
> Tonight on orders you'll note
> He'll give us a negative vote.

I hope the hon. member proves me wrong before the night is out, or tomorrow is out, or Monday is out, or Tuesday is out, or Wednesday is out. Because if I had my way, we would debate this for the next month. We would give up Christmas.

Mr. Nystrom: Three cheers for Tom Mayo.

Mr. Crosbie: Tom Mayo is going to be in China with his cousin when I am through with him in the next election. That is the only mention his name is ever going to get in this House. He is never going to get here as a member as long I represent St. John's West.

Some hon. Members: Oh, oh!

Mr. Crosbie: They are very upset next door to me here.

● (2112)

I want to give the House another quote. It has been proven false here today. A man named Barter Holyday said this:

A man may as well open an oyster without a knife as a lawyer's mouth without a fee.

It can be obviously seen that that is not true here today because lawyers are opening their mouths without fees, so far as we know. This is an important issue and it is a good thing we have them to speak.

Yesterday, the government House leader made his corkscrew defence of why the government was going to vote against this motion. Thank God I did not hear the hon. gentleman yesterday. He was like a boa constrictor. It was as if he had swallowed a donkey. He had a whole donkey down his throat, or a horse. He was like a boa constrictor twisting this way and that way, trying to digest what he had been ordered to do by the Prime Minister (Mr. Trudeau), and have the House support it.

Some hon. Members: Oh, oh!

Mr. Crosbie: Listen to them bray over there. Obviously he did not swallow all the donkeys because some of them are still braying over there.

Some hon. Members: Oh, oh!

Mr. Crosbie: Now, Mr. Speaker, let us examine the House leader's speech made yesterday. What are the points he made as to why this matter should not go to committee?

An hon. Member: Oh, oh!

Mr. Crosbie: Is that the donkey braying again? Has the House leader returned? I am looking at page 1865 of *Hansard* to examine what defence the government House leader made yesterday.

Mr. Boulanger: You are brainwashed.

Mr. Crosbie: I do not think the hon. gentleman is brainwashed; he does not have that article to wash.

The House leader, as reported at page 1864 of *Hansard*, advanced his reasons why—

Mr. Boulanger: You are brainwashed.

Mr. Crosbie: The House leader said he probed beneath the surface. God knows what he found when he probed beneath the surface of that caucus.

Mr. Boulanger: Brainwashed.

Mr. Crosbie: Mr. Speaker, I do not want to lose my train of thought here. At page 1865 of *Hansard* the government House leader is reported to have said of the government:

We set up the McDonald royal commission at the request of the official opposition.

How does that score with what the Prime Minister said a few short months ago? He said this at a press conference on October 28, 1977, when he appointed and gave additional terms of reference to the McDonald commission. He said, at the time when we had heard of some outrages by the RCMP, of breaking and entering and the like:

—I said, well, in that case, we will set up this commission of inquiry.

The Prime Minister decided to set up a commission of inquiry. Yet the President of the Privy Council (Mr. MacEachen) suggested that they set up the commission because we had requested it. They had not set it up for that reason at all, Mr. Speaker.

What did the then solicitor general do? We have had so many solicitors general that it is hard to remember all their names. In this case it was the hon. member for Argenteuil-Deux Montagnes (Mr. Fox). He came to the House on October 28 and said that in the spring of 1976 they had been made aware of certain break-ins and some thefts on the premises of the APLQ in Montreal, but they did not think that was important and they did not set up a royal commission. But later on, in the summer of 1977, other allegations were made, and having inquired into these allegations—now I am quoting from page 8—it says here:

—the commissioner of the RCMP advised that he believed that in the circumstances it would be in the best interests of the RCMP that a commission of inquiry be set up to look into the operations . . . The government agreed that public support of the RCMP—

—was necessary, and they therefore set up the commission, not because the opposition requested that this commission be set up.

First the Prime Minister claimed that he set it up because in his great wisdom he decided it should be set up. Then the solicitor general said it was set up because the commissioner of the RCMP wanted it set up. Well, it was not set up to decide whether or not our privileges as members of the House have been violated. It was set up for certain other reasons, and it has been pursuing them ever since. As Mr. Speaker himself said, to knock down another argument of the government House leader—there are a lot of them over there who should be knocked on the head but we will only knock their arguments on the head—as reported at page 1856 of *Hansard*:

—because the parallel inquiry that would be involved was not in any way a trial and there was no verdict which I felt could be prejudiced by a parallel inquiry. I therefore did not think the doctrine has an application in that sense.

So that puts that argument to rest.

Then the government House leader went on with his defence—it must have been painful to him because today he looked as if he had a bad case of the bends from having given these arguments yesterday—and said this:

Certainly it is not the exercise of either the ministerial responsibility or parliamentary responsibility to find a question of privilege on one sentence by one witness contradicted by other witnesses in testimony that is not yet complete, that has not been tested by other witnesses and that has not been the subject of cross-examination.

Who said that this was necessary? That is why we have the Standing Committee on Privileges and Elections, so that members of that committee can test the witnesses and can decide whether this sentence is contradicted somewhere else, or whatever the case may be. That is the whole reason we are asking that this should go to a committee.

Then the President of Privy Council, in the lowest blow, attempted to involve us in a conspiracy. He noted how the government is the victim of a lot of conspiracies now. The poor Prime Minister went to Toronto and spoke to the lukewarm Toronto Liberals and told them that there was a great conspiracy to get the Liberals out of the government, to defeat them. He said that the press was against them, the Conservatives were against them, the NDP were against them, the Social Credit were against them, that the people were against them, and it was all the result of a great conspiracy.

His deskmate, the government House leader, has the same conspiracy bug—not the kind of bugs the government has been putting in people's offices and houses through their agencies across Canada but another kind of bug. They have the conspiracy bug. The government House leader opened up his speech yesterday by saying that there was a conspiracy, that the official opposition had put forward the motion having prepared it on consultation with the Chair. It was put before us, he said, "obviously on a prearranged basis". In other words, there was a conspiracy, and even Mr. Speaker was involved in the conspiracy against the poor, pitiful hon. gentlemen opposite. Everybody is conspiring against them.

Imagine the President of Privy Council with his long record in the House saying that kind of claptrap, putting forward that kind of dangerous theory, that unless the Liberals stay in power in Canada, Canada will fall apart, and that it is a powerful and sinister conspiracy of people who are trying to pry them out of office to which they have attached themselves. They will cling to power by their fingernails, their toenails and their hangnails, and they will attempt anything to stay there. That is the effect of what the President of Privy Council said to us yesterday.

This is a sleazy, slingy, dingy government, and their actions yesterday proved it. They are sleazy, slingy and dingy. They are certainly not whiter than white; they are tattletale gray. They are not bright. Their whole performance in the last two years in the field of law and security is the sleaziest and dingiest of any elected democratic government in the world, and they still have not stopped.

All the defences that are alleged in connection with the McDonald commission give one cause to think and to worry. There was the Laycraft inquiry on the fact that the Department of National Revenue and the RCMP had ignored the law. All was given in testimony before the Laycraft inquiry. There is no confidentiality of information if the government wants to break the law and use it for its own purpose. The government is not concerned about that; they will just stay in their seats and vote baa, baa black sheep whenever they are told to vote baa, baa black sheep. They are not concerned with these dingy affairs. Then there was the Doyle case that I have spoken about here before.

I want to give the House a quotation which summarizes how this government administers the law. It is from Balzac, a Frenchman I believe, who lived from 1799 to 1850. He said: "Laws are spiderwebs through which the big flies pass and the little ones get caught". So long as this government is in office, the big flies will go right through the spiderwebs. They are not paying their taxes, they are not obeying the law, and the little flies are getting caught. I am sick and tired of looking at them over there, satisfied, prepared to put up with it and voting blindly every time—

Mr. Broadbent: Hear, hear!

Mr. Crosbie: I have here another quotation which reads:

If police efficiency were an end in itself, the police would be free to put an accused on the rack. Police efficiency must yield to constitutional rights.

That was a statement by an American judge, Judge Wisdom. He was talking about who will guard the guardians. That is the question here: Who will guard these guardians opposite us who do not care about parliamentary traditions? Who will guard what happens in the House, if the majority will use their majority to prevent this matter from being referred to a committee for investigation? What a squalid spectacle, completely and utterly squalid.

• (2122)

The author of the squalidity is now over in Europe trying to take their minds off squalid affairs which are going on in the House of Commons. While he trips off to the United Kingdom and France, he is trying to take the public's mind off the squalid scene in the House tonight, all day today and yesterday. It is not going to work. It does not matter how the boa constrictor twists and turns, or what donkeys he swallows, or what horses he swallows. The Auditor General did not find any horses on the government payroll this year, but he found a large number of the rear part of horses on the public payroll. The horses are gone, but the horses' ends are not.

The hon. member for Northumberland-Miramichi better keep himself to saying, "oui, oui". There was a secret trial of Peter Treu. I remember in my youth listening to "The Shadow" on the radio. When that program was on, the saying used to be, "Only The Shadow knows". Well, only "The Shadow" knows in this House, because we do not know, and we are never going to know. It is only the government's little shadows that are going to know what happened and what are the true facts of the letter sent by the minister, who is right opposite me now, on December 4, 1973.

How can the minister sit in the House and have this matter discussed for two days, and not rise on his feet and say, "Gentlemen, this is what happened: I asked the RCMP", perhaps he might say, "to prepare an answer for me in all good faith, and this is the answer they prepared. I took them at their

face word about it". That is what he should be telling this House or telling the Standing Committee on Privileges and Elections. "This is what happened: I am very sorry but I trusted the RCMP. You know, you would expect me to trust the RCMP. I was the minister in charge of them. When they told me X, Y, Z, I believed them".

Surely I could believe the minister if he said that. But how can I believe a minister who does not even get up to speak in this debate about a letter which he sent to a member, in answer to the member's letter to him asking for information? Honestly, how can one puzzle out what that means? I cannot understand it.

This is a scandal-ridden government if I ever saw one. If I ever saw a government scandal-ridden, this is it. The Auditor General's report, they have brushed that off. That has got scandal after scandal in it, but nobody seems to care. Is it that the press and the public think we are so corrupt that why should they bother caring about anything, about the hundreds of millions wasted, the way the Department of Transport put the blame on their ministers? Nobody even bothers to ask the minister to have an inquiry into why the public service is blaming the ministers for all these mistakes. Does nobody care that 65 per cent of all contracts in the country are handed out holus-bolus without tenders? Mr. Speaker, $1.8 billion to the Department of Supply and Services alone out of $2.7 billion, I think it was, in 1976-1977. Down in Newfoundland they had a royal commission investigation because a few hundred thousand dollars in contracts were given out without observing—

An hon. Member: How much?

Mr. Crosbie: A few hundred thousand dollars.

Mr. Broadbent: What is the government of Newfoundland?

Mr. Crosbie: It is Progressive Conservative. They appointed a royal commission to investigate this minor transgression, compared to this outfit that is giving out and bashing out billions.

Mr. Dionne (Northumberland-Miramichi): Oh, oh!

Mr. Crosbie: The hon. member for Northumberland-Miramichi better keep his thoughts to oui, oui, and not interrupt me. The lugubrious Minister of Transport (Mr. Lang) got up to speak today, and he made another one of his unctuous, vacuous speeches here to defend the House leader. He said that it would not be the right method to send this to committee. No, it would not be the right method because there is something the hon. gentlemen are hiding. Therefore, it would not be the right method to do that at all.

The hon. member for Northumberland-Miramichi actually spoke today. He said that what the hon. member for Central Nova (Mr. MacKay) had said was arrant nonsense. Imagine, Mr. Speaker! What was it that the House leader said? It was Allan's nonsense. That is what he should have been speaking about, not arrant nonsense.

Where are we? Here we have the Speaker finding prima facie a disgraceful state of affairs. The press reported accurately. The press had as its headlines, "Liberal government letter misleads MP". That is just what the letter did. It misled everyone. The member was misled. We have all been misled. It was a prima facie case of privilege. There was a deliberate misleading by somebody. The letter emanated from the government, from the solicitor general. It was signed by him. So the headlines are perfectly correct, that Liberal government letter deliberately misled an MP. That is exactly what happened, but the Liberal government do not care that they have misled a member of parliament. They do not care. They think the public will forget this in the long run.

There are other members who want to speak here, so I cannot really let myself go as I would like to let myself go. It was a funny thing. The Secretary of State (Mr. Roberts) in charge of funds for education and the like is going to go to Mandalay or Burma over Christmas to find out about freedom of information. He should start unlocking some information in this House before he goes. Is he going to stop in Chile on the way to find out how free the information is? He will find there is more information given out by the government in Chile than there is right here.

Mr. Broadbent: Right on.

Some hon. Members: Hear, hear!

Mr. Crosbie: Where else is he going to stop? Why does he not shoot down to Iran on his way and find out how free the information is in Iran and the SAVAK? That is where we are headed for, if hon. gentlemen opposite are not turfed out on the first occasion the electorate gets in the next few months; we are headed right for the SAVAK. Imagine, freedom of information can be studied right here today and yesterday. Where is the Secretary of State? What has he said in this debate? When is this fine Torontonian going to rise to his feet to speak on freedom of information and the privileges of the members of this House, instead of going caw, caw, haw, haw when his party whip tells him to go caw, caw, haw, haw, oui, oui or non, non?

I noticed the hon. Leader of the Opposition (Mr. Clark) said that some officials were going to be hung out to dry in Loto Canada. I thought to myself, the Minister of Finance (Mr. Chrétien) wants to hang out to dry the chairman of the Standing Committee on Finance, Trade and Economic Affairs, if he ever gets a chance. When it comes to pegging that old dollar, it is not going to be the dollar which is going to get pegged, it is going to be the chairman of the finance committee. He is going to go right up on a peg.

I have only given half of my address.

Some hon. Members: Hear, hear!

Some hon. Members: More, more!

Mr. Crosbie: I have one other quote which will stun hon. gentlemen opposite into insensibility. This is called Coughlin's

law: "Don't talk unless you can improve the silence". There is not one over there who can improve the silence. Not one of them can improve the silence. There is another law too, Gate's. I just happen to have this with me tonight. There is Gate's law: "If there isn't a law, there will be". That is Gate's law.

Because I know other members are anxious to speak on this, I will just say this. As a new member of this House, I am shocked. I do not even know whether I will offer myself for re-election, if this is the way the majority are going to treat the privileges of the members of this House, in such a supine manner. We will all be watching the member for Northumberland-Miramichi to see whether it is oui, oui or non, non when this vote comes up.

Some hon. Members: Hear, hear!

Mr. Stanley Knowles (Winnipeg North Centre): Mr. Speaker, I apologize to my friends on all sides if I deign to bring the House back from the road to Mandalay where the flying fishes play; but it seems to me that we have before us tonight a very serious issue. As a matter of fact, this started out to be a matter concerning a letter sent by a cabinet minister to a member of this House, containing a statement which turned out to be false. That in itself is a serious matter. In the absence of an immediate apology from the government side for this having happened, that issue would have been well worth the length of time we have been debating the motion put down yesterday by the hon. member for Northumberland-Durham (Mr. Lawrence).

In my view, what has transpired in these two days has produced an issue much greater and much more serious than the original question which got us into this debate. That more serious issue is the way in which the government has decided to respond to a judgment from the Chair that there is before the House a prima facie case of privilege.

● (2132)

I concede that this takes the form of a motion, that if there is a motion it can be voted on and that if the majority of the members choose to vote against the motion it is defeated. I recognize, too, that the Speaker is perfectly entitled to assume the position that he has taken, namely, that his role is separate from the role of the House and that therefore he does not feel his position has been downgraded by the stand taken by the President of the Privy Council (Mr. MacEachen) and, apparently, by all those on the government side of the House.

As a member on the floor of this House, I feel that we are experiencing a downgrading of the parliamentary process. We are in a situation where the government is saying that by the weight of its majority it will negate the judgment of the Speaker. We give to the Speaker of this House a great deal of responsibility and authority. Many years ago that authority was confined by having appeals against Speaker's rulings, but we decided in due course that that was not the way to run the House, that it would be better for the Speaker's rulings not to be appealable.

[Mr. Crosbie.]

I must say that in the days when we were discussing that change I had to be won over to it. I was here, of course, in 1956 when there were perhaps more votes on appeals of the Speaker's rulings than votes on anything else. Having experienced an occupant in the Chair who did not exactly grace it, I found it difficult to go along with the idea; but in the end I supported it. I am very glad that I did, as I think are all of us who participated in the making of that decision. We have had good speakers over the years, but the quality of the judgments by Speakers on points of order has definitely improved since the time we abolished appeals against Speaker's rulings.

This situation is in a slightly different category. It is not a ruling but a judgment which the Speaker has made. It is made by Mr. Speaker, who has been put in the position of having to give us his thoughts on the issue and the benefit of his judgment. He took a long time on this one, and it was discussed on at least two occasions on the floor of the House. In the end Mr. Speaker told us that, in his view, what had happened was very clear, that there has been a deliberate misleading of a member of this House and that that was an offence against the privileges of this House. He found that in his view there was a prima facie case of privilege.

It seems to me that in keeping with our experiences on Speaker's rulings on points of order, and with the more successful occupancy of the Chair, we have had since we went in for that way of doing things, there should have been no question about the judgment of the Speaker with respect to this matter, that there should have been immediate acceptance of the Speaker's opinion and that the motion made by the hon. member for Northumberland-Durham and put before the House should have been passed without debate.

Of course, the whole debate could have been avoided completely if somebody on the government side had been prepared to stand up, offer an apology and ensure that steps would be taken guaranteeing that this sort of thing would not happen again. If the government was not prepared to do that, it should at least have been prepared to let the normal practices of this House proceed. The motion should have passed without debate, and the matter should have gone to committee where it would have been thoroughly examined.

However, the President of Privy Council has said that it will not be examined in committee, that it will be examined on the floor of the House. How can a problem like this be examined by having speeches made back and forth from one side to the other, whether it is the member for Mandalay who just spoke, the member for Winnipeg North Centre or the President of Privy Council? We are not conducting an investigation, calling witnesses or looking into the matter at all; we are simply making speeches which do not resolve the issue the way it could be resolved in committee. I feel that this matter should go to committee.

If the government does not like the judgment offered by Mr. Speaker yesterday, it is all the more important for the good name of the government to have this matter investigated. If the government simply votes down the motion, it seems to be

saying, "We do not want this matter looked into; we are using the weight of our majority". On the other hand, if the government feels that it could win its point of view if the matter were investigated, that is all the more reason the government should be allowing it to go to committee.

I have not taken the time to look up all the related precedents on such a matter, but certainly in my time here the only case I can recall of the government voting down a Speaker's ruling that there was a prima facie case was earlier this year when the hon. member for Nickel Belt (Mr. Rodriguez) had a point of privilege. I was shocked that, after the Speaker giving us the benefit of his judgment, the government would simply say no.

The President of Privy Council yesterday cited an example of something back in the days when Mr. Speaker Michener was in the Chair. As I recall, that had something to do with a civil servant against whom there was a complaint on the floor of the House. The judgment he gave on that occasion related to the fact that that non-accused person was not here to defend himself.

This, however, is a totally different situation and Mr. Speaker Michener's dictum does not apply at all. In this case the person who has been offended is a member of this House right here on the floor. When you offend the rights and privileges of a member of this House, you offend the rights and privileges of this House as a whole. There have been no precedents advanced by those on the government side to support the government's position in this matter.

The practice is to send these matters to committee. I have known of a number of cases which have gone to committee, some of which after arriving there were found by the committee to have no privilege. That then is the end of it. Or the committee would report back to the House that there is a case of privilege, whereupon the House could turn it down. But to close the door by the weight of a government majority is flying in the face of reality, is flying in the face of what is the intelligent thing to do.

Even though Mr. Speaker may not feel offended by what has happened, I say that this action by the government is an offence to the Chair and is nibbling away at the authority of this institution, the parliament of Canada itself. I am disturbed by the fact that twice in the space of a few months the government has rebuked the Speaker in this way, and I think that it should not be tolerated at all.

I know that once a cabinet minister or two stands up and states a position, the backbenchers will go along. I hope that my friend over there does not mind my using that phrase. I know, too, that some government members, when they learned yesterday of the Speaker's ruling, assumed that it would be accepted because it was the Speaker's judgment. I have noticed some of them sitting in the chamber, and I wonder how they will vote. Surely there is something to this debate which has been going on these last two days, and surely there will be some Liberals who will not take the cue from the front bench, who will either absent themselves so that what is right can be supported, or will actually vote our way.

● (2142)

As I say, our practices are clear in this respect. That is what we are governed by around here; not just by our rules, but by practice. This practice that is being developed by the negative vote, even without debate, when we had the question of privilege in the case of the hon. member for Nickel Belt, and now by these speeches and a negative vote—these are precedents that are a black mark on this parliament.

I hope that even yet, Mr. Speaker, the House will, in the proper parliamentary way, support the motion before us at this time.

Miss Flora MacDonald (Kingston and the Islands): Mr. Speaker, I do not often intervene in matters of a procedural nature, but what we are debating at this time is very much more than a matter of procedure; it involves the question of how broadly or narrowly ministerial responsibility is to be interpreted. It involves as well the right and privilege of each and every member of the House to be assured of the quality and the integrity of the information imparted to them, which they in turn impart to those Canadians they have been elected to serve.

In following this debate, I am deeply troubled by the reaction on the government side of the House. It is as if they have not understood or will not understand the responsibility that each one of us has to make sure that the service, information, that we provide to Canadians is beyond question. To want to do so may sound idealistic to some, but where parliament is concerned I indeed remain unashamedly idealistic.

The motion we are debating would grant us the right to determine, in a committee of the House, whether or not a minister of the Crown was misled or misinformed by officials on a matter of a very sensitive and important nature. It will allow us to determine whether or not the minister in turn accepted that information without questioning it, or if he had any knowledge to the contrary, but who in any case relayed that information to a member of parliament to be conveyed to a constituent who felt that his basic rights were being infringed upon.

In light of some of the information already before us, that motion seems to be the only logical step for this House to take. It is the only honest step to ensure that our parliamentary responsibilities are being properly discharged by each and every one of us in this House. Here we have a situation where a Canadian citizen was very concerned that one of his most basic rights was being violated—that his right to receive mail without it being tampered with by any individual or any organization, by any member of the RCMP, would not be violated. That is what he was concerned about. He thought it was, and he raised that concern because he knew that such action would be illegal.

Because of his concern, because of the worries and fears he had, this Canadian citizen contacted his member of parliament, trusting that if anyone could get to the bottom of this matter or allay his fears it would be his member of parliament. His member of parliament, the hon. member for Northumber-

land-Durham (Mr. Lawrence), set out to get the proper answer to his constituent's question, as was his duty. On the basis of the reply he received from the then solicitor general, the member of parliament replied to his constituent. He accepted at face value this statement in the minister's letter and passed the information on to his constituent, believing it to be true. Let us take for granted that the concern and the fears of the constituent were temporarily allayed by the answer he received, only to find later that the answer was contradicted in testimony before the McDonald commission.

In light of this sequence of events I must ask what recourse a Canadian citizen has when he feels his rights are being violated. This particular citizen took his fears to his member of parliament, his representative in the highest court in the land. That member, in turn, asked the minister who has the ultimate responsibility for the actions of the RCMP for an answer. The answer to his question turned out to be wrong, and wilfully wrong.

Where does the citizen go now? That is the question that many Canadians must be asking themselves tonight. More important, on their behalf, where do we as members of parliament go now?

In his ruling, Mr. Speaker found, and I quote, "a prima facie case of contempt against the House of Commons". This is a very serious judgment—a very serious judgment, not to be taken lightly by any member of parliament regardless of party affiliation. As a result of that judgment, we have a motion to refer both the letter sent by the solicitor general of the day to the hon. member for Northumberland-Durham dated December 3, 1973, and the testimony of former RCMP Commissioner Higgitt given before the McDonald commission to a parliamentary committee for investigation and report back to this House.

This would seem to be the most appropriate course of action under the circumstances. But what have we found in this House in the last couple of days? We have the government House leader indicating his intention—that is, of course, the intention of the majority in this House as represented by the government party—to ignore the decision of the Speaker of the House and to vote against this motion, thus to vote against pursuing the truth of this matter any further. Members of the government tell us that the McDonald commission can look after the matter. The government House leader puts it in these words: "Why do we want a parallel inquiry? All of this is before the royal commission?"

I have news for the government House leader, Mr. Speaker. The activities of the RCMP may be before the royal commission. The actions of certain members of cabinet may be before the royal commission. But the rights and privileges of the members of this House are not before that royal commission.

Since the question affects the privileges of all members of parliament, the settling of it must take place in a forum where all members of parliament can participate openly and forthrightly. Members of parliament cannot just go and appear before the McDonald commission, and indeed the commission is not authorized to have them do so. The proper place for this matter to be examined and investigated is in a committee of this House, as the motion recommends. It is the responsibility of this chamber and not the McDonald commission to look out for the rights and privileges of members. It is the responsibility of the House to try to reach a decision so that incidents such as the one set out by the hon. member for Northumberland-Durham do not occur again.

I want to recall for the benefit of members an incident which occurred not too long after I was elected, Mr. Speaker. On that occasion, members of a police force came into my parliamentary office and interrogated members of my staff without my knowledge and without the permission of your predecessor. That incident became a question of my privilege as a member of parliament, indeed, of the privilege of all members of this House.

• (2152)

It was agreed by members of the House subsequently to refer the matter to the Standing Committee on Privileges and Elections. It underwent a thorough investigation with witnesses being interrogated and heard, and the unanimous report of that committee—and this is what is important because it can be used as a precedent in this case—was to affirm your authority in respect of activities on Parliament Hill. It also moved to strengthen the confidentiality and the integrity of exchanges between members of parliament and those whom they represent.

That reference of a serious question of privilege to a committee, which is recommended in the motion we have before us, and the resulting investigation of that committee, had the effect of strengthening our parliamentary processes. It had the result as well of strengthening our responsibilities as members of parliament.

If the government is determined on this occasion to follow a contrary course, and if this motion is defeated and the decision which you so carefully arrived at is set aside, Mr. Speaker, then we will have set a precedent by this action for any similar questions of privilege involving information obtained from ministers of the Crown.

If this motion is defeated, sir, who will bear the ultimate responsibility for any misinformation that gets passed on from ministers to a member and, finally, to a trusting constituent? We cannot, as the highest court in this land, a body whose activities are all too often treated with cynicism, afford to toss this question aside too lightly. We must refer it to a committee, and we must determine, first of all, if there was a deception; second, who was deceived; third, who did the deceiving; and fourth, what was the role of the minister involved.

All of this must be cleared up so that members of parliament will not again be put in a position of unintentionally misleading their constituents. If it is not cleared up, members of parliament will cease to trust the information they receive from ministers, and constituents will cease to trust the information they receive from members of parliament. At that

point, sir, the function of all members of parliament as representatives of the people will be placed in greater jeopardy.

The question of ministerial responsibility is basic to our parliamentary system, or at least it was. It is important that ministers of the Crown do everything in their power to ensure that they are cognizant of the major activities in their departments, and as certain as possible of the truth of the statements which are issued under their signatures.

If government members avoid this issue and defeat this motion, and if they use the excuse that an extraneous body can have a role and make a ruling concerning the privilege of members of the House of Commons, then, sir, the most basic principles of our parliamentary democracy are being challenged, and they are being challenged by a government afraid of the truth.

Some hon. Members: Hear, hear!

Mr. Speaker: Is the House ready for the question?

Some hon. Members: Question.

Mr. Speaker: The question is on the motion in the name of the hon. member for Northumberland-Durham (Mr. Lawrence). Is it the pleasure of the House to adopt the said motion?

Some hon. Members: Agreed.

Some hon. Members: No.

Mr. Speaker: Those in favour of the motion will please say yea.

Some hon. Members: Yea.

Mr. Speaker: Those opposed will please say nay.

Some hon. Members: Nay.

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

And more than five members having risen:

Mr. Speaker: Call in the members.

The House divided on the motion (Mr. Lawrence), which was negatived on the following division.

● (2202)

(Division No. 16)

YEAS

Messrs.

Alexander
Alkenbrack
Baker (Grenville-Carleton)
Baldwin
Bawden
Beatty
Blackburn
Brisco
Broadbent
Cadieu
Clark (Rocky Mountain)
Clarke (Vancouver Quadra)
Crombie
Crosbie (St. John's West)
Crosby (Halifax-East Hants)
Crouse
Ellis
Epp
Faour
Firth
Forrestall
Friesen
Gillies
Halliday
Hamilton (Swift Current-Maple Creek)
Hare
Hargrave
Hees
Hnatyshyn
Holmes
Huntington
Jarvis
Johnston (Okanagan-Kootenay)
Kempling
Knowles (Winnipeg North Centre)
Knowles (Norfolk-Haldimand)
Lambert (Edmonton West)
La Salle
Lawrence
MacDonald (Miss) (Kingston and the Islands)
MacKay
Masniuk
Matte
Mazankowski
McCain
McCrossan
McGrath
McKenzie
McKinley
McKinnon
Munro (Esquimalt-Saanich)
Murta
Neil
Nielsen
Nystrom
Oberle
Orlikow
Paproski
Parker
Patterson
Peters
Pigott (Mrs.)
Rae
Ritchie
Roche
Rodriguez
Saltsman
Scott (Hamilton-Wentworth)
Siddon
Smith (Churchill)
Stevens
Towers
Whiteway
Whittaker
Wise—75.

NAYS

Messrs.

Abbott
Allmand
Anderson
Andras (Port Arthur)
Andres (Lincoln)
Appolloni (Mrs.)
Baker (Gander-Twillingate)
Béchard
Bégin (Miss)
Blais
Blaker
Blouin
Boulanger
Buchanan
Caccia
Cafik
Campagnolo (Mrs.)
Campbell (LaSalle-Émard-Côte Saint-Paul)
Caron
Clermont
Collenette
Comtois
Corbin
Côté
Cullen
Cyr
Daudlin
Dawson
De Bané
Demers
Dionne (Northumberland-Miramichi)
Douglas (Bruce-Grey)
Duclos
Dupont
Duquet
Ethier
Faulkner
Fleming
Foster
Fox
Francis
Gauthier (Ottawa-Vanier)
Gendron
Gillespie
Goodale
Guilbault
Harquail
Herbert
Holt (Mrs.)
Hopkins
Horner
Isabelle
Johnston (Westmount)
Joyal
Kaplan
Lachance
Lajoie
Lamontagne
Lang
Langlois
Lapointe
Leblanc (Laurier)
LeBlanc (Westmorland-Kent)
Lefebvre
Lessard
Loiselle (Chambly)
Loiselle (Saint-Henri)
Lumley
MacDonald (Cardigan)
MacEachen
MacFarlane
MacGuigan
Maine
Marceau
McIsaac
McRae
Milne
Nicholson (Miss)
O'Connell
Olivier
Ouellet
Parent
Pearsall
Penner
Philbrook
Pinard
Portelance
Prud'homme
Railton
Raines
Reid
Roberts
Robinson
Rompkey
Rooney
Roy (Timmins)
Roy (Laval)
Sauvé (Mrs.)
Savard
Smith (Saint-Jean)
Stewart (Cochrane)
Tessier
Trudel
Watson
Wood
Yanakis
Young—107.

● (2237)

Mr. Speaker: Order, please. I declare the motion defeated.

It being after ten o'clock, this House stands adjourned until tomorrow at eleven o'clock in the morning.

At 10.41 p.m. the House adjourned, without question put, pursuant to Standing Order.

HOUSE OF COMMONS

Friday, December 8, 1978

The House met at 11 a.m.

● (1107)

ROUTINE PROCEEDINGS

[*English*]

TRADE

SUGGESTED "FLY AND BUY" MISSIONS TO REDUCE TRADE DEFICIT WITH UNITED STATES—MOTION UNDER S.O. 43

Hon. George Hees (Prince Edward-Hastings): Mr. Speaker, I rise to move a motion, under Standing Order 43, on a matter of urgent and pressing necessity.

It is necessary for buyers in the very important United States market to see Canadian manufactured products first-hand, if we are substantially to increase our sales in that market and start reducing our $12.5 billion a year trade deficit in fully manufactured products, the ones that produce the jobs. Therefore, I move, seconded by the hon. member for Edmonton Centre (Mr. Paproski):

That this House direct the minister of trade and commerce to immediately organize "Fly and Buy" missions from the important merchandise buying centres of the United States to see Canadian manufactured products displayed at giant trade shows in Montreal, Toronto, Winnipeg and Vancouver, and our heavy machinery in the plants where it is made across the country.

Mr. Speaker: Such a motion can be introduced for debate at this time only with unanimous consent. Is there unanimous consent?

Some hon. Members: Agreed.

Some hon. Members: No.

* * *

ENVIRONMENTAL AFFAIRS

DISCUSSIONS WITH FARM ORGANIZATIONS TO REDUCE POLLUTION FROM FERTILIZERS—MOTION UNDER S.O. 43

Mr. Derek Blackburn (Brant): Mr. Speaker, I rise, under the provisions of Standing Order 43, on a matter of urgent and pressing necessity.

In view of the fact that recent studies show that one of the last remaining major Canadian polluters of the lower Great Lakes is, unfortunately, the farm community, I move, seconded by the hon. member for New Westminster (Mr. Leggatt):

That the Minister of State for the Environment enter into discussions with all farm organizations to attempt to rectify this serious situation, in order to reduce pollution from phosphates, nitrates and potassium chloride without in any way adversely affecting farm incomes.

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

Some hon. Members: Agreed.

Some hon. Members: No.

* * *

HIGHWAYS

CONSTRUCTION OF OVERPASS IN WINNIPEG, MAN.—MOTION UNDER S.O. 43

Mr. Dean Whiteway (Selkirk): Mr. Speaker, I rise under the provisions of Standing Order 43. In light of the obvious need for the city of Winnipeg to proceed with the Sherbrook-McGregor overpass, the urgency of which was pointed out to the Minister of Transport by Mrs. Anne Steen, of Winnipeg North, in a telegram received by the minister this week, I move, seconded by the hon. member for Winnipeg South Centre (Mr. McKenzie):

That the Minister of Transport disregard the advice of the lone Liberal, Lloyd Axworthy, and reinstate the federal commitment of $4 million for the immediate construction of the badly-needed Sherbrook-McGregor overpass in Winnipeg.

Mr. Speaker: Such a motion can be introduced for debate only with unanimous consent. Is there unanimous consent?

Some hon. Members: Agreed.

Some hon. Members: No.

* * *

FINANCE

SALES TAX REBATE ON AUTOMOBILE INVENTORIES—MOTION UNDER S.O. 43

Mr. Gordon Towers (Red Deer): Mr. Speaker, I rise on a matter of urgency concerning the $60 million windfall to the federal government at the expense of automobile dealers across Canada who have been denied reimbursement of the 3 per cent sales tax reduction on the 12 per cent sales tax paid on inventory and vehicles en route.

I move, seconded by the hon. member for Okanagan Boundary (Mr. Whittaker):

That the government reassess its position and negotiate with automobile manufacturers in an effort to have the loss split three ways between the

government, the manufacturers and the dealers; the government and the manufacturers reimbursing their two-thirds to the dealers by crediting their accounts.

Mr. Speaker: Such a motion can be introduced for debate at this time, pursuant to Standing Order 43, only with the unanimous consent of the House. Is there unanimous consent?

Some hon. Members: Agreed.

Some hon. Members: No.

* * *

AIRPORTS

SECOND MAJOR AIRPORT IN TORONTO AREA—MOTION UNDER S.O. 43

Mr. Jim Fleming (York West): Mr. Speaker, I rise, in accordance with Standing Order 43, on a matter of urgent and pressing necessity.

Considering that the ever-increasing air traffic volumes at Toronto international airport have led more and more to the use of the two major east-west runways on a joint basis for incoming and outgoing flights, rather than on a rotational basis, and considering that this practice not only increases dramatically the total disruption and interference to the life-style and environment of thousands of my constituents but proves that the Government of Canada was correct in its plans for a second airport designed to avoid such disruption and suffering to people, I move, seconded by the hon. member for Peel-Dufferin-Simcoe (Mr. Milne):

That this House reconfirm the need for a second major airport facility for the Toronto area, and urges the government of Ontario to admit their error in blocking a second airport and now to work in co-operation with the federal government to urgently seek a solution.

Mr. Speaker: Introduction of such a motion would require unanimous consent. Is there unanimous consent?

Some hon. Members: Agreed.

Some hon. Members: No.

Mr. Lawrence: Cafik said no.

An hon. Member: That is why he is in the cabinet and you are not.

Mr. Hnatyshyn: Alastair Gillespie said no.

* * *

ENVIRONMENTAL AFFAIRS

EXPERIMENTS WITH ARCTIC MAMMALS—MOTION UNDER S.O. 43

Mr. Donald W. Munro (Esquimalt-Saanich): Mr. Speaker, in light of the fact that experiments seem to be about to take place in feeding whales, polar bears and seals with diesel fuel oil and also dipping them in this substance, and in light of the fact that some of these creatures are on the endangered species list, I move, seconded by the hon. member for Regina East (Mr. Balfour):

That the Department of the Environment cause these experiments on polar bears, seals and whales to be re-examined.

Mr. Speaker: Such a motion can be introduced for debate at this time only with the unanimous consent of the House. Is there unanimous consent?

Some hon. Members: Agreed.

Some hon. Members: No.

* * *

TRANSPORT

FREIGHT RATES IN NEWFOUNDLAND—MOTION UNDER S.O. 43

Mr. John C. Crosbie (St. John's West): Mr. Speaker, I rise under the provisions of the same Standing Order.

In view of the fact that the Secretary of State for External Affairs, when minister of transport in September, 1969, removed a freeze from railway freight rates and as a result freight rates have since increased 136.62 per cent in Newfoundland, and since CN has developed a rate structure for Newfoundland to drive all freight offering off the railway, as is proven by the fact that if a Newfoundlander is transferred from St. John's to Vancouver and wishes to ship his automobile to Vancouver by rail, it will cost him $4,497 from St. John's, but only $571 from Halifax or $548 from Moncton, and that these are the rates despite the fact that Newfoundland is a part of and adjacent to Canada, and not an island in the South China Sea, I move, seconded by the hon. member for St. John's East (Mr. McGrath):

That the Secretary of State for External Affairs, or the Minister of Transport, or both, explain on motions why.

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

Some hon. Members: Agreed.

Some hon. Members: No.

● (1112)

ORAL QUESTION PERIOD

[*English*]

EMPLOYMENT

POLICY ON PROVIDING JOBS FOR PERSONS IN AREAS OF HIGH UNEMPLOYMENT

Mr. James A. McGrath (St. John's East): Mr. Speaker, I would like to direct a question to the Deputy Prime Minister. By happy coincidence, he is the senior member from the

Atlantic provinces, one who represents an area of long-term, chronic, high unemployment.

Is it now the policy of the government, as seems to be emerging in the debate on the unemployment insurance bill, that unemployed people in areas of high unemployment, who will be disqualified from receiving UI benefits under this bill if it passes, should move to other parts of the country—a philosophy that has not been heard around here since Walter Gordon's famous final solution in 1957, when he suggested that the answer to the maritimes' unemployment problem was depopulation?

Hon. Allan J. MacEachen (Deputy Prime Minister and President of Privy Council): Mr. Speaker, I am happy to assure the hon. member that it is not the policy of the Government of Canada to encourage out-migration as a solution to the problems of regions of this country.

I believe my hon. friend will realize that the establishment of such programs as those carried out by the Department of Regional Economic Expansion is the direct opposite of a strategy that would be employed if out-migration were the objective. Our purpose is to attempt to create economic opportunities in the region, so that an increasing number of employment opportunities will be available to the growing labour force.

Mr. McGrath: I am glad to get that assurance from the minister, Mr. Speaker. Can the Deputy Prime Minister tell the House whether his colleague the Minister of Employment and Immigration, was enunciating government policy last night when, in response to concern expressed regarding the inability of young people to find jobs in areas of high unemployment and the fact that they would be disqualified under this bill, the minister said, "Isn't that just too bloody bad", and, "I hope the hell they move all over this country"? He said he was not going to put a nipple in the mouths of young people, and as far as he was concerned, if they wanted to stay home and suck their thumbs, that was just too bad.

I have much greater respect for the young people of this country than the Minister of Employment and Immigration. I ask the Deputy Prime Minister whether his colleague was expressing government policy last night on the unemployment insurance bill when he said that the best thing for young people would be to move to hell all over the country, which is not too far out from the statement of the Prime Minister last March, when he—

Mr. Speaker: Order, please.

Hon. Bud Cullen (Minister of Employment and Immigration): Obviously, Mr. Speaker, the hon. member does not want an answer; he wants to bombast. The hon. member is not quoting me correctly; he is quoting me out of context. I indicated that one of the tremendous advantages in this country is that people have the opportunity to be mobile. I indicated the increase in in-migration to the Atlantic provinces. To misquote me in that fashion is a little irresponsible.

Mr. McGrath: Mr. Speaker, my question was to the Deputy Prime Minister. I did not misquote the Minister of Employment and Immigration; I quoted directly from the transcript of last night's proceedings of the Standing Committee on Labour, Manpower and Immigration. I am prepared to put it on the record at a later time.

I now ask the Deputy Prime Minister whether it is the policy of this government to tell the young people of this country who have no jobs and now constitute 15 per cent of the unemployed, to get the hell out and move? Is that the policy of the government? I think the young people of this country would like to know.

Mr. MacEachen: Mr. Speaker, I first want to point out that the hon. member is referring to a transcript of a committee proceeding which is not available to members of the House generally. The committee itself has not reported to the House: only at that time will its proceedings and the total report be available. In my view, it is quite irregular to base a series of questions on committee proceedings not available to hon. members and from a committee that has not reported to the House.

Apart from that, it is not the policy of the Government of Canada to speak to the young people of this country in the bombastic terms used by the hon. member for St. John's East. Inasmuch as the hon. member related his first question to the Atlantic provinces, I would advise him that for a good period of time until the worldwide recession occurred, there was considerable in-migration to the Atlantic provinces, particularly to my province of Nova Scotia which experienced a net increase in total population for the first time in a long time as a result of the policies of regional economic expansion.

• (1117)

Some hon. Members: Hear, hear!

Mr. MacEachen: Within that context, it is certainly my view that it is quite healthy and desirable for young people to travel to any part of Canada to seek employment opportunities. The idea that it is unthinkable for young people to travel to any province of Canada to seek employment is not one we advocate. The Canadian labour market is open to all the young people of Canada and it is quite healthy they should travel to obtain jobs.

Some hon. Members: Hear, hear!

* * *

UNEMPLOYMENT INSURANCE ACT

EFFECT OF BILL C-14 ON LEGISLATION

Mr. Bill Clarke (Vancouver Quadra): My question is directed to the Deputy Prime Minister, who by coincidence happens to be the government House leader. It concerns the unemployment insurance amendment legislation.

I want to ask the hon. gentleman about order in council PC-1978, No. 3243, dated October 26, 1978, published in the *Canada Gazette* on November 8, 1978. In view of the fact that the order in council usurped directly the provisions of a clause in Bill C-14, which is now before the House, would the Deputy Prime Minister tell us whether it is his intention either to withdraw Bill C-14 or to cancel the order in council to which I have referred?

Hon. Allan J. MacEachen (Deputy Prime Minister and President of Privy Council): Mr. Speaker, the bill to which the hon. member refers is still before the committee; it has not yet been reported to the House. When the bill is reported, that will be the appropriate time at which to deal with questions relating to its provisions.

Mr. Clarke: The Deputy Prime Minister seems to forget that the order in council has been proclaimed. In case he is not aware of it, I wish to remind the hon. gentleman that both the Minister of Employment and Immigration and the Deputy Minister had their attention drawn to their wrongdoing, and both of them apologized to the standing committee yesterday.

The Deputy Prime Minister may or may not be aware that the Department of Justice advised the Department of Employment and Immigration not to proceed with this matter. I would like to know whether knowledge of these factors would cause the Deputy Prime Minister to rethink his answer.

Mr. MacEachen: Mr. Speaker, I do not intend to transfer to the floor of this House matters which are presently before a standing committee. I have greater respect for the work of the standing committee than to have it duplicated in the House of Commons.

Some hon. Members: Oh!

* * *

ENERGY

FUTURE OIL PRICES—NEGOTIATIONS WITH ALBERTA

Mr. Stuart Leggatt (New Westminster): Mr. Speaker, my question is directed to the Minister of Energy, Mines and Resources.

In the light of the announcement today by the minister of energy in Alberta, Donald Getty, that Alberta will increase the price of crude oil by $1 per barrel if a pricing agreement is not completed by January 1, could the minister advise the House whether he has been successful in negotiating a new pact on oil prices with the province of Alberta or whether we will be faced with a massive increase in oil prices on January 1?

Hon. Alastair Gillespie (Minister of Energy, Mines and Resources): Mr. Speaker, I am very pleased to announce that we have reached an agreement with the Alberta government with respect to a deferral of the price of oil come January 1.

• (1122)

I have an exchange of letters which, with the consent of the House, I would be prepared to table now. If the House will consent, I would like to table copies of my letter to Mr. Getty and Mr. Getty's to me.

Mr. Speaker: Is it agreed that the minister shall have leave to table these documents at this time?

Some hon. Members: Agreed.

Mr. Speaker: It is agreed and so ordered.

Mr. Leggatt: Mr. Speaker, I wonder if the minister could be a little more forthcoming. Can he confirm that this new agreement will have the effect of raising oil prices on July 1 of next year, and again on January 1, 1980, a doubling of the increase we were anticipating for January 1, 1979? Can the minister advise that the government has adopted a policy of "No increase today if you vote for us tomorrow"?

Mr. Gillespie: Mr. Speaker, I made it clear in an answer in this House last week that there would be no automatic increases on July 1 of next year or January 1 of 1980. We have agreed to a set of conditions which would protect Canadians: we have agreed that increases would take place only if Canadian prices were kept below the United States price and below the international price.

Mr. Leggatt: Mr. Speaker, the impact of these increases will clearly be to reduce by half the stimulus in this government's budget. Can the minister confirm that his officials have come to the same conclusion? Can he also confirm that the impact of these increases next year will be to drive the price of gasoline to the consumer up by at least three cents at the pump, and the consumer price index right across this country up nearly one point?

Mr. Gillespie: Mr. Speaker, the hon. member has his facts quite wrong. The reason for deferring the price increase, or the price freeze on January 1 is to assist the economy in holding down the rate of inflation. The effect of this deferral should amount to about one-half of a percentage point on the consumer price index, probably the single most significant item which can effect the CPI during the course of next year.

The second point which the hon. member should understand is that as a result of this deferral we will be making Canadian industry more competitive, rather than less competitive. Therefore, it will have a very favourable effect on growth and stimulation. It will also have a very favourable effect on employment.

ECONOMIC DEVELOPMENT

CURRENT ACCOUNT DEFICIT—GOVERNMENT ACTION TO REDUCE

Mr. Sinclair Stevens (York-Simcoe): Mr. Speaker, my question is for the Deputy Prime Minister: it touches on the unsatisfactory answers we received yesterday from the intended President of the Board of Economic Development Ministers. I asked that minister what plans he had in place, or was intending to put in place, to try to arrest the current account deficit in this nation.

In 1977 we had an $11 billion deficit on end products, a $3.5 billion interest service deficit, a $2.2 billion "other service" deficit, and a $1.6 billion foreign travel deficit—all of which were up in the first nine months of this year. In view of the minister's answer yesterday, that those are medium-term and long-term problems to solve, would the Deputy Prime Minister tell us what minister is going to start solving these problems today?

Hon. Allan J. MacEachen (Deputy Prime Minister and President of Privy Council): Mr. Speaker, there is no difficulty in identifying the ministers who are responsible for the implementation of policies related to the deficit to which the hon. member refers. There is a surplus on the merchandise account, as the hon. member knows. There is a deficit on the service account.

As my hon. friend is fully aware, deficits arise from millions of private transactions undertaken by Canadian individuals and Canadian corporations. The hon. member seemed to imply yesterday that these imbalances arose from some contrived policy on the part of the Government of Canada. They arose from decisions made in the free market by individuals and corporations.

I believe that the President of the Board of Economic Development Ministers was perfectly correct in saying that a number of these problems are medium and long-term in nature. One of these problems is, of course, the travel account deficit. If my hon. friend had followed the proceedings of the federal-provincial conference recently, he would have—and I am certain he has—understood that the federal and provincial governments regard the solution of the travel account as a medium-term problem to which both levels of government are currently addressing themselves.

• (1127)

Mr. Stevens: Mr. Speaker, my question is directed, again, to the Deputy Prime Minister who must still have the fact ringing in his ears that only this week it was announced that the third quarter deficit on the current account is the highest in our history.

Would he not tell the House frankly that the reason our dollar has tumbled from $1.03, in U.S. terms, to its present 85-cent value is mainly the current account deficit; and if he agrees with that, does he not feel it is time the government described what plans they have to arrest the current account deficit?

Mr. MacEachen: I do not agree with the hon. member's analysis of the present level of the Canadian dollar. I believe it is finding its place on the international market as a result of a large number of influences, including the state of the trade account. I believe it would be an oversimplification, not to be expected from an aspiring future finance minister, to accept that kind of reasoning.

Mr. Stevens: Mr. Speaker, my question is directed, again, to the Deputy Prime Minister who must realize that the government has expended billions of dollars in attempting to defend the dollar: $265 million has gone out this month alone in attempting to defend the dollar. Does he not realize that it is absolutely foolhardy to be expending such sums of money in foreign funds, if you do not arrest the deteriorating current account deficit in this country?

Mr. MacEachen: Mr. Speaker, I think it is accepted that one of the objectives of Canadian economic policy is to increase our sales abroad, which would have a direct effect on our current account position. It is also an objective to influence our service account. These are obvious conclusions which are contained in the hon. member's question.

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[*Translation*]

ENERGY

INQUIRY WHETHER MINISTER WILL ENSURE THAT GASOLINE PRICE INCREASE IS JUSTIFIED

Mr. Gérard Laprise (Abitibi): Mr. Speaker, I should like to put a question to the Minister of Energy, Mines and Resources.

In spite of the government decision to defer an oil price increase for six months an oil company, Esso Imperial, has announced, at least that is what I heard on the radio, that it intended to raise the price of gas by two cents a gallon.

Is the minister aware of that decision and does he intend to ensure that such a price increase is justified and report his findings?

[*English*]

Hon. Alastair Gillespie (Minister of Energy, Mines and Resources): Mr. Speaker, I am not aware of any decision or announcement by Imperial Oil with respect to a price increase. It is possible that there may be price increases by oil companies, depending on the competitiveness of certain markets.

The hon. member will realize that the pricing policies and retail level of the oil companies are beyond the scope of the federal authority. The point that I wish to emphasize is that there will be no increase as a result of a wellhead price increase. That is the price that we have frozen, in agreement with the Alberta government. There will be no increase on January 1. If that increase had taken place, it would have provided for an increase in the order of three cents, or a little more, per gallon at that time. That will not take place.

Competitive factors being what they are, there may be some markets where prices have been driven down below what has been allowable, and that could be the factor to which the hon. member is referring.

[*Translation*]

INQUIRY WHETHER GASOLINE PRICE INCREASE DUE TO MONOPOLY POSITION OF OIL COMPANIES

Mr. Gérard Laprise (Abitibi): Mr. Speaker, I should like to put a supplementary question to the minister. Every time oil prices go up, either as a result of a wellhead price increase or otherwise, we have seen all other oil companies, any one of the seven sister companies, proportionally raise the price of gas or fuel per gallon.

Should Esso Imperial increase its prices by two cents a gallon, as announced yesterday or the day before yesterday, could the minister make sure, if the other companies do likewise, whether it is not a monopolistic practice as in previous cases.

● (1132)

[*English*]

Hon. Alastair Gillespie (Minister of Energy, Mines and Resources): Mr. Speaker, as I mentioned to the hon. member, I am not aware of the announcement on the part of the oil company to which he referred. I will be very pleased to look into it.

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HARBOURS

PROPOSED EXPANSION OF ROBERTS BANK—ENVIRONMENTAL CONSIDERATIONS

Mr. Ron Huntington (Capilano): Mr. Speaker, my question is directed to the Minister of Transport. One of the serious issues in the 1978 Auditor General's report is the questionable use and structuring of information behind the decision-making process for large capital projects. The Minister of Transport gave us the impression that management procedures are now in place within his department to prevent or overcome this weakness as reported in the 1978 report of the Auditor General.

Can the minister assure the House that all factors have been considered properly and openly and have been included in the criteria behind the National Harbours Board announced expansion of Roberts Bank?

Hon. Otto E. Lang (Minister of Transport): Mr. Speaker, I think I can give the hon. member the general assurance he is seeking. I am not quite sure what, specifically, he is dealing with in relation to Roberts Bank. The current issue there is environmental considerations. Any final decision in relation to any facility at Roberts Bank will have to take environmental considerations into account. It could be anticipated that the cost and benefit analysis will change, given the spending which may be required in that regard.

Mr. Huntington: Mr. Speaker, I suggest the minister examine the letter he gave to my colleague, the hon. member for Surrey-White Rock, in February of this year. Also, I ask him to consider that the market data and projections support the doubling of the coal-handling capabilities of Roberts Bank at this time, but show that potash and sulphur can be handled well into the future by the existing facilities in place at the port of Vancouver.

Can the minister explain why environmental studies have been tampered with and why the National Harbours Board continues to call for expansion well beyond the foreseeable needs of the port?

Mr. Lang: Mr. Speaker, obviously there is room for different judgment as to when expansion is required. The hon. member could be critical of planned expansion, and he could be just as critical a couple of years from now if the facilities are not there to handle western products trying to go through the west coast ports. Our judgment has to be made as to when the expansion is right.

I deny that there has been any tampering with environmental studies. Any decision to go ahead with the facility will depend upon a full analysis of the environmental significance of the development plan. The National Harbours Board believes the need is so great that it keeps speaking about wanting to get it ahead, I understand, in terms of its business and task. The decision is not to be made and will not be made until the fullest environmental results are in and taken completely into account.

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CANADIAN BROADCASTING CORPORATION

SALARY PAID TO NEWSREADER KNOWLTON NASH

Mr. Marke Raines (Burnaby-Seymour): Mr. Speaker, my question is directed to the Secretary of State. Is the minister aware, in a time of budgetary restraint and cutbacks, that the Canadian Broadcasting Corporation is paying a newsreader, to wit, Knowlton Nash of the National News, a salary rumoured to be $85,000 to $90,000 a year, not including any fringe benefits which may come his way? That is a higher salary than the Prime Minister of Canada receives.

What steps will the Secretary of State now take to ensure the CBC uses its money more judiciously? Will he now use moral persuasion and ensure that all funds granted the CBC, to wit, more than $500 million a year, will be used for furthering the broadcasting policy agreed to by all members of the House in 1967 and 1968?

Some hon. Members: Hear, hear!

Mr. Crosbie: The minister is on the road to Mandalay.

Hon. John Roberts (Secretary of State): Mr. Speaker, I have, of course, seen newspaper reports speculating as to the salary mentioned by the hon. member. I do not know whether the stories are accurate.

An hon. Member: Find out.

Mr. Roberts: I am not sure I quite understood the last part of the question. If I can summarize it accurately, the question was whether I would take any steps to ensure the Canadian Broadcasting Corporation followed the principles or guidelines outlined by the Commons committee. I can tell the hon. member that I have drawn to the attention of the CBC the committee's comments on its operations. I have discussed different ways in which budgetary restraint would apply to the CBC and what its effects might possibly be.

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LOTO CANADA

PURCHASING ARRANGEMENTS FOR LOTO SELECT PROGRAM

Mr. Perrin Beatty (Wellington-Grey-Dufferin-Waterloo): Mr. Speaker, my question is directed to the Minister of State for Fitness and Amateur Sport: again it relates to the question of the government's attempt to set up the Loto Select program.

On Tuesday of this week, the minister admitted that losses so far in the Loto Select program totalled between $2 million and $3 million. Can the minister indicate, for the benefit of the House, whether in fact Loto Select signed a $5 million contract in September with Addressograph-Multigraph corporation to build machines to be used in printing dealers' names on the tickets, and that the plan was killed one month later, with possible cancellation costs to the Canadian public of up to $1 million? Can the minister indicate whether that figure was included in her $2 million to $3 million figure of losses to date tabled on Tuesday?

Hon. Iona Campagnolo (Minister of State (Fitness and Amateur Sport)): Mr. Speaker, as I have said in this House many times on this question, although not on this specific one related to Addressograph-Multigraph of Canada, Ltd., these are now being represented by legal counsel. So far as I know, they are not in the courts at this time. To reveal the facts and the figures the hon. member for Wellington-Grey-Dufferin-Waterloo wishes—

Some hon. Members: Hear, hear!

Mrs. Campagnolo: —in fact may have the effect of causing a greater amount to be paid than would be paid otherwise.

Some hon. Members: Oh, oh!

Mrs. Campagnolo: I am sure the hon. member would not want that to be on his head.

Mr. Beatty: Mr. Speaker, I am not quite sure what the minister would like to have on her head. Will she confirm to the House whether a contract was signed in September by Loto Canada with Addressograph-Multigraph, to the tune of $5 million?

Can the minister tell the House whether a cancellation clause was included in that contract? If so, what were the terms of that cancellation clause? If she will not tell the House, will she at least tell us whether she is hiding also in this instance behind a so-called secrecy clause which prevents her from coming clean with the Canadian public?

Mrs. Campagnolo: No, I am not, Mr. Speaker. I think the hon. member knows that under section 66 of the Financial Administration Act, a Crown corporation is accountable to the people of Canada through a minister in the House. I have undertaken to provide that accountability. I will do so at the appropriate moment. I cannot do so now, even though I would like very much to be able to supply the answers requested by the hon. member. But to do so would jeopardize the negotiations taking place at this time.

Some hon. Members: Hear, hear!

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HIGHWAYS

CONSTRUCTION OF OVERPASS IN WINNIPEG, MAN.

Mr. Dan McKenzie (Winnipeg South Centre): Mr. Speaker, my question is directed to the Minister of Transport. The federal government indicated that it will grant $4 million to assist the city of Winnipeg in building the Sherbrook-McGregor overpass spanning the CPR marshalling yards. Also, the Canadian Transport Commission has approved the overpass.

Can the minister inform us when the grant will be provided, as there is some urgency because the two bridges in operation now over the tracks, the Arlington and the Salter, are in a state of deterioration and weight restrictions are in effect?

Hon. Otto E. Lang (Minister of Transport): Mr. Speaker, the hon. member has not stated the facts accurately. In addition to approval of the overpass by the Canadian Transport Commission, we have made it clear to Winnipeg and to Manitoba that the UTAP funds available to the province could be applied to the Sherbrook-McGregor overpass. We indicated that at this time we cannot supply additional federal funds other than those available through the UTAP program. It is completely in the the hands of Winnipeg and the province of Manitoba to move this project forward as quickly as possible.

Mr. McKenzie: Mr. Speaker, certainly that is not the information which has been relayed to the mayor. The council of the city of Winnipeg are in a state of confusion waiting for answers from the Department of Transport.

Has the Minister of Public Works vetoed the $4 million going to the city of Winnipeg? Does the minister plan to discuss this matter further in cabinet to see if the $4 million can be granted? Will the minister contact the mayor to let him

know whether the money will be provided and to clear up the confusion on the other matters raised earlier by the minister?

Mr. Lang: Mr. Speaker, the hon. member is confused; I do not think the mayor is: he will have received a message from me along the lines of the answer I just gave. The matter was considered fully in cabinet and in appropriate committees several times because of the desire to review all factors which might lead to special consideration of additional funds for Winnipeg. In the end, it was concluded that only urban transportation assistance program funds would be available from federal sources. That has been relayed to the city.

● (1142)

With regard to local environmental matters and the Neighbourhood Improvement Program, obviously they may be very important considerations, but the view I took in dealing with the mayor was that these are essentially local issues to be decided by the province and the city, and there should be no federal involvement in those questions.

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CANADIAN TRANSPORT COMMISSION

OFFICIALS RECEIVING CP AIR PASSES FOR VACATIONS

Mr. David Orlikow (Winnipeg North): Mr. Speaker, I would like to direct a question to the Minister of Transport. Can he confirm that officials of the Canadian Transport Commission have requested, and received, special vacation airline passes from CP Air for themselves and their families; and, if so, does he consider that there is, in fact, a serious conflict of interest on the part of CTC officials who regulate air transportation and air routes for which the airline carriers are competing?

Hon. Otto E. Lang (Minister of Transport): Mr. Speaker, I do not have that information. Obviously, it would have to be obtained before I could comment on it and the second part of the question.

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POST OFFICE

OFFICIALS RECEIVING AIRLINE PASSES FOR VACATIONS

Mr. David Orlikow (Winnipeg North): Mr. Speaker, I hope the minister will look into the question and report to the House.

I should like to direct a supplementary question to the Postmaster General, if I may. Is he aware, or will he inquire, whether officials of his department have received airline passes for vacation trips; and, if so, could he inform the House whether the Prime Minister's guidelines of December 20, 1976, have been broken and what action he would plan to take, since the Post Office awards mail delivery contracts to different airlines which are quite profitable to them?

[Mr. McKenzie.]

Hon. J. Gilles Lamontagne (Postmaster General): Mr. Speaker, I am not aware that any passes have been given to any of the staff of the Post Office, and as for myself, I think the guidelines of the Prime Minister were made very clear in public the other day. This must be according to our own consciences and it is up to us to decide whether we accept them or not.

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AIR CANADA

REQUEST THAT CORPORATION MOVE LONDON, ENGLAND, OPERATIONS FROM HEATHROW TO GATWICK AIRPORT

Mr. Don Mazankowski (Vegreville): Mr. Speaker, my question is directed to the Minister of Transport and arises from a decision by the government of the United Kingdom to request Air Canada to move its London operations from Heathrow to Gatwick airport.

Since this move would have a serious economic impact on the operations of the airline, would impose payload restrictions, have a serious effect on its competitive position with other airlines, notwithstanding the fact that Air Canada has been located at Heathrow for some 32 years, and would have a disruptive effect on investment and, indeed, on the people who work there, will the minister indicate what action has been taken on the part of the government and whether an official Canadian government protest has been filed with the government of the United Kingdom in connection with this matter?

Hon. Otto E. Lang (Minister of Transport): Mr. Speaker, we have made our position very clear to the United Kingdom government on this question, and I did so personally at a meeting with Mr. Dell when he was here a few months ago. It was also conveyed to the government, through the airline, previously in direct discussions, as well as by our High Commissioner in London. We are pressing many of the points to which the hon. member referred, as well as some other significant ones in favour of the case Air Canada can make in support of staying at Heathrow.

Mr. Mazankowski: Mr. Speaker, I would ask the minister whether he has been able to determine why Air Canada was singled out as a candidate for the move from Heathrow to Gatwick? Does it have anything to do with the intentions of British Airways to apply for routes into western Canada, or is it, as has been reported, that Canada has become the easiest target for such a move? Has he been able to determine the reasons that lie behind this decision?

Mr. Lang: Mr. Speaker, the essential problem facing the United Kingdom in this regard, with which I do have sympathy, relates to the overcrowding which is occurring and will occur at Heathrow, necessitating the removal of some of the facilities of airlines. That, obviously, is the background reason for some airlines having been moved.

Obviously, I am not going to try to state the United Kingdom's analysis which it would put forward as justifying the

picking of Air Canada, because I do not agree with those arguments being put forward. I think we make a good case in relation to our long-term, long-standing position at Heathrow, having regard to the fact that three American airlines which are also there are not being asked to move. Therefore, we resist the United Kingdom's argument about convenience of traffic diversion. I would say that I do not see a direct connection between that issue and the issue of access by British Airways to western Canada.

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[*Translation*]

AIRPORTS

INQUIRY WHETHER ANNOUNCEMENT WILL BE MADE ON IMPROVEMENTS TO AIRPORTS IN GASPÉ PENINSULA

Mr. Albert Béchard (Bonaventure-Îles-de-la-Madeleine): Mr. Speaker, my question is directed to the Minister of Transport. Could the minister advise the House whether he is or will be shortly in a position to indicate to the people of the Magdalen Islands and their elected representative, as we are approaching Christmas, that he has a fine present in store for them concerning air transport in this part of my constituency, and announce for instance the improvement of the landing strips, the installation of air navigation aids and the construction of adequate airport facilities? Could he also advise the House what his department's priorities are for airports of the southeastern Gaspé area, including that in Bonaventure.

[*English*]

Hon. Otto E. Lang (Minister of Transport): Mr. Speaker, I am not sure whether I will be able to make such an announcement in time for Christmas, which I know the hon. member would very much like. I will review the situation in an urgent way to see whether his desire in that regard can be met.

As he knows, I have been giving special consideration to some of the ferry services in that area. I hope that, at least, has been some good news.

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NATIONAL REVENUE

SALES TAX REBATE ON INVENTORIES OF MANUFACTURED GOODS

Mr. A. D. Alkenbrack (Frontenac-Lennox and Addington): Mr. Speaker, my question is for the Minister of Revenue and Minister of State (Small Business): it concerns the recent reduction of 3 per cent in the federal sales tax on manufactured goods. This question was raised today by the hon. member for York-Simcoe and in the way of a Standing Order 43 motion by the hon. member for Red Deer.

Considering the certainty of great financial loss to certain businesses such as automobile and machinery dealers who have substantial inventories on which the old 12 per cent sales tax has been paid, will the minister indicate whether he is considering some form of adjustment in the sales tax formula that would minimize the financial loss of those businesses?

Hon. A. C. Abbott (Minister of National Revenue and Minister of State (Small Business)): Mr. Speaker, in my previous answer I indicated that very real difficulties are present because of the enormous number of products that have been manufactured, sold and stored in inventory. It is very hard to draw the line. In the past there were some remissions granted in cases where the tax had been specifically reduced; for example, on automobiles and trucks.

What I did not say in my answer last time to the question, which probably I should have said, is that because this matter is a part of the budget and, therefore, within the formulation of taxation, the question should more properly have been addressed to the Minister of Finance. Nonetheless, I would reiterate the points I made, that very considerable difficulties are present in attempting to grant remissions in respect of so many millions of transactions which involve many thousands and millions of dollars in inventories that have been stored over such a long period of time.

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THE CANADIAN ECONOMY

REPORT ON FOOD PRICES—REQUEST FOR WITHDRAWAL

Mr. James Gillies (Don Valley): Mr. Speaker, my question is directed to the Deputy Prime Minister and President of Privy Council: it has to do with a report to the first ministers, from CSIP, on food prices.

Given the fact that if policy is to be adopted by this nation in respect of economic activity, it must be based on reasonably accurate information and a reasonably accurate analysis, and that even a cursory examination of that report, particularly in terms of the sample and in terms of methodology, would indicate no conclusion whatsoever can be drawn from it, is it the intention of the minister or the government to have that report withdrawn and reworked, or at least re-examined?

Hon. Allan J. MacEachen (Deputy Prime Minister and President of Privy Council): Mr. Speaker, I must confess that I have not seen or studied that report; therefore, I cannot make a proper response. However, I will undertake to provide the hon. member with an answer later.

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● (1152)

REGIONAL ECONOMIC EXPANSION

IMPACT OF AMENDMENT TO UNEMPLOYMENT INSURANCE ACT

Mr. J. M. Forrestall (Dartmouth-Halifax East): Mr. Speaker, I wonder if you might do me the courtesy of directing a question to either the Deputy Prime Minister or the Minister

of Regional Economic Expansion. They may reply to you, because they do not reply to us.

I wonder if you would ask the hon. gentlemen whether, prior to the introduction of the amendments to the Unemployment Insurance Act, either of them requested or initiated particular or specific studies with respect to the impact of those amendments on the economies of Quebec and the four Atlantic provinces; and, if so, may we have the results of those special studies?

Hon. Allan J. MacEachen (Deputy Prime Minister and President of Privy Council): Mr. Speaker, in reply to the hon. member, I must assure him that all the provisions of the bill were carefully examined and their impact on various parts of Canada were understood.

I am not aware of any specialized studies, but I believe all the information that would be required in order to make a decision was available to the government.

Mr. Forrestall: Mr. Speaker, I see that you are no more competent than we are in extracting information. May I direct a question to the Deputy Prime Minister and be more specific about it?

The Deputy Prime Minister indicated to the House that he allowed to go forward, from his position of influence in the Government of Canada, the amendments that are presently before us—the tinkering with UIC on the backs of the poorer regions of this country—without having required or requested information that would lead him to a clear understanding of the very serious impact which, it is now obvious, these changes will have, particularly on eastern Canada. Is that the position?

Mr. MacEachen: Mr. Speaker, what I said was the very opposite of the conclusion the hon. member has drawn. I said that all the information necessary to reach conclusions and understand the impact on the various regions of Canada was available. What I said, also, was that I was not aware of any specialized studies on the subject, but that seems to be immaterial if the necessary information was available.

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UNEMPLOYMENT INSURANCE ACT

EFFECT OF BILL C-14 ON LEGISLATION

Mr. Jake Epp (Provencher): Mr. Speaker, I should like to put a question to the Minister of Employment and Immigration.

In view of the fact that Bill C-14 has not yet been passed and there is total confusion among the larger employers of Canada because of this, can the minister indicate why his officials are now instructing employers how to administer a regulation which, in effect, is still before the House?

Hon. Bud Cullen (Minister of Employment and Immigration): Mr. Speaker, the fact of the matter is that the regulation is not before the House. It was passed under the present legislation: As is always the case, it was gazetted one month ago: I believe the date quoted today was November 8.

Invariably, at the end of the year, before all the facts and figures are in—as every employer who deals with computers knows—there will be a rush. The Department of Supply and Services knows that and the Department of National Revenue knows that: They need figures in order to prepare their tables. The regulation that was passed was legal; it was passed under the present legislation; it was gazetted in the normal way and became public information as recently as November 8. To some extent, the information was possibly available to others prior to that time.

Mr. Epp: Mr. Speaker, may I put my supplementary question to the Deputy Prime Minister and President of the Privy Council, in his role as government House leader?

This regulation was gazetted on November 8, it was discussed by cabinet on October 20 and the bill received first reading only on November 2—although we have now been sitting for a month. We are now in the invidious position that if the bill does not pass and parliament excludes that part of it, namely, clause 2, on January 1, despite what parliament says the regulation will still be in effect. Can we have the assurance from the Deputy Prime Minister that should parliament so decide, that regulation will be withdrawn?

Hon. Allan J. MacEachen (Deputy Prime Minister and President of Privy Council): Mr. Speaker, I think it would be unwise to anticipate the judgment of parliament. I simply say that when the reality which the hon. member now hypothesizes comes about, we will consider it.

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VETERANS AFFAIRS

REQUEST WAR VETERANS ALLOWANCES NOT BE ADVERSELY AFFECTED BECAUSE OF INCREASES IN OTHER BENEFITS

Mr. Stanley Knowles (Winnipeg North Centre): Mr. Speaker, may I address a question to the Minister of Veterans Affairs?

A few weeks ago the minister indicated in the Standing Committee on Veterans Affairs that he was in favour of the necessary steps being taken so that war veterans allowance recipients who receive increases in their old age pension supplements in January or increases in their family allowance in 1979 will not have these increases cut off their war veterans allowance.

I ask the minister if he is now in a position to assure the House that these steps are being taken; and, if not, can he assure the House that he will do his best to get Treasury Board to allow him to make that statement before Christmas?

Hon. Daniel J. MacDonald (Minister of Veterans Affairs): Mr. Speaker, as the hon. member has indicated, I made remarks previously to this effect, and they are still in effect. I

hope to have something to announce one way or another very shortly.

Mr. Knowles (Winnipeg North Centre): Not one way or another—one way!

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ROYAL CANADIAN MOUNTED POLICE

INQUIRY WHETHER TERMS OF REFERENCE OF McDONALD COMMISSION WILL BE CHANGED

Mr. Joe Clark (Leader of the Opposition): Mr. Speaker, I ask the Deputy Prime Minister and President of Privy Council if he can tell the House whether the government is considering any change or amendment to the order in council or orders in council affecting the terms of reference of the McDonald royal commission?

Hon. Allan J. MacEachen (Deputy Prime Minister and President of Privy Council): No, Mr. Speaker, I am not aware of any consideration being given to a change in the terms of reference. There may be some consideration being given by the Minister of Justice, but I am not aware that any such matter has been considered by the government.

Mr. Clark: A supplementary question, Mr. Speaker. Will the Deputy Prime Minister inform himself, and undertake to report to the House of Commons on Monday whether consideration is being given to any change in these terms of reference; and, if so, what change is being contemplated and what discussion has ensued with members of the royal commission?

Mr. MacEachen: Yes, Mr. Speaker, I shall advise the Leader of the Opposition whether any changes are under consideration by the government with respect to the terms of reference.

* * *

METRIC SYSTEM

INQUIRY WHETHER REVIEW OF CONVERSION BEING CONSIDERED

Mr. Doug Neil (Moose Jaw): Mr. Speaker, may I put a question to the Minister of Industry, Trade and Commerce in his capacity as minister in charge of metric conversion.

Knowing the warm feelings the minister had in the past toward metric conversion, I wonder whether since assuming his responsibilities as minister in charge of metric conversion he has reviewed the program, or does he intend to continue at the present rate? Has he any plans to modify this program?

Hon. Jack H. Horner (Minister of Industry, Trade and Commerce): Mr. Speaker, with regard to metric conversion, nearly every country in the world has now gone metric.

Some hon. Members: Oh, oh!

Some hon. Members: Hear, hear!

Mr. Hees: How is it in Damascus?

Mr. Horner: Mr. Speaker, when I was with those people over there, I did not get as much applause as I do now.

Some hon. Members: Hear, hear!

Mr. Horner: I think that, considering Canada's effort to export more finished, manufactured goods, it is of the utmost importance that we keep in step with the manufacturing world. Certainly, we are watching very closely metric conversion in the United States and attempting to keep in step with that industrial nation.

Mr. Hees: How about the Horner conversion?

Mr. Neil: A supplementary question, Mr. Speaker. The minister is probably aware of the problems with metrification in Great Britain and Australia.

In view of the report of the general accounting office in the United States which, in effect, says that the cost of converting to the metric system is prohibitive, and in view of the fact there is doubt in the minds of legislators in the United States whether they will proceed with metrification, I ask if the minister has read this report or met with his counterparts in the United States to consider the effect a decision against metrification might have on our trade relations with the United States.

Mr. Horner: Mr. Speaker, I am quite aware of the problems the United States has had in this respect. They passed a law some 200 years ago suggesting that the manufacturing industry could go metric if it wanted to do so. Only in the last ten or 15 years has that country made strides toward metrification. I am well aware of the problems and the confusion which rests in the minds of some legislators.

* * *

BUSINESS OF THE HOUSE

Mr. Speaker: Order, please. I have, as a result of yesterday's proceedings, a number of notices on procedural matters. I can only repeat the order in which I received them. I had a notice from the hon. member for St. John's East (Mr. McGrath), from the hon. member for York-Scarborough (Mr. McCrossan), from the hon. member for Champlain (Mr. Matte), and from the hon. member for Assiniboia (Mr. Goodale). I do not know if the points are still applicable in respect to which these notices were given but, if they are, I should proceed to hear them now.

● (1202)

Mr. Knowles (Winnipeg North Centre): Mr. Speaker, I rise on a point of order. I think some of us know that when we get to statements there is to be a statement respecting an important anniversary having to do with the Declaration of Human

Rights. I wonder if it could be agreed that that statement and the responses be made now rather than at some indefinite time down the way. My understanding is that there is a speaker from each party ready to respond to a statement that is to be made by the Deputy Prime Minister (Mr. MacEachen). It seems to me, in view of the importance of the question of recognizing the thirtieth anniversary of the Declaration of Human Rights, that we might do that now in an orderly fashion.

Mr. Speaker: The hon. member for Winnipeg North Centre (Mr. Knowles) raises a useful point of order. Without anticipating great difficulties we may be able to take routine proceedings through entirely, including, of course, statements by ministers, and conclude routine proceedings but before taking the order of the day for debate, we return to the procedural matters which were just raised. We could try that, but if it is too lengthy it would be unfair to other members.

I understand the statement and responses on the other matter will be brief. We might proceed to take routine proceedings through to their conclusion and, before going to orders of the day, return to these procedural questions. Is that agreed?

Some hon. Members: Agreed.

ROUTINE PROCEEDINGS

[*English*]

DECLARATION OF HUMAN RIGHTS

THIRTIETH ANNIVERSARY

Hon. Allan J. MacEachen (Deputy Prime Minister and President of Privy Council): Mr. Speaker, the interparliamentary union at its sixty-fourth interparliamentary conference made a useful suggestion in one of its resolutions that each national parliament commemorate the thirtieth anniversary of the Universal Declaration of Human Rights. As a result of recommendations made by the executive of the interparliamentary union in the House of Commons, it is my responsibility to make a statement on behalf of the Government of Canada.

On December 10, 1948, the United Nations General Assembly proclaimed the Universal Declaration of Human Rights. Sunday is the thirtieth anniversary of that event. It should be used in Canada and all parts of the world as an occasion to review the progress, or the lack of progress, that has been made in these three decades toward guaranteeing human rights. More significantly, it must be used as an opportunity to identify what more can be done, both internationally and in Canada, to ensure that the rights and freedoms enunciated in the Universal Declaration are effectively enjoyed by all people.

The agreement 30 years ago on the principles of the Universal Declaration was a remarkable achievement by the international community, given the wide variations in political and social systems throughout the world. One of the people directly involved in that success was Dr. John P. Humphrey, a Canadian. In his former role as the Director of the United Nations Human Rights Division he oversaw the drafting of the declaration. He is to speak on behalf of Canada at a special commemorative meeting of the United Nations General Assembly on December 11. The principles of the declaration have been elaborated and defined in more than 20 international agreements. However, we are all painfully aware that the existence of these agreements has not created a world in which human rights are respected. In many countries there are gross violations of even the most basic human rights.

The member states of the United Nations have not given it the power to oblige governments to respect human rights. But it is a forum where world opinion can and should be focused on those governments which persistently abuse the rights of their citizens. Canada and certainly the Canadian House of Commons, are firmly committed to efforts to improve the performance of the United Nations in the human rights field.

In Canada we have made considerable progress in the past 30 years. That progress has been influenced by the international obligations we have assumed. Every province has adopted human rights legislation and has established a provincial human rights commission to consider complaints from individuals. The federal government has adopted important human rights legislation and has established the Canadian Human Rights Commission. The distinguished former member for Fundy-Royal, Mr. Gordon Fairweather, has taken on the key position of Chief Commissioner of the Canadian Human Rights Commission.

In 1976 Canada became a party to the most important human rights conventions, the International Covenants on Economic, Social and Cultural Rights, and on Civil and Political Rights and its Optional Protocol. The federal and provincial governments are aware that Canadian legislation and practice are not always totally consistent in every detail with the international obligations we undertook by adhering to the covenants. But they recognized that the covenants provide a standard against which Canadian performance can be measured to identify where improvements should be made.

The thirtieth anniversary of the Declaration of Human Rights is being recognized across Canada by the provinces, by church groups and by non-governmental organizations. Among many other significant events, the Canadian Human Rights Foundation has conducted seminars and conferences across the country on the nature of Canadian obligations arising from our international commitments. On December 9 and 10 the Canadian Human Rights Commission, in co-operation with the Departments of the Secretary of State and of External Affairs, will hold a conference at which national organizations concerned with human rights will review progress in Canada since the Universal Declaration was adopted.

The federal and provincial governments are now preparing reports for the United Nations on the implementation in Canada of the two human rights covenants. When the reports

are completed they will be made public. They will provide Canadians with important information on the state of human rights in Canada.

We are commemorating in the House of Commons the thirtieth anniversary of the Universal Declaration on Human Rights, not only as a reflection of the past and present importance of that historic document but also as an opportunity for us, as Canadians, to move forward. In doing so, we renew our commitment to ensure that everyone, everywhere, will enjoy fully the fundamental rights and freedoms described in the Universal Declaration.

Mr. Ray Hnatyshyn (Saskatoon-Biggar): Mr. Speaker, it is indeed a privilege to be able to speak on behalf of my party on this occasion marking the thirtieth anniversary of the signing of the Universal Declaration of Human Rights.

The adoption and proclamation of this Declaration by the UN General Assembly in 1948 marked a momentous step forward in the development of a sense of universal community and, I think, universal compassion. It sets forth those basic rights and fundamental freedoms to which men and women everywhere are entitled, without discrimination. It represents a standard, a goal, toward which we hope all member states of the UN will aspire.

Unfortunately the Declaration itself creates no binding legal obligations. However, it did give birth to two Covenants and a Protocol which are binding on signatories: the International Covenant on Economic, Social and Cultural Rights, the International Covenant on Civil and Political Rights, and the Optional Protocol to the International Covenant on Civil and Political Rights. Canada, I am glad to say, has acceded to all three.

• (1212)

Anyone who reads the declaration cannot but fail to notice the glaring contrast between what are declared human rights and the situation as it actually exists today in many countries around the world. It is an unfortunate fact that the world community has been unable, and in some cases unwilling, to give meaning to the words of the declaration. I am sure all members share my concern about this.

We on this side of the House believe that Canada must play a prominent and forceful role in keeping human rights issues to the fore at the United Nations. Wherever the Universal Declaration of Human Rights is given but lip service or openly scorned, and differences are repressed rather than resolved, violent struggle becomes likely. The United Nations charter is in harmony with the highest political insights when it affirms that the desire for peace is incompatible with the violation of basic human rights. We therefore hold inviolate the human dignity of each individual and seek to guarantee his or her physical and cultural well-being. Where religious and ethnic communities are surrounded by grave denials of civil and political rights, or the refusal of social, economic, or cultural justice, we declare our support for them as they demand freedom for their peoples.

Individual justice and freedom are questions of concern to persons throughout the world, and as such they may transcend the normal prerogatives of national sovereignty.

Looking at the world today, it seems that human rights violations are becoming, in some instances, more blatant and more vicious than at any time since the second world war, and, as I indicated earlier, it is a matter of grave concern that the UN seems unable to deal with these problems. For example, the representations made by Canada and other countries last year to the UN Commission on Human Rights about events in Uganda failed to produce even an investigation into the situation. To date, nothing meaningful has developed with respect to the situation in Cambodia, beyond intimations that the Secretary General may eventually receive an invitation to visit that country. At the moment, we know little about the circumstances which are driving thousands to flee Vietnam at appalling risks to themselves. We are all familiar with the problems of human rights in eastern Europe.

My party believes that a major step toward ensuring respect for the Declaration of Human Rights would be to create the post of a UN High Commissioner for Human Rights, with the power to investigate alleged violations whenever and wherever they occur. Canada has supported this in the past, and we urge the government to continue to press, in the strongest possible terms and at all appropriate opportunities, for the creation of such a post.

We would also urge, as another means of giving expression to the deep concern which all Canadians share about human rights, that Canada must minimize its material assistance to and symbolic approval of such governments that commit gross violations of human rights.

The UN has accomplished a great deal since its creation. Much remains to be done. The United Nations Universal Declaration of Human Rights is an inspiration to us all.

In conclusion, I join in the tribute to Dr. John P. Humphrey who played the important role of chairman of the drafting committee, representing this country in the drafting of this landmark declaration. It is our sentiment that it is the most significant declaration ever made by the international community. We in this party look forward to an even higher profile on the part of the Government of Canada to ensure that the statements made in this important declaration are brought to proper fruition.

Some hon. Members: Hear, hear!

Mr. Andrew Brewin (Greenwood): Mr. Speaker, on my own behalf and on behalf of my party I am glad to be associated with the Deputy Prime Minister (Mr. MacEachen) and the hon. member for Saskatoon-Biggar (Mr. Hnatyshyn) in asking this House to take note of and recognize the thirtieth anniversary of the Universal Declaration of Human Rights. I am glad, too, that the interparliamentary union suggested and recommended this recognition. I congratulate them for it.

The Universal Declaration of Human Rights speaks as a conscience of mankind. The first two recitals in that Declaration read as follows:

Whereas recognition of the inherent dignity and of the equal and inalienable rights of all members of the human family is the foundation of freedom, justice and peace in the world,

Whereas disregard and contempt for human rights have resulted in barbarous acts which have outraged the conscience of mankind, and the advent of a world in which human beings shall enjoy freedom of speech and belief and freedom from fear and want has been proclaimed as the highest aspiration of the common people,

Those recitals which preceded the declaration are still applicable. Thirty years after the declaration was made, the situation has not substantially changed, although it would be wrong to deny that much useful progress has been made. In many parts of the world there is still contempt for human rights, resulting in barbarous acts. This is not the proper place to go into any detail on that matter. I only want to say that we must not be selective in our judgment wherever human rights are involved. Whatever regimes invade them should be treated alike, firmly and fearlessly by the expression of Canadian opinion, not only in international forums but also in bilateral relations.

An hon. Member: Fora.

Mr. Brewin: Somebody says fora. I do not like that word. I purposely left it out.

The declaration contains two types of rights, those that are political in nature, such as freedom of religion and speech, freedom from torture and cruel punishment, freedom from discrimination, and the right of access to the courts. It also contains a number of social, economic, and cultural rights which are enumerated in the declaration.

We in Canada have had much talk about a new Canadian constitution. It is not easy to predict when this new constitution will come into being. I hope it will be soon. We believe that when it does, the essential political rights should be enshrined in it as they embody the fundamentals of Canada's democratic society. A constitutional declaration of these political freedoms would not only have tremendous educational effect but would be a means of protection against invasion of these rights from any source, including governments.

The Universal Declaration of Human Rights goes much further than merely dealing with political rights. It includes, of equal importance, a declaration of economic rights, for example the right to work, the right to form and join trade unions, the right to equal pay for work and the right for leisure and periodic holidays with pay, the right to security in unemployment, sickness or disability and to a standard of living adequate for health; the right to education, the right to cultural life in the community.

These are fundamental rights. However, they cannot be secured by a mere parliamentary or even constitutional declaration. They depend upon detailed legislation and administration, and the planning of a just society, which is our job.

• (1222)

Many Canadians are in urgent need of these rights—I think especially of the million or so unemployed, the large segment of the population which is below the poverty line. Special attention has to be paid to the rights of our native peoples, of immigrants and of aliens in our midst. We should, from whatever party we come, dedicate ourselves to realizing these rights for all our people.

What are the limits? There is no limit based on geography. The rights proclaimed are rights of all human beings by virtue of their humanity. There is no distinction to be drawn between people of different racial backgrounds. The poison of racism and racial discrimination must be totally eradicated. To many, the Declaration of Human Rights is a naive, idealistic, and theoretical exercise. We, on the other hand, hold a deep conviction that it is the way of sanity, the way of true realism, and the way of peace.

The Declaration of Human Rights must be applied to the world of nations; this is necessary in order that we may build a world society. It must also be applied within nations such as Canada. International proclamation is meaningless unless supported by the institutions and personal convictions of persons within different nations. It must permeate the thinking of individuals.

Our former colleague, Mr. Gordon Fairweather, who was the member for Fundy-Royal and is now chairman of the Human Rights Commission, said this:

For me to live a full human life, my neighbours must be just as free as I am. Their freedom is my freedom, their equality is my equality, their dignity is my dignity. Freedom is indivisible, human rights are universal.

I think that says it all. I have ended my quotation from the former hon. member for Fundy-Royal; I am not sure that all the members of his party are interested in hearing it. I commend that quotation to all members of the House, and to all Canadians. I, and those for whom I speak, accept the commitment to fight for human rights and to fight for the rights contained in the Universal Declaration of Human Rights, in the world, in our own countries, in our own communities and, if I may be personal for a moment, within ourselves.

[*Translation*]

Mr. Gérard Laprise (Abitibi): Mr. Speaker, I am extremely pleased to join the former speakers and all hon. members in the House in commemorating the thirtieth anniversary of the Universal Declaration of Human Rights as proclaimed by the United Nations on December 2, 1948. At that time I expect most member countries of the United Nations supported the Universal Declaration of Human Rights, just as all the other countries which have since joined the family of the United Nations also support it. However, we unfortunately have to admit that in many countries around the world that declaration is far from being respected, though several countries have adopted their own bill of rights; we have to realize that regrettably there is still a long way to go and many situations have to change before its theory is in fact applied.

Even here in Canada we have our own Bill of Rights. Unfortunately it does not always hold true in practice. In the fields of politics, I would say we have full rights and freedoms. But economically, sad to say, we still have a long way to go. Again last night, the Minister of National Health and Welfare (Miss Bégin) pointed out in a television interview that almost 25 per cent of all Canadians live below the poverty line in Canada. In other words, Mr. Speaker, for all those people economic rights and freedoms are far from a fact of life. They do not have the right to choose like other Canadians.

In that respect, Mr. Speaker, though we boast a Declaration of Human Rights, though we pride ourselves in a fully democratic system, I feel that for that sector of the population democracy does not exist, at least not fully. As we medidate on the objectives of the Universal Declaration of Human Rights, whether in terms of the whole world or our own country, we must take this opportunity to see what remains to be done here in Canada and take the necessary steps to ensure that every Canadian, man or woman, feels completely free, politically and economically, in his or her own homeland.

* * *

[*English*]

BUSINESS OF THE HOUSE

Mr. Baker (Grenville-Carleton): Mr. Speaker, I realize we have to deal with some questions of privilege, but it would be a great convenience to the House if I could put the question on business which, in the confusion, I could not put yesterday. Perhaps I could direct a question to the Deputy Prime Minister (Mr. MacEachen). It is my understanding that there is no difficulty at all as far as the government is concerned about the proposition that the motion standing in the name of my hon. friend from Saskatoon-Biggar (Mr. Hnatyshyn), which would have been heard yesterday but for what took place in the House be called today, the last day allotted to the opposition under the rules. I would appreciate confirmation of this.

Later on today we shall be dealing with the appropriation bill. I just want to say to the House leader that it is not our intention to call a vote with respect to that bill. Will he confirm that the situation is as I have stated, and will he also tell us what is to be the business for next week?

Mr. MacEachen: In reply to the hon. member for Grenville-Carleton (Mr. Baker) I wish to confirm that there is no difficulty whatsoever from our point of view about proceeding with the motion which in other circumstances would have been dealt with yesterday. I should also like to confirm, for purposes of planning the latter part of the day, the understanding which has been voiced by the hon. member for Grenville-Carleton that it is not the intention to have any votes with respect to the supplementary estimates and the ensuing bill.

An hon. Member: Recorded votes.

Mr. MacEachen: There will obviously be no difficulty, I understand, in carrying these items on voice votes, but if it is the intention to have any votes on division it would be of interest for me to know, so that I could advise my hon. friends.

With respect to the business on Monday, for various reasons it is not possible to call the motion with respect to the Ministry of Economic Development or the other bills I had in mind, Bill C-12, for example, which has been the object of discussion between the hon. member for Hamilton West (Mr. Alexander) and myself. As a result of those discussions we have decided not to call Bill C-12 at this point. For Monday, therefore, I would like to indicate Bill S-4, legislation respecting non-profit corporations, Bill S-5, the Canada Business Corporations Act amendments, Bill C-13, the Electricity Inspection Act and the Gas Inspection Act amendments, and then the Canada-France trade agreement legislation about which we have had discussions. That is the champagne bill. It is known by that more interesting name rather than by the Canada-France trade agreement legislation.

● (1232)

I ask hon. members to keep in mind the referendum bill and the bill respecting conflicts of interest. It is not my intention to call the referendum bill on Monday, but if we make great progress on the other bills it might be contemplated for Tuesday.

I have received some information since the Leader of the Opposition asked me a question about the McDonald commission, and I would like to confirm that no consideration is being given to changing the terms of reference. I felt that it would be important to get that on the record before being asked outside the House. I might be held in contempt of the House if I answered outside and not here.

Mr. Knowles (Winnipeg North Centre): Mr. Speaker, I listened with interest to the plaintive plea of the Deputy Minister (Mr. MacEachen) for peace of mind with respect to any votes this afternoon. I point out to him that the order paper does not contain any notice of opposed items in the estimates, so there cannot be any votes on individual items, and I give the undertaking that we will not be forcing votes on first, second, or third reading of the supply bill. In that connection, in view of the fact that there may be many members wanting to speak on the motion being proposed today, and since it is clear that there will not be votes called at 4.45, I suggest that the debate go until five o'clock and that we agree to pass the bill at that point.

I noticed in the list of items the minister gave he made particular reference to the fact that Bill C-12 will not be called next week. There is a good deal of interest in this bill, and I take it it can be assumed from the minister's announcement that Bill C-12 will not be put through in December. In other words, the arrangements respecting the Public Service Superannuation Act which now apply will continue to apply in 1979.

Mr. MacEachen: I think I can make it clear that it is not the intention to bring forward Bill C-12 this year. The reason is that it is apparent to me that it could not clear all stages and become law before the end of 1978.

Death of Golda Meir

On the second part of the question, I think it would be desirable to address a question to the President of the Treasury Board (Mr. Buchanan) at an early date as to what his plans for that bill are in 1979. I think the question should be asked, and I think the minister will want to answer it, but I am not in a position to answer it today.

Mr. Knowles (Winnipeg North Centre): Mr. Speaker, can we have an agreement that the debate today should last until five o'clock and that there then be no recorded votes?

Mr. Speaker: Is that agreed?

Some hon. Members: Agreed.

Mr. Speaker: So ordered.

In keeping with the practice we have been following recently, may I presume, since this day has now become the day for dealing with the supply bill and as the House has now agreed to proceed in a certain manner, that it is in order to introduce the supply bill at this hour of the day under introduction of bills in order that it can be distributed? That is the way we have proceeded in recent times. I understand that the government has made copies available for the purpose. Can we proceed to do so now?

Some hon. Members: Agreed.

* * *

CANADIAN HUMAN RIGHTS ACT

AMENDMENT TO EXTEND PROVISIONS TO FEDERAL EMPLOYEES

Mr. Stuart Leggatt (New Westminster) moved for leave to introduce Bill C-447, to amend the Canadian Human Rights Act.

Some hon. Members: Explain.

Mr. Leggatt: Mr. Speaker, the purpose of this private member's bill is to make it abundantly clear that the Canadian Human Rights Act is intended to apply to all federal employees, including the staffs of the Senate and the House of Commons who, under this particular legislation, at the present time are excluded. The bill further extends the protection of the Canadian Human Rights Act to employees of companies which carry on business in Canada and which are in receipt of federal government contracts or subsidies of any kind.

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

* * *

DEATH OF GOLDA MEIR

Mr. Bob Kaplan (York Centre): Mr. Speaker, I rise to ask that the House take note of the death this morning of Golda Meir, a former prime minister of the State of Israel, and that I be permitted to speak about that for a moment.

[Mr. MacEachen.]

Golda Meir visited Canada—

Mr. Speaker: Order. Despite the seriousness of the matter to which the hon. member refers, I really do not know that we have any practice whereby we can proceed with it any further.

Mr. Leggatt: Ask for unanimous consent.

Mr. Kaplan: I wonder if I might seek unanimous consent on this matter.

Mr. Speaker: I think this puts the House in an invidious position. Once unanimous consent of the House is sought, the House is in a rather awkward spot, and I do not know that I ought to depart from our regular practices. Perhaps there might be some accord during the course of the next few minutes to see if some pause could be taken to make some recognition, but I think there ought to be some consultation first.

* * *

[*Translation*]

QUESTIONS ON THE ORDER PAPER

(Questions answered orally are indicated by an asterisk.)

Mr. Yvon Pinard (Parliamentary Secretary to President of Privy Council): Mr. Speaker, the following questions will be answered today, including those which were earmarked for yesterday: Nos. 181, 345, 537, 540, 186, 213, 423 and 467.

[*Text*]

SOLICITOR GENERAL—FRASER VALLEY EAST

Question No. 181—**Mr. Patterson:**

What amount was spent by the Department of the Solicitor General in the Constituency of Fraser Valley East in each year since 1970?

Mr. Roger Young (Parliamentary Secretary to Solicitor General):

	Canadian Penitentiary Service and National Parole Service	Royal Canadian Mounted Police
	$	$
1970-71	4,576,706	904,200
1971-72	4,257,475	1,161,800
1972-73	6,597,268	1,490,800
1973-74	9,087,448	1,629,000
1974-75	13,716,390	2,625,200
1975-76	23,021,532	3,625,900
1976-77	23,553,391	4,031,900
1977-78	29,774,918	5,089,016
April 1, 1978 to September 30, 1978	13,826,229	2,428,143
Ministry Secretariat		
National Parole Board		
Nil		

CANEX—CFB GAGETOWN, N.B.

Question No. 186—**Mr. Howie:**

1. Was a contract let in September 1978 for the construction of the CANEX Building in the Army training area at CFB Gagetown, New Brunswick and, if so, was the lowest or second lowest tender accepted and, if not, for what reason?

2. What are the names of the companies which tendered on the project and what was the amount in each case?

Hon. Barney Danson (Minister of National Defence): 1. Yes. The third lowest bidder, Modern Construction Ltd. was awarded the contract. The reason for accepting the third lowest bid was because of the earlier completion dated July 31, 79 offered with their bid, which was a full five months earlier than that offered with the lowest and second lowest bid. The decision was made based on a complete financial analysis of the effect of completion date on the base non-public fund picture forecast for these five months of operation, related to the difference in amount between the lowest and third lowest bid which was only $10,275. There are no public funds involved in this project.

2.

Atlas Construction Maritime Ltd.	$2,327,725	December 30, 79
Diamond Construction (1971) Ltd.	$2,333,000	December 31, 79
Modern Construction Ltd.	$2,338,000	July 31, 79
A.C. Mallet and Fils Ltd.	$2,417,727	September 30, 79
Simpson Construction Ltd.	$2,449,350	September 30, 79
Richards & Ryan (Atlantic) Ltd.	$2,486,781	November, 79

GRAIN HAULING—REPAIRS TO FREIGHT CARS

Question No. 213—**Mr. Jones:**

1. Will there be repairs made to large numbers of freight cars used in grain hauling? How many rail cars are being repaired?

2. Where will the repairs to these cars be made? List the yards and their location. What will be the cost of the repairs? Are there any plans to use the freight yards in Moncton, New Brunswick for any of these repairs?

3. How many new jobs will this work create? Will there be any new jobs created in Moncton, New Brunswick for this purpose and if so, how many and what are the job descriptions?

4. Will there be any CN employees or Transport Canada employees transferred from Moncton, New Brunswick to any other location and if so, how many? Will there be any CN employees or Transport Canada employees transferred to Moncton, New Brunswick for this project and if so, how many?

Hon. Otto E. Lang (Minister of Transport): 1. Yes, 1,000 boxcars.

2. Winnipeg, 300 cars light repairs at Symington Yard, Winnipeg, 700 cars heavy repairs at Transcona Shops, Winnipeg. The cost will be approximately $6.5 million. There are no plans to use the CN facilities in Moncton, New Brunswick for this work.

3. This will create approximately 150 man-years of new jobs. Because of rearrangement of work this will create approximately 30 man-years of new jobs in Moncton, New Brunswick. The additional positions will all be for car-men.

4. No CN or Transport Canada employees will be transferred either to or from Moncton, New Brunswick for this project.

DSS—INTERIOR LANDSCAPING

Question No. 345—**Mr. Howie:**

For the fiscal year ended March 31, 1978, what amount was spent on interior landscaping by the Department of Supply and Services?

Hon. Pierre De Bané (Minister of Supply and Services): $5,478.27.

COSMOS 954 SATELLITE

Question No. 423—**Mr. Epp:**

1. Has the search for debris from the U.S.S.R. satellite which crashed in Northern Canada been concluded and, if so, on what date?

2. How many days were spent in the search?

3. What was the total cost of the search?

4. Did the government request full reimbursement from the government of the U.S.S.R. of the full costs incurred in the search, and, if so, did the U.S.S.R. agree to pay such costs and, if not, what steps has the government taken to recover the costs?

Mr. Louis Duclos (Parliamentary Secretary to Secretary of State for External Affairs): In so far as the Department of External Affairs is concerned, the reply is as follows:

1. The search for debris from the Cosmos 954 satellite was concluded on October 15, 1978.

2. Two hundred sixty five days (January 24, 1978-October 15, 1978).

3. There is as yet no final figure for the total cost of the search since some costs remain to be determined.

4. Canada has informed the U.S.S.R. of its intention to present a claim. Under the 1972 convention on international liability for damage caused by space objects Canada has one year from the date of the satellite incident to present the claim.

GOLDEN REPORT

Question No. 467—**Mr. Mazankowski:**

1. What was the total cost of the Golden report?

2. Was the President of Telesat Canada chosen to write the report and, if so, for what reason?

Mr. Bernard Loiselle (Parliamentary Secretary to Minister of Industry, Trade and Commerce): 1. $5,463.59 (period March 28, 1977 to November 10, 1978).

2. Yes. Mr. Golden was asked to undertake the task because of his wide experience and proven capability in aerospace, in both the private and the public sectors. At his express request he was paid no fee for this assignment.

Order Paper Questions

DISEASE SCRAPIE IN SHEEP

Question No. 537—**Mr. Mazankowski:**

1. For each year from 1953 to 1977, were any sheep from (a) pure bred (b) commercial flocks ordered to be slaughtered owing to the disease scrapie and, if so, how many?

2. What was the total cost for each year?

Hon. E. F. Whelan (Minister of Agriculture):

	1. Number of Sheep Slaughtered (a) - (b) *	2. Compensation Paid
1953-54	— **	—
1954-55	108	8,100.00
1955-56	654	100,050.00
1956-57	88	3,340.00
1957-58	79	4,566.00
1958-59	459	15,548.50
1959-60	5,539	214,235.00
1960-61	2,735	107,740.87
1961-62	1,593	32,617.00
1962-63	565	13,446.00
1963-64	1,639	115,873.50
1964-65	24	676.65
1965-66	164	5,868.90
1966-67	393	33,527.00
1967-68	78	6,495.00
1968-69	15	905.00
1969-70	29	2,880.08
1970-71		—
1971-72	180	11,875.00
1972-73	5	350.00
1973-74	82	3,175.00
1974-75		—
1975-76	33	3,621.00
1976-77	80	10,276.00
1977-78	1,026	200,085.00
	15,568	$895,251.50

* Records on scrapie do not differentiate between pure-bred and commercial flocks.

** Departmental records have only been maintained since 1954.

VETERANS—MEMORIAL PAVILION, B.C.

Question No. 540—**Mr. Munro (Esquimalt-Saanich):**

1. (a) How many beds at the Memorial Pavilion were guaranteed to veterans under the Agreement with the Government of British Columbia covering the transfer of the Pavilion to the B.C. authorities (b) how many were guaranteed in the Jubilee Complex?

2. How many of the beds were occupied by veterans on (a) January 1, 1977 (b) July 1, 1977 (c) January 1, 1978 (d) July 1, 1978 (e) October 1, 1978 and, of these, how many were for (i) extended (ii) intermediate (iii) acute care?

3. Can a distinction be made in the foregoing Parts as to beds and beds occupied in the Memorial Pavilion on the one hand and in the Main Jubilee Complex on the other and, if so, could the replies already given be made again making this distinction?

4. (a) How many beds in reserve are retained, under the federal-provincial agreement to serve unexpected needs of veterans requiring acute care (b) have the required number of beds for acute care been available at all times or has the quota been breached?

5. How many veterans were on a waiting list for extended care space on the dates mentioned in Part 2?

Hon. Daniel J. MacDonald (Minister of Veterans Affairs): 1. (a) and (b) In the 1974 transfer agreement with the Province of British Columbia, the Department of Veterans Affairs retained 170 priority use beds at Royal Jubilee Hospital, Victoria. Included in the total were 60 acute care beds located in the Main Jubilee Complex; and 50 extended care beds and 60 intermediate care beds located in the Memorial Pavilion.

The agreement provides that the priority bed allocation can be revised with changes in bed requirements. Such changes have occurred from time to time, and the present bed allocation is as follows:

Acute care (Main Jubilee Complex)	32 beds
Extended care (Memorial Pavilion)	46 beds
Intermediate care (Memorial Pavilion)	92 beds

2. The bed occupancy by veterans on the specified dates is as follows:

	Jubilee	Memorial Pavilion		
	Acute	Extended	Intermediate	Total
January 1, 1977	11	42	73	126
July 1, 1977	11	46	84	141
January 1, 1978	16	49	84	149
July 1, 1978	21	44	94	159
October 1, 1978	8	44	90	142

3. See 1 and 2 above.

4. (a) No beds other than those described in (1) are retained to serve unexpected needs of veterans requiring acute care. However, the agreement does provide that where it is necessary to admit a veteran and priority use beds of the type required are fully occupied, the veteran will be admitted to the first available bed in a hospital having beds clinically suitable for the level of care required by the veteran.

(b) The agreement provides that priority use beds not required for veterans will be released for patients who are not veterans. No delays have been experienced in obtaining admission of acute care veteran patients and the acute care beds available for veterans are more than sufficient, as noted in (2). The department has reacted to trends in patient needs by reducing the number of priority use acute care beds, and by increasing the number of intermediate care beds.

5. No record has been kept of the number of patients awaiting admission on the dates specified. At November 15, 1978, there were five patients awaiting admission to extended care, and this number is considered higher than usual. When a situation arises requiring urgent attention an effort is made to locate a temporary bed in another institution.

* * *

[*Translation*]

QUESTION PASSED AS ORDER FOR RETURN

Mr. Yvon Pinard (Parliamentary Secretary to Deputy Prime Minister and President of Privy Council): Mr. Speaker, if question No. 520 could be made an order for return, this return would be tabled immediately.

[*English*]

Mr. Speaker: Is it the pleasure of the House that question No. 520 be deemed to have been made an order for return?

Some hon. Members: Agreed.

[*Text*]

CIDA—MENNONITE CENTRAL COMMITTEE

Question No. 520—**Mr. Epp:**

Did the Canadian International Development Agency (CIDA) give any aid to the Mennonite Central Committee (MCC) in (a) 1968 (b) 1969 (c) 1970 (d) 1971 (e) 1972 (f) 1973 (g) 1974 (h) 1975 (i) 1976 (j) 1977 (k) 1978 and, if so, by year (i) in what amount (ii) what projects were approved (iii) what was the purpose of each project and what amount was approved in each case?

Return tabled.

* * *

[*Translation*]

STARRED QUESTION

Mr. Yvon Pinard (Parliamentary Secretary to President of Privy Council): Mr. Speaker, would you be so kind as to call starred question No. 347 so I may reply to it.

[*Text*]

*REPORT—RESEARCH IN CREATIVE DEVELOPMENT

Question No. 347—**Mr. McKenzie:**

1. Did the Prime Minister or the Department of Transport receive a 1972 report authored by Robert B. Choma entitled "Research in Creative Development" which deals with Runway 23 at the Toronto International Airport and was receipt of the report acknowledged and, if so, by whom?

2. Was action taken in regard to the recommendations contained in the report and, if so, what was such action?

[*English*]

Mr. Yvon Pinard (Parliamentary Secretary to President of Privy Council): Mr. Speaker, I am informed by the Prime Minister's office and Transport Canada as follows: No.

Mr. Speaker: Shall the remaining questions be allowed to stand?

Some hon. Members: Agreed.

* * *

PRIVILEGE

MR. McGRATH—ACTIONS OF MINISTER OF EMPLOYMENT AND IMMIGRATION

Mr. James A. McGrath (St. John's East): Mr. Speaker, I intend, as briefly as I possibly can, to attempt to demonstrate to Your Honour and to the House that there is sufficient evidence to indicate that there may be a prima facie case of privilege with respect to the fact that by certain actions the Minister of Employment and Immigration (Mr. Cullen) is in contempt of this House. My question of privilege will be to

make that case, and I intend, at the conclusion of my remarks, to move a substantive motion.

● (1242)

My question of privilege arises out of the presentation to the House by the Minister of Employment and Immigration of Bill C-14, an act to amend the Unemployment Insurance Act. That bill received first reading early in November and it received second reading in the House on November 10. These dates are important because it has come to my attention that the *Canada Gazette* for November 8, 1978, volume 112, No. 21, part II, has a proclamation putting into effect order in council PC 1978-3243, October 26, 1978. That order in council and the proclamation in the *Canada Gazette* proclaimed clause 2 of Bill C-14 which is still before the House.

You may argue that this is a point of law. I argue that it is contempt of this place. Parliament has not passed Bill C-14 and the government has no right to anticipate the passage of the bill, the government has no right to second guess parliament, nor does the government have the right to legislate by order in council, which seems to be what it is doing here.

Surely the right to legislate is one that is jealously guarded by parliament itself. If the government has the right to legislate by order in council, then we might as well dispense with parliament; there is no need for us to be here. It is absolutely useless for parliament to conduct legislation in such circumstances. That is really the core of what my argument is all about, the fact that somebody else has taken it upon himself to legislate something which is still before parliament, contemptuously or, if you like, to second guess parliament or to anticipate what parliament will do.

I can say, although it is not entirely relevant, that this has caused a great deal of concern, confusion, and misunderstanding among the clients of the Unemployment Insurance Commission or of the Minister of Employment and Immigration who administers the act. Indeed, there is evidence in today's press that there is great confusion because, as a result of the order in council and the proclamation in the *Canada Gazette* of November 8 and the bulletins that went out from the commission flowing from the order in council, people are somewhat confused as to just exactly how they should go about the necessary changes to implement the provisions of a bill which has not yet been passed by the House. If that is not contempt, I do not know what is.

Mr. Speaker: I should like to be clear with respect to the hon. member's argument. Perhaps he could give me the language of the proclamation in the *Canada Gazette*, because I am not sure at this moment whether I can take his version of the proclamation as having the effect of proclaiming a section or whether it proclaims a section of an unpassed statute in exactly that language. I should like to be clear on that point.

Mr. McGrath: I can read the proclamation into the record, Mr. Speaker. The proclamation is PC 1978-3243, October 26, 1978. It reads:

His Excellency the Governor General in Council, on the recommendation of the Minister of Employment and Immigration, pursuant to sections 4 and 146 of the Unemployment Insurance Act, 1971, is pleased hereby to approve amendments made on October 20, 1978 by the Canada Employment and Immigration Commission to the Unemployment Insurance Regulations approved by Order in Council PC 1955-1491 of 29th April, 1955, as amended, in accordance with the schedule hereto, effective January 1, 1979.

Schedule

1. Section 54 of the Unemployment Insurance Regulations is revoked and the following substituted therefor:

54(1) Subject to subsections (2) and (3) the employment with an employer in any week of a person,

(*a*) whose earnings are calculated in whole or in part on a time-worked or fixed-salary basis and who is employed and remunerated for less than 20 hours by his employer, or

(*b*) whose earnings are calculated on a basis other than that described in paragraph (*a*) and whose cash earnings from that employer are less than 30 per cent of the maximum weekly insurable earnings,

is excepted from insurable employment.

For purposes of my argument, that is the only part of the order in council and proclamation that I need to record into the record. The rest of it is not entirely relevant to my argument.

Now I should like to read clause 2 of Bill C-14 now before the House. It reads as follows:

2. Subsection 4(3) of the said act is amended by deleting the word "and" at the end of paragraph (*f*) thereof, by adding the word "and" at the end of paragraph (*g*) thereof and by adding thereto the following paragraph:

Here is the key paragraph:

(*h*) any employment with an employer in which persons are employed for less than 20 hours in a week or in which the earnings of persons are less than 30 per cent of the maximum weekly insurable earnings.

As you will see, it is almost the same, word for word, as the order in council and the proclamation.

The explanatory note to clause 2 of the bill is very important, and I will develop why it is important in a subsequent argument. The explanatory note for clause 2 reads as follows:

Clause 2: New. This amendment would provide authority to make regulations providing that a week of employment must contain at least 20 hours or must provide a salary equal to or greater than 30 per cent of the maximum weekly insurable earnings to be considered insurable.

The government wishes to have the authority to make this regulation which it has made already by order in council which I read earlier, and in the proclamation in the *Canada Gazette*. If ministers did not need the authority, what are they asking parliament for? If they need it, then there is contempt of parliament in that order in council.

I should like to mention something in support of my argument, but I hate to do this because I do not want Your Honour to pick upon this as an excuse for ruling out my argument on a technicality. So if I may ask the jury to leave, while I mention this part of my case, may I continue by saying that yesterday, when this matter was raised in committee we received from the Minister of Manpower and Immigration, and from the deputy minister, an apology. They said, in so many words, "I am sorry, the committee and parliament should have been told about this, and we regret very much you were not told."

The minister and the deputy minister took the blame and they said that there should have been a further explanation in the explanatory note, that parliament should have been told when the bill was introduced that the order in council had been passed. "Mea culpa, mea culpa, mea maxima culpa." I appreciate the minister saying he is sorry. That is what I would expect from the minister because he is that kind of person. He is a good parliamentarian, and that is in keeping with my perception of his good character. But an apology is not enough because we are still faced with the dilemma of having before us a bill, a part of which has already been enacted by order in council. That is my case.

I could argue that the committee was deceived, that the House was deceived, and, in support of my argument I could refer Your Honour to a citation in May's nineteenth edition entitled "Conspiracy to deceive either House or committees of either House." The citation reads:

It has already been seen that the giving of false evidence, prevarication or suppression of the truth by witnesses while under examination before either House or before committees of either House is punished as a contempt; and that persons who present false, forged or fabricated documents to either House or to committees of either House are guilty of a breach of privilege. Conspiracy to deceive either House or any committees of either House will also be treated as a breach of privilege.

● (1252)

The minister and the deputy minister admitted that they withheld this information from parliament, namely, the passage of the order in council and its proclamation, when Bill C-14 was presented for second reading debate and committee stage.

I submit there is a prima facie case. The minister is in contempt of the House, either by virtue of anticipating or second guessing the House, or by ignoring the House in making a proclamation for a section of the bill which has not been passed by this House, or in withholding information from the House and one of the committees of the House relevant to a bill or a measure before the House. The minister is in contempt either way.

Accordingly, I move, seconded by the hon. member for Grenville-Carleton (Mr. Baker):

That the Minister of Employment and Immigration by an order in council dated October 26, 1978, and proclamation in the *Canada Gazette* of November 8, 1978, enacted section 2 of Bill C-14, an act to amend the Unemployment Insurance Act, which is still before the House, and thereby showing contempt for this House; and that the said order in council and the said proclamation of November 8, 1978 be referred to the Standing Committee on Privileges and Elections.

Mr. Speaker: There are six or seven members who want to contribute. I presume all members of the committee want to make a contribution. It seems to me the ground is fairly clear.

The first thing which must be solved is whether the order in council enacts what the section would enact. The second is whether, if that is the case, it constitutes a contempt of the House. If that is not the case, the matter stops there. It would seem to me the argument of the hon. member for St. John's

East (Mr. McGrath) is clear. I do not know whether new ground can be covered by other members who want to support it. Perhaps I would be more greatly aided to find out what the opposition is to the argument, than more support for it. In any case, I am in the hands of members of the House in terms of further discussion.

Mr. Lincoln M. Alexander (Hamilton West): Mr. Speaker, I will be very short in my remarks. What my friend has indicated is that if the parliamentary process is to work—and it should work—then we must have open, honest, and full disclosure. Your Honour's question goes to the very root of the matter, whether the promulgation or the proclamation under date of October 26, and as registered in the *Canada Gazette* on November 8, in fact is the gist of the bill.

It is quite obvious. The hon. member for St. John's East (Mr. McGrath) indicated that the gist of the proclamation as promulgated, or the order in council, refers to those persons who are employed less than 20 hours. They would be excepted. The second portion of the schedule to which I have just referred deals with those persons whose earnings would be less than 30 per cent of the maximum weekly insurable earnings. Those are the two figures which Mr. Speaker must keep in mind. The remainder of the sentences are explanatory and perhaps extraneous.

If one looks at clause 2 of the bill, one will see that those two key or phrases are within the bill. In other words, the principle brought forth by the order in council as promulgated is within the bill. I will not take long, because the hon. member for St. John's East explained clause 2. I direct Your Honour's attention to clause 2. That clause refers to less than 20 hours, and further on, it refers to less than 30 per cent of the maximum weekly insurable earnings.

As my friend has indicated, the minister stated that he was sorry. More important, the deputy minister indicated that he was sorry, and as a matter of fact he went further.

Mr. Caccia: Oh, oh!

Mr. Alexander: The hon. member for Davenport (Mr. Caccia) will have an opportunity to participate in this debate. I know Mr. Speaker will be kind enough to recognize him in due course.

The error has been admitted. The problem is in which direction they are indicating that they are sorry. The specific item within the bill which we are talking about sets forth no deadline. It calls for introduction by way of proclamation after the bill is passed. The order in council has gone beyond the scope of the bill, because it indicates the particular provision, to which we are directing our attention, will come into force on January 1, 1979. In the first instance, that is beyond the scope of the bill.

We are faced with a very peculiar situation. If the House is dealing with a particular piece of legislation, then I submit respectfully that there should not be any edict, regulation or proclamation promulgated prior to the passing of this bill. If that occurs, our role becomes a sham, meaningless, and useless.

Mr. Baker (Grenville-Carleton): And parliament is held in contempt.

Mr. Alexander: As the hon. member for Grenville-Carleton (Mr. Baker) just said, parliament is held in contempt. The hon. member for St. John's East said that the government is in contempt in terms of recognizing the roles of members of parliament when it comes to the parliamentary process of dealing with legislation. It cannot have it both ways.

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

Mr. Speaker: It being one o'clock I do now leave the chair until two o'clock this afternoon.

At one o'clock the House took recess.

● (1402)

AFTER RECESS

The House resumed at 2 p.m.

Mr. Alexander: Mr. Speaker, you will recall that at the lunch break I was trying to convince Your Honour of the necessity of dealing with this matter because of the principles involved. I was most encouraged by the Deputy Prime Minister and President of Privy Council (Mr. MacEachen), who was asked by the hon. member for Provencher (Mr. Epp) to withdraw the order in council, when he said, after some deliberation and a supplementary question, that it would be improper for him to anticipate the conclusion of the bill. I want Your Honour, with respect, to remember that phrase, "anticipate the conclusion of the bill."

What is equally important is the fact, and this has been emphasized by the hon. member for St. John's East, that there should be no intervention by the promulgation of an order in council dealing with the same subject parliament is dealing with by way of committee consideration. With all due respect, and if I am wrong I am sure the minister will correct me in due course, that is what has happened. I mentioned this to you, and I will not repeat it other than to say we were talking about the less than 20 hours in a week and the not less than 30 per cent of the maximum weekly insurable earnings, which are the two main points. These matters have been dealt with by the order in council at a time when we were considering them, as we should in terms of the legislative process.

You will hear argument from the other side, particularly from the Minister of Employment and Immigration (Mr. Cullen), that the government has the legal authority to do this. That raises a very serious question, because if the legal authority exists, the government has done by order in council—and once again I would direct your attention to the explanatory notes—what it is attempting to do under the authorities sought by these two provisions.

For the benefit of hon. members I will read this again. It is extremely important. The explanatory note in reference to

clause 2, and these are the words I respectfully submit must be underlined, states:

This amendment would provide authority to make regulations providing that a week of employment must contain at least twenty hours—

If the minister had the authority to introduce the order in council, which I now question, why did he see to it that clause 2, which covers the very same matter, was included in the bill? If he did not have the authority, which the explanatory note would indicate to be the fact, then I respectfully submit the minister and his official are in serious error.

In conclusion, I would just say that if the parliamentary process as we know it is to function in a proper and meaningful way, without being a sham or a farce, and I will not emphasize those latter two descriptive words, we must abide by what is reasonable under the circumstances. We must be given an opportunity to rely on what this bill says.

The bill has been circulated across the country and states in dealing with clause 2 that it will not go into effect until the bill is proclaimed, rather than on January 1, 1979, as stated by the order in council. It says it becomes effective once the bill is proclaimed. We are entitled to rely not only on the explanatory note but on the application of clause 16. That is why I suggest, with all due respect, that the arguments put forward by my colleague, the hon. member for St. John's East, have great merit. I hope after due deliberation, and after hearing from other hon. members, Your Honour will find that this very serious matter should be referred to the appropriate standing committee for further deliberation and report back to the House.

Mr. Chas. L. Caccia (Davenport): Mr. Speaker, we do admire the rhetorical talents and the heart with which the hon. member for St. John's East (Mr. McGrath) and the hon. member for Hamilton West (Mr. Alexander) have spoken. It seems to me, and I submit this thought for your consideration, Mr. Speaker, that they have in their submissions to you forgotten to stress a couple of thoughts which, in my opinion, are very relevant to this matter, namely, that the proclamation gazetted on November 8 is not a proclamation that did not stem from any power or legislation passed by this parliament. That proclamation flows from a statute already passed by this parliament and therefore it has its roots in a piece of legislation that has undergone parliamentary scrutiny.

● (1412)

In essence, clause 2, which is under discussion, does two things: it narrows the powers outlined in the regulation that has been gazetted and it puts under parliamentary scrutiny, because of the transfer from a regulation into Bill C-14, a regulation which until now was in the regulations and now is being placed in the act for parliamentary scrutiny. It does, I submit, what we all know was recommended over the years by the Standing Committee on Statutory Instruments when it was felt that the regulations ought to flow from laws of parliament and that they ought to be limited, and where possible, the powers ought to be included in the statutes themselves.

[Mr. Alexander.]

The regulation to which hon. members opposite are referring is rooted in an existing statute; it is not in a vacuum. It is valid, and is based on the powers of a piece of legislation that has been approved in the past. What Bill C-14 does, and specifically clause 2, is to narrow the scope of that regulation and submit the substance of it to parliamentary scrutiny. It is not something that has been gazetted. What has been objected to is not something that has been done in anticipation or by second guessing parliament—I am trying to quote hon. members opposite—it has not been done to bypass parliament or in anticipation of what parliament will do. It is a measure or a step taken by the government within the scope of an existing statute and not outside that, as I understand it.

I submit there is no evidence of any prima facie contempt of this House; there is no anticipation on the part of the government or the department that the bill will be approved. If anything—and here I would agree with the hon. member opposite—the explanatory note in the bill is badly worded. But it is just an explanatory note attempting to explain the scope of clause 2; that is all it is.

In many respects, Mr. Speaker, this is a linear or fairly straightforward question. To suggest that there is an attempt to bypass parliament or anticipate what parliament might do is without basis, in my opinion, in view of the fact that the regulation that has been gazetted is rooted in an existing statute previously approved by this House, the Senate and the Parliament of Canada.

Mr. Fonse Faour (Humber-St. George's-St. Barbe): Mr. Speaker, I rise in support of the question of privilege raised by the hon. member for St. John's East (Mr. McGrath) because I consider that the proceedings before this House and the committee represent a serious breach of the confidence of this House and amount to a contempt of this House and contempt of the committee.

We have to examine what was actually done here. I realize we are getting close to a legal inquiry, but I think it is essential to set the stage for the point being made. The order in council issued on November 8 was issued, so we are told, by the department under authority of sections 4(1) and 4(3)(*f*) of the Unemployment Insurance Act, which read as follows:

4. (1) The commission may, with the approval of the governor in council, make regulations for including in insurable employment

4. (3)(*f*) any employment in which persons are employed to an inconsiderable extent or for an inconsiderable consideration.

That is the authority under which the governor in council issued the regulation, and under which the regulation purported to exempt from unemployment insurance benefits any individual whose earnings are less than 30 per cent of the maximum weekly insurable earnings and any individual who works less than 20 hours a week.

The problem arises—and obviously the department has anticipated this—because the wording of Section 4 of the Unemployment Insurance Act is perhaps too vague, too uncertain, in giving the department authority to make those specific regulations. I would suggest that the department realized this

when it presented clause 2 of Bill C-14 to this House which provided authority to make precisely the same proposal that was presented in the regulations promulgated on November 8. That proclamation came from the authority of a statute passed by parliament some time ago, but I would disagree with the hon. member opposite who just spoke and said that all the clause tends to do is narrow the powers given to the government. It does not narrow any powers; it grants specific authority to deal with part-time workers under the Unemployment Insurance Act. His statement that the proper course of action is to refer the matter to the Standing Committee on Statutory Instruments is not relevant here.

The question of whether there was authority in the Unemployment Insurance Act of 1971 to promulgate those regulations was never resolved. I think it is irrelevant. It is obvious that the department thought there was some doubt about their authority and they needed the specific proposal. Clause 2 provides specific authority to do what they have already done.

I would suggest that the conduct of the department in this matter amounts to second guessing parliament and bypassing parliament. It is obvious that if the original regulation had been followed and they did have authority for its promulgation, the rejection by parliament of the proposal in clause 2 of Bill C-14 would raise questions about the validity of the regulation.

I do not think we should ask Your Honour to decide the legal question involved, but rather just what the department was putting before parliament in this case. The department was asking parliament for authority to make a specific regulation. It is very specific in its terms. It is not a general regulation. It is not granting the department wide powers to deal with part-time workers; it is granting specific authority under specific circumstances. By promulgating the regulation prior to this time the department, I submit, is anticipating parliament and second guessing what this House would do.

● (1422)

As to whether members of this House were misled or whether it was an honest mistake, that I do not think is the issue. I do not think there is any allegation that there was a deliberate attempt to mislead. But the misinformation created certain problems for members. Members have been dealing with this act for some time. Members of the committee have been dealing extensively with the act for some 32 or 33 meetings over the last several weeks. In reporting to constituents, the press and so on, it presents a real problem, because members and constituents are under the impression that this particular enactment would provide the power for the department to deal with part-time workers under the Unemployment Insurance Act. In the department's opinion we now find that no matter what we do to this particular enactment here in this House or in committee, the regulation has been promulgated already, and in its opinion it is valid.

Reference was made in committee—and I am not sure if it is proper to refer to committee debates—and the deputy minister mentioned this in debate, to the effect that it was presented before, and he said he would check the record. We have checked the record and could not find where reference was made to the fact that this regulation has been issued prior to this time. What we were doing in the committee and this House was dealing with a provision that the government felt was not really necessary. The department had already promulgated it in the form of a regulation and therefore, in the opinion of the department, our time was being wasted and it really made a sham of the whole parliamentary process.

I submit to Your Honour that you should find a prima facie case of a breach of the privilege of this House.

Mr. G. W. Baldwin (Peace River): Mr. Speaker, I rise as a volunteer to speak on this particular issue.

Mr. Cullen: The lawyer does it for no fee.

Mr. Baldwin: Yes, for no fee, just the approval of my colleagues at least on this side of the House.

I have some interest in the issue not only because as a member of this House I am concerned about the regularity with which things should be done, but also because I have the honour of being one of the co-chairmen of the statutory instruments committee. I have to point out to the House, through you, Mr. Speaker, that this particular regulation would, in the normal course of events, come before our committee for consideration in any event. Because of the numbers of regulations which the government is spewing out day by day and week by week, it might well be four months, five months or six months before it comes to us, by which time an interesting event might have taken place, or maybe even some reversals of positions from one side of the House to the other.

Just a short time ago this House gave approval to the terms of reference and to criteria which the statutory instruments committee uses when it examines orders in council and regulations. Certainly one of the most important of those criteria is the one which is now being discussed, that is, the study of the regulation which is warranted legally under the terms of the enabling clause in the legislation. However, we go far beyond that. We also look at the question as to whether it violates natural justice, whether it is in accordance with human rights and whether there is an unusual or unexpected impact of a power which this House has granted which is being used by the government in a rather extraordinary way.

During the course of our deliberations over four or five years we have had some limited capacity in taming some of the departments, including this particular department. I cannot say they are eating out of our hands as yet, but at least they are listening to us. We are having a reasonable measure of success in persuading some of the bureaucracy who, when confronted with a committee which is usually unanimous, consisting of members of this and the other place, change, take back, vary, and sometimes even repeal regulations which offend our criteria.

I am not going to take part in the debate in substance, but it seems to me to be rather unusual if a committee of this House, distinct from the standing committee, were to examine this

particular issue and come to some conclusion about it, we would find ourselves seized with jurisdiction with respect to it maybe four or five months from now. We are not looking for work. I can assure Your Honour that with all governments and this bureaucracy we are guaranteed tremendous amounts of work so long as the committee is in existence, but it might well be that the committee on statutory instruments is the proper form to examine any issue should Your Honour come to a certain decision, and should the House decide that it is a matter which necessitates some examination. I just put those ideas forward for the benefit of the Chair.

Mr. Speaker: As a result of the last intervention by the hon. member for Peace River (Mr. Baldwin), I am wondering if there is any merit in considering the possibility of his committee getting to work at once on the examination of this particular regulation and statutory instrument, as it would do in the normal course in any event, and to suspend consideration of any matter of privilege until such time as the committee has had an opportunity to examine the regulation and report back to the House. That is in the normal course of the work of the statutory instruments committee. I am not considering that to be a special reference in any way. But as the hon. member has said, the statutory instruments committee in the normal course will have this before it, as it does all other regulations.

There seems to me to be two or three areas of argument here, and they are becoming intertwined. One of those has to do with whether or not the regulation has its roots in proper statutory authority. That is an argument that has not been waged by some members in support of this question of privilege, but it has been referred to by others. There also seems to be some argument as to whether or not this regulation and the section of the act referred to have an identical purpose. It would certainly help the Chair a great deal to be able to put those two questions aside. If the work of the statutory instruments committee, which will do that work any way, might accomplish that, it might be a worth-while consideration to think that this regulation be referred to them without prejudice to carrying this question of privilege forward after the statutory instruments committee has examined the regulation and reported to the House as it does in the normal course. From the point of the Chair this might be very helpful.

Mr. McGrath: Mr. Speaker, that is a very useful suggestion. However, it leaves us with one dilemma. We have a bill before us which contains a section which has already been incorporated by a statutory instrument, that is, by order in council, and we will have to address ourselves to that bill at third reading. If the debate on the bill can be suspended until the statutory instruments committee has a chance to deal with this, then that obviously would be the answer. If Your Honour would so rule, I think that would solve the problem.

Hon. Bud Cullen (Minister of Employment and Immigration): Mr. Speaker, even in the preamble of the hon. member's question he suggested a section of the act has been proclaimed. That is not the case. We are dealing with a specific issue here. Mr. Speaker has indicated that legal authority was provided. The timing aspect is significant. This view should be put and a ruling should be made. I do not think there is any question of contempt here or any breach of privilege. I would like to make my comments along that line.

• (1432)

It is fair to say that Bill C-14 with which we are dealing is a very complex piece of legislation. The issues have been hotly contested both before the bill was introduced and the announcement was made, and when the bill was tabled at first reading. Hon. members who have participated in the debate know that on occasion it has become somewhat rancorous.

I think the debate has been fruitful. It has been positive. There have been some suggestions on the bill here and there. We have had a thorough study of the bill. Witnesses appeared before the committee expressing their varying points of view. I believe we are now up to something like 32 meetings of the committee. It can hardly be said the bill has not received thorough study.

I am not in a position to suggest that we delay the implementation of this particular piece of legislation, important though it is, while we wait for the committee to study something I do not think in this instance has to be studied. The question of privilege can therefore be done away with.

One particular clause in Bill C-14 establishes a very specific and detailed regulation making authority. Members indicated they were not aware that there exists already a more general authority for similar regulations, and they were surprised to learn that a regulation had been made on October 26 under the existing authority.

I would like to deal with several aspects of this matter today, Mr. Speaker. The legal issue is whether there is authority under the present Unemployment Insurance Act to make the regulations which were recently published in the *Canada Gazette* or whether the authority set out in clause 2 of Bill C-14 is essential in order to make the desired regulations. In discussing this issue it should be understood that the regulations pertain to standards to be used by National Revenue in determining whether certain employment shall be excepted from coverage under the Unemployment Insurance Act.

When I determined the need to submit the regulations in question to the governor general in council for its approval, I was advised by my legal officers that there was present authority found in section 4(3)(f) of the act to support the making of the regulations and that it was not specifically necessary to await passage of Bill C-14. In fact the regulations replace earlier ones made under the same statutory authority which were never challenged as being ultra vires.

As all members should know, proposed regulations must be reviewed by Department of Justice officials, including the legal officers to the Privy Council office who examine the regulations in accordance with the requirements of the Statutory Instruments Act. That examination also involves a determination as to whether there is proper statutory authority to make the proposed regulations. I am satisfied that the appro-

priate legal review was carried out correctly and that the regulations are proper. This is the difference.

The purpose of clause 2 in Bill C-14 is to provide cleaner and more limited authority respecting the power to make regulations of the type in question regarding excepted employment. I am seeking this authority after being advised by my legal counsel that, while present authority existed in the act, it was identified through broader wording than the government might desire in order clearly and specifically to identify exactly what the government wants as statutory authority for such regulations. As such, the introduction of clause 2 into law would re-identify the authority to make these regulations. In addition, once this new authority became effective, the government would propose to revoke the recently passed regulations and re-enact them under the authority identified in clause 2.

In short, with respect to the legal issue raised by the hon. member, I am satisfied with the legal advice given to me and have no doubt as to the legality of the actions of the government in this matter.

It has been asked whether the regulation passed is identical in substance and character to the wording of clause 2 of the bill. The regulations in clause 2 are not the same. They are of two separate characters. The regulation is the substantive provision for determining the exceptions for the type of employment.

Clause 2 is the statutory authority to make regulations and by itself does not provide the vehicle for legal authority to except employment from insurance coverage. The two provisions are for totally different purposes and are not an inconsistent or redundant duplication. I think that is the crux of the legal portion of the argument.

In the committee, hon. members did not probe the issue of comparability between the existing and proposed regulation-making authority. They might have been expected to know that regulations relating to minimum insurability in terms of earnings and hours of work exist now. There was in fact a minimum insurability regulation in existence prior to Bill C-14. Hon. members should have been aware of that.

Undoubtedly it would have been helpful if the explanatory note in the bill had gone on to specify that the clause would define and limit an existing regulation-making authority that is too broad and loose.

It is ironic, Mr. Speaker, that hon. members of the opposition are claiming that they were asked to pass a meaningless and redundant clause in Bill C-14 when in fact that clause does exactly what they have been demanding for years, namely, limit regulation making authority by specific and clear direction in the act itself. That was and is the purpose of clause 2.

On the question of privilege, I have apologized to the committee for the fact that we did not make it clear to them that the clause in question was a refinement of an existing provision. I am convinced that one of my officials did point this out at one stage in the committee hearings. In any event, Mr. Speaker, it is clear that there was absolutely no intent to mislead. The order in council under the existing UI act was passed on October 26 and published in the *Canada Gazette* on November 8, a month ago. I regret that it did not come to the attention of hon. members of the opposition before yesterday, but that is surely not the government's fault.

Hundreds of thousands of dollars are made available to opposition parties for research staff. Surely one thing it should examine is the *Canada Gazette*, which comes out on a regular basis, in order to determine what regulations have been proclaimed and what regulations have been gazetted. They have that obligation.

Some hon. Members: Oh, oh!

Mr. Cullen: Mr. Speaker, I did not interrupt hon. members. I listened as courteously as I could to what they had to say in order to determine if I owed them another apology, or further apology. I wanted to know precisely what they felt was their question of privilege. I hope they will do me the courtesy of listening to my views.

This is singularly important to me because no less a person than the right hon. member for Prince Albert (Mr. Diefenbaker) referred to me as a House of Commons man. I consider that a great privilege. I do not want to do anything to usurp the role of members of parliament. I have that reputation. I built it up in this place over something in excess of ten years. I have a feeling for my colleagues in this chamber, and I would not do anything to usurp their role.

Again with regard to the timing, this bill was gazetted on November 8. It was referred to the committee, and clause by clause study began on December 5. For practically a month they had that information. It was public information. Therefore it was available to the opposition. There was no attempt to hide anything. If we had done something such as having it gazetted for December 15 or some time beyond the bill, that might be a different case. However, there was no intention to mislead here.

We went through the usual channels and caused this particular proclamation. It was published and therefore became public information. I can hardly be held to blame for the fact that the opposition did not find out about it until a month later.

I have apologized to the committee, as have my officials, for what has occurred, however unintentional. But I am satisfied that our actions were completely legal and proper and that the course of debate in the committee would not have been different if the opposition had been aware that the clause they were considering was a clarification and limitation of existing regulation-making power rather than a completely new provision.

● (1442)

I am endeavouring to indicate that what we did was correct and proper. There was no intent to mislead. The regulation was published as the law requires. I can see that the explanatory note might have gone on further—I suspect that every

explanatory note could be longer and provide more information. But surely that is one of the purposes of a committee hearing—so that all the information with regard to a clause in a bill or a regulation made under it can be explained.

I concede that as a courtesy to the committee, having put this regulation through, I should have said to them, "By the way, the regulation which is needed in order to deal with all the hundreds of thousands of employers who have to get their computers and books in order, the Department of National Revenue which has to prepare its schedules, the Department of of Supply and Services which sends out hundreds, probably millions, of cheques in a year—the regulation to give them the necessary authority has been put through, and the regulation derived its statutory authority from the present act." Again I say there was no attempt to mislead or usurp authority. The regulation does not stand in the place of clause 2 of the bill. It performs a totally different function and on that basis I can hardly visualize your finding there is a question of privilege or that there has been contempt for members of this House.

Mr. Speaker: Order, please. At this point I see four other members who want to contribute to this discussion. I have no way of stopping them, but I wonder whether hon. members understand the limitation placed upon the Chair in this kind of argument. It is not a question whether the Chair accepts the proposition put forward by the minister or by the hon. member for St. John's East (Mr. McGrath). This is a procedural problem, a question of privilege, and there are severe limitations on the authority of the Chair with respect to procedure. Whether the minister is correct or not in saying that the section and the regulation have two different purposes is not for me to judge on procedural grounds.

It is not my function to make a legal decision—to interpret the act and say, "This is the right interpretation, and that is wrong".

As long as the minister takes a position and says to the House, as he has done, that the section and the order in council have different purposes, it seems to me I am powerless to examine the matter further. There may be other grievances, other remedies which can be taken with respect to them, but we all have to recognize that rather severe procedural limitations are placed upon my ability to resolve this problem. I am prepared to listen to other contributions but I do not know they will get us anywhere.

We have a motion on the order paper with regard to social insurance numbers, we are rapidly running out of time, and I believe there are some important contributions to be made to that debate. I seek the indulgence of the House. If the House is satisfied I have heard all the argument I need to hear, and that other argument may be somewhat repetitious, I would think that either now, or very soon, I should be permitted to reserve my decision on this matter and consider over the weekend whether my initial impressions are wrong. I shall do that very studiously, but if my initial impressions are right I will make my ruling on Monday.

[Mr. Cullen.]

Unless there are some areas relative to what I have just said and from which I might get some helpful contributions, I would like to bring the discussion to a close because there are other questions of privilege of which I have received notice, one from the hon. member for Champlain (Mr. Matte) and another from the hon. member for York-Scarborough (Mr. McCrossan)—it is on the same subject as this one. I leave the matter in the hands of the House.

Mr. Walter Baker (Grenville-Carleton): Mr. Speaker, I have just two things to say with respect to this matter and perhaps, in a way, they will be helpful to the Chair. The first is this. I do not think we can ever reasonably argue, as the minister tried to do, with respect to the reviewing of the *Canada Gazette*, that it is always the responsibility of everyone when dealing with matters of this nature to make the assumption that the government has done something wrong and that the research offices must therefore search everything out to confirm that the government has done something wrong. That is the essence of what the hon. gentleman said. Surely that is not a tenable point.

The second matter I should like to raise is whether or not this subject should be referred in some way, either to the Standing Committee on Privileges and Elections, as set forward, or, perhaps, to the statutory instruments committee. This was one of the points you raised, Mr. Speaker. As the seconder of the motion in the name of the hon. member for St. John's East (Mr. McGrath) I am pleased to say that if that latter suggestion meets with Your Honour's approval as you consider the matter over the weekend, I would concur. I would go one step further and encourage you with respect to that course of action, because the committee was established precisely in order to deal with questions of this nature. It is well equipped, both in terms of counsel and of expertise—I need look to none other than the hon. member for Peace River (Mr. Baldwin) as the expert in this House to deal with an issue of this kind.

I rise with respect to the procedural aspect so that Your Honour may know that as a seconder I would concur if you felt, over the weekend, that that should be done.

Mr. Arnold Peters (Timiskaming): Mr. Speaker, I feel very strongly about this question of privilege because I believe it affects all members of parliament in a very real way. If the department felt it had the necessary authority to pass this regulation, it should not have shown the contempt of asking a committee to look at it.

The order in council was passed on October 26 and published on November 8. The committee has not met. Either that regulation was legal or it was illegal. If it was legal, parliament should not have been faced with the problem. If it was illegal and they wanted parliament to endorse something to make it legal, and the committee had decided not to do that and abolish clause 2 or vote against clause 2, then parliament would have made one decision and the department would still be saying that the regulations were legal and would be left in place. I know of no case where departmental officials have

been allowed to overrule a decision of parliament. It is a little like discussing capital punishment. The Minister of Justice (Mr. Lalonde) wants to hang someone and he has a friend in the Department of Public Works who is building all the platforms and getting them ready, whether parliament wants to hang people or not!

Another factor that enters into this is that we always have to depend on the law officers. In every department I find ministers hiding behind the law officers. Who the hell are they? I don't know. But they are like lawyers in general. Whoever hires them gets the advice they ask for.

Some hon. Members: Hear, hear!

Mr. Peters: We had an interesting meeting with the minister who is so interested in parliamentary procedure and events in the past. There was some discussion about imports back in 1962 when John Diefenbaker was prime minister. Several days after that parliament ended, he passed an order in council dealing with imports, which eventually was challenged in the courts. The leader of the Liberal government had the same law officers. We were told in the 1963 parliament that those law officers had said it was legal, but when it went to the courts the law officers got cold feet and asked the government to pass a bill to regularize the situation. A bill was passed in 1963 establishing those import laws retroactively, because it was anticipated they would be thrown out by the courts. That is exactly the same situation this time.

• (1452)

The minister does not know whether this regulation is legal or illegal. He has to take somebody's advice. He is paying people to give him the advice he wants. That order in council is standing in line waiting behind a number of other things. A lot of time will go by. In the meantime he tries to pass the bill. If the bill passes, there will be an order in council. That order in council will be added to the line, and the illegal one will be withdrawn. That is what members of parliament are faced with.

I will read the first part of the explanatory note to clause 2 as follows:

This amendment would provide authority to make regulations providing that—

Then it refers to two specifics, the length of the week and maximum insurable earnings. This is a new clause. The minister says it is necessary to make this order in council and to make it specific. If this bill does not pass, in my opinion that order in council would not stand up in any court.

Mr. Caccia: Not so.

Mr. Peters: The apologist for the government says that is not so. That is not what the minister thought. That was not the advice he received. He was advised to get this clause through so that there would be authority. My privileges are being abused. When I go to a committee—

Mr. Maine: First time.

Mr. Peters: The hon. member says "first time", but I have been in the committee several times. I admit that I am not a member of that committee, but if Your Honour saw the game of musical chairs which went on in that committee, Your Honour would be surprised. Most members do not even know what the bill is about. What did the parliamentary secretary do last night? He wanted to continue when all the other members went home at the normal adjournment hour. He wanted to continue so that he could ram the bill through without any opposition. It seems to me that members of parliament should be able to depend on the integrity of the law officers of the Crown and of the minister. We have to have some faith in the whole structure, and ministers certainly have some responsibility regarding the legislation they put forward.

If that clause was not necessary, it should not have been there. If we had defeated it, it still would have applied by virtue of the regulation the law officers said was legal. Where would that put us? Parliament would have decided against it, yet it would have become a fact. Would the minister have got up and said that because of a certain ruling he would withdraw it? Nuts to that! The only reason he wants this authority is that he needs time to get this matter to the Department of National Revenue and to get forms made up for income tax purposes for employers who will be making deductions in accordance with this new category of work week.

The order in council was passed as a matter of expediency. The government knew it would never have to take this order in council to court because before its becoming effective, January 1 would have arrived, and the government anticipated the bill would have been passed by January 1. The dummy regulation would have been standing in place so that employers and the Department of National Revenue could have oriented their computers and their bookkeeping to that system. In the meantime a legal order in council would have been passed. That is the worst kind of abuse the government could inflict on members of parliament and on this country. It indicates, as nothing else does, the inability of this government to govern and to operate as a supervisor of civil servants, who are supposed to serve the government, and its tendency to act as a stoolie for civil servants.

Mr. Paul McCrossan (York-Scarborough): Mr. Speaker, it seems to me that three questions have been raised by yourself and by the minister. One question relates to the regulation which was proclaimed, that regulation being the same as clause 2. The second question is whether this represents a change from the previous legislation. The third question is whether the government had the power to do what it did. I want to deal with these questions, one at a time.

I would like to leave for Your Honour documents provided to us by the Minister of Employment and Immigration (Mr. Cullen) outlining what he intended to do through clause 2 of the bill. These documents are entitled "Highlights of the Proposed Amendments". It seems to me quite clear that if one reads through these documents, one finds that the regulation which was gazetted was identical to what was being put before the House.

The second question is whether this regulation which was gazetted changed the current law. We have the word of the minister here in his summary, which reads as follows:

The proposal would change the basis of minimum insurability.

Further on it reads as follows:

Because the present formula allows some individuals to work very few hours a week to qualify for UI benefits, the proposal would reduce the disincentives to work.

Under the heading "Impact of the change" we find the following:

One effect will be to exclude from insurable employment those individuals who are able to earn a relatively large wage in only a few hours a week.

There are clear and repetitious references in the documents provided by the minister to the effect that the bill represents a change from the previous legislation. In addition, these documents were given to us when the bill was prepared. We see that the proposed effective date of the regulation is January 1, 1979, when in fact the regulation was already in place by order in council.

The third question with which I want to deal is the question of power. I want to deal with this just briefly because, as the minister has stated, the government relies entirely on section 4(3)(*f*) to make its case that the regulation which was gazetted is within its power. As was mentioned previously, that regulation said that the government could exclude any employment in which persons are employed to an inconsiderable extent or for an inconsiderable consideration. It seems to me that it is quite clear that if the regulation which was gazetted excludes one additional person who could not have been excluded under the prior act, that represents taking the law into one's own hands because the government did not have the authority to exclude that individual person.

The government has admitted that this change in clause 2 would exclude some 42,000 persons, but I would like to put forward for Your Honour's consideration the cases of two specific individuals who I do not believe could have been excluded under the previous legislation and who are clearly excluded now. I believe Your Honour can see that there is prima facie evidence that the rights of parliament and its sole right to make law have been breached.

One of the two individuals I would like to use as an example is a part-time school teacher. Typically, such a school teacher earns from $9,000 to $11,000 a year. That amount exceeds the average wage in the country. The dictionary definition of "inconsiderable" is "small, of little consequence or trivial". I do not think any person could agree that such a school teacher is employed for an inconsiderable consideration.

The second point is whether such a person is employed to an inconsiderable extent, because as part of his duties he would likely have to report for work at about eight in the morning. He would likely leave about one in the afternoon. He would have to mark tests and so forth in the course of carrying out his duties. He is under contract, and I do not believe any reasonable person could conceivably argue that he is working to an inconsiderable extent.

[Mr. McCrossan.]

• (1502)

Therefore, I think it is a clearcut example of a person who would be specifically excluded under clause 2 of Bill C-14, if it were passed, who is excluded under the regulation which was gazetted, and who could not conceivably have been excluded under section 4(3)(*f*) which the minister cites as his authority.

The second example which I would like to cite is that of the longshoremen in Toronto. We have a two employer system for the longshoremen's union in Toronto. The two employers are the Toronto Harbour Commission and the Maritime Employers' Association. It is quite possible for a longshoreman to work 38 hours a week, 19 hours for the harbour commission and 19 hours for the Maritime Employers' Association, to receive pay that is considerably higher than the average pay in the country, to work considerably longer than the average hours worked in the country, and yet be excluded under the regulation which was gazetted. I do not believe there is any conceivable way they could be excluded under the current act, and therefore it is quite clear that the regulation which was gazetted does, in fact, as indicated in the minister's explanatory notes to Bill C-14, represent a significant change from what was provided under the prior act.

The final point I want to make concerns my own question of privilege to which I should like to speak for about 30 seconds. I raised the point on November 28 of the impact of clause 2, and in the cross-examination, which is reported at pages 963 and 964 of the committee's proceedings, the deputy minister stated that when the act is amended, provisions will be introduced by regulation, which provisions could be changed from time to time. There was no hint at all that the regulations had already been introduced and that they were in force.

I refer back to the quotation cited by the hon. member for St. John's East (Mr. McGrath) from May's nineteenth edition to the effect that if there was a suppression of truth by witnesses, that constituted a breach of privilege.

Miss Flora MacDonald (Kingston and the Islands): Mr. Speaker, I just want to intervene briefly on this question of procedure because there is a point which I wish to make which has not been dealt with and which I feel concerns the very invidious position in which we are placed as members of parliament working on committees vis-à-vis the witnesses who appear before committees.

It is evident in this case that there is, and has been, contempt with regard to the witnesses who appeared. I want to make particular reference to two groups which appeared before the committee for a specific reason. One of the major reasons that they came before the committee was to deal with this particular clause of the bill, a matter which has been raised on a number of occasions by women in particular because it has special significance with regard to women in the work force. Some 22 per cent of women in the work force, almost one million Canadian women in the labour force, are employed on a part-time basis.

The Advisory Committee on the Status of Women and the National Action Committee on the Status of Women both

appeared as witnesses before the parliamentary committee. The Advisory Committee on the Status of Women appeared on November 21, and the National Action Committee on the Status of Women appeared on November 27. Both directed many of their remarks to this clause in the bill. They were protesting the provision as it pertains to part-time workers. They had no idea at the time they were making their intervention that the order in council dealing with this specific provision had already been enacted.

What I find very interesting in the remarks of the minister is that he has made the rather fallacious argument that members of parliament should have been aware of what was gazetted. I have no doubt that the Minister of Employment and Immigration (Mr. Cullen), when he gets up every morning, reads the *Canada Gazette* as his first order of business.

Mr. McGrath: It is a real best seller.

Miss MacDonald: But I am not sure that everyboby does that. However, it was quite evident, when representatives of these women's groups addressing this issue were before the committee, that they had not been informed that such an order in council had already put this provision into effect.

If the minister feels that members of parliament should have been aware of that provision—and he may have reason for feeling that members of parliament should have been informed—surely it was the duty of his officials sitting in committee on those two occasions to inform those witnesses of what had been promulgated by the order in council. Surely it was their duty, knowing that the representatives of these women's groups were raising this very point, to inform them at that time. That is what makes a mockery of the whole proceedings. Witnesses come before committees to deal with a specific piece of legislation and they are not even informed that their arguments are no longer relevant.

The reason I say that it is a form of contempt on behalf of the witnesses is that it can only lead to more cynicism on the part of people who appear before parliamentary committees to make justifiable arguments which they want to put forward strongly. If we are going to make a mockery of the system in that way, and if we are going to allow ourselves to be party to undermining the system in that way, then I think it is not only a contempt and a breach of the privileges of members of parliament but a contempt and breach of the privileges of every witness and of every Canadian citizen who appears before a parliamentary committee and is so treated.

Mr. John Rodriguez (Nickel Belt): Mr. Speaker, I want to take a few minutes to give my thoughts on this question of privilege because I have been a member of the Standing Committee on Labour, Manpower and Immigration from the time we started discussing Bill C-14. At no point was I aware or had an indication from the minister or from officials of the department that, when we came to examine clause 2, what we were discussing did not matter because it was already the law. Just suppose the committee had defeated clause 2, what then? The answer is, of course, that it would still be the law because the order in council would have stood as the law. We were there as members of parliament believing that we had some control over the legislation which was being examined in committee when, in effect, we had no control at all.

The minister and the officials put forward the argument that they have the legal right to do this, and they quoted the section of the act under which they claim they have the legal right. If they had the legal right to do it, then why did they need to repeat verbatim the same clause in Bill C-14? If they had the authority of the order in council, then why make fools of members of parliament and have us go through the charade of thinking that we could decide whether or not that clause was acceptable and would become law?

That seems to be an extremely important point because what the officials are saying to members of parliament and what the government is saying, in effect, is: be fruitful, go forth and multiply. All of us resent that type of treatment. At no point during committee stage, up until yesterday, were we informed that there was an order in council which made that particular clause in the bill effective.

● (1512)

Deliberations on Bill C-14 ought to be suspended, and a reference ought to be made to the Standing Committee on Regulations and Other Statutory Instruments for examination of this particular regulation. How often is this repeated in other legislation? If I introduced a private member's bill in the House of Commons for something which is already the law—for example, a private member's bill requesting an unemployment insurance program in Canada—the first thing I would be told is that it was out of order because an unemployment insurance program already exists in Canada. How can the government bring in a bill which contains a clause that is law already? The entire question is out of order.

The Standing Committee on Regulations and Other Statutory Instruments ought to look at this particular situation occasioned by the order in council. The committee could expedite its deliberations on this particular point and bring back a decision to the House on which the House may decide before going forward with the consideration of Bill C-14.

It is an extremely important principle. The people of Nickel Belt and the constituents of all members are under the impression that somehow their members of parliament have some control over the legislative system in the country. Lo and behold, this particular incident indicates how foolhardy we have been concerning the democratic process. In effect, members of parliament do not have control. The bureaucrats and the government have complete control. It is a sham and a shambles to think hon. members have control. I resent that on behalf of the people of Nickel Belt and all other Canadians.

The government is in contempt of parliament. I have no hesitation in making that charge. The minister, the officials in his department, and the government are in contempt of parliament. They should have come clean and told us the truth. We did not receive the truth. We received an apology, which they hoped would move things forward in committee yesterday.

This is an extremely serious matter. They ought not to be let off without a proper examination of this principle. The bill should not go forward until the matter is cleared up to the satisfaction of all members and the people they represent.

Mr. David Crombie (Rosedale): Mr. Speaker, I appreciate the opportunity of briefly participating in the question of privilege before the House. I should like to deal with this matter and the manner in which it is hurtful to members of my constituency and perhaps others. Obviously I will not go over the ground already covered by other hon. members. I am referring to the longshoremen of the city of Toronto. They will be affected seriously by the legislation and/or the regulation, whichever comes first.

The longshoremen first read about this matter on November 3, 1978, at which time an article appeared in the *Globe and Mail*. In part it read:

> Thousands would no longer be insured by the program—for example, the longshoreman who works a few hours on the weekend for extremely high wages.

Shortly after that, the longshoremen were in touch with me. The reason for their particular concern relating to the ongoing process before the House and committee is that there are two ports in the country unlike other ports in terms of the manner in which longshoremen are employed. The ports of Hamilton and Toronto offer opportunities to longshoremen via a variety of employers. The legislation always contemplated one single employer. These ports function with two employer groups, the MEA and the Toronto Harbour Commission of the city of Toronto.

The situation is difficult for longshoremen in Toronto and Hamilton, given the circumstances of trade in those two ports during the last five to seven years, because they cannot receive up to 20 hours' work from one single employer. If this piece of legislation passes, or if the regulation goes through, they will not be insured.

After the longshoremen contacted me, I indicated that the bill had been introduced for second reading, that it was now before committee, and that the opportunity to make their views known would be before the committee. They believed in the process as much as I and felt that it was fair. At the same time as the matter came to committee, I found out that regulation 54 had been revoked. That regulation placed the longshoremen in exactly the same circumstance as the new legislation would have if passed. Not only did they have no opportunity to say anything, but they believed, as most people across the country do, that the idea of legislation before the House is to debate principles, refer it to committee, and allow people affected to say something about it.

As it stands now, the difficulty facing the longshoremen of Toronto is that essentially they are involved in a Catch 22 situation. They cannot speak to the legislation as it stands. They do not want the legislation to pass, particularly respecting clause 2, because it effectively "disinsures" them. To be told that it does not matter whether they come to the committee or whether the legislation passes, that in fact three weeks ago the government passed a regulation "disinsuring" them, abuses the process as it affects them.

It is not merely a question of the privileges of the members of the House. If the privileges mean anything at all, they mean something to the people affected by the legislation passed. The regulation means that the longshoremen in the city of Toronto are no longer able to achieve insurability respecting unemployment insurance. It is not because, as the minister suggested in one of his press releases, that the government is attempting to deal with those who make a lot of money over the weekend. The average wage on an hourly basis for longshoremen in Toronto is $11,500.

An hon. Member: On an hourly basis?

Mr. Crombie: Perhaps it is funny to be smart, but if a person has to live on $11,500—

Mr. Speaker: Order, please. The hon. member said "on an hourly basis".

Mr. Crombie: Obviously no one receives $11,500 an hour; I assumed hon. members opposite would understand that. Longshoremen receive $11,500 a year. According to contract, they must be available seven days a week. I am not talking about people who are slacking. I am not talking about people who can make a lot of quick money on the side. I am talking about people with average salaries of $11,500, people who must be available for seven days a week. Also they work in ports which are not designated as deep water ports. Therefore, their ability to carry out responsibilities as people looking after their families will be non-existent if the regulation or the legislation goes through. They would like to have an opportunity to make that point.

There is only one possible salvation for them. Perhaps an agreement will be reached between the MEA and the Toronto Harbour Commission for an employer of record. I mentioned that to the minister and he indicated that he thought something could be worked out. Given what I have heard today, I suggest it cannot be worked out by January 1, and that is the difficulty.

● (1522)

I conclude by suggesting that anyone who, for the first time, followed through on the problem of a constituent or a large number of people who were affected by a bill referred to a committee and found that it did not matter because in fact there was a regulation which covered it and, therefore, the people who were affected by it had no effective say, would consider that as not a very good introduction for someone handling the problem, such as is the case with the longshoremen, who were involved in this sort of thing before.

Mr. Donald W. Munro (Esquimalt-Saanich): Mr. Speaker, my intervention will be short. I did not intend to intervene, but when listening to the debate I noted the coming together of three sets of coincidences which made me feel that my colleague, the hon. member for St. John's East (Mr. McGrath),

has a very valid point in this question of privilege. If we were somewhere else we might describe this as a matter of contempt, because it does boil down to a contempt of this House. It is on this ground that I want to describe these three sets of coincidences.

There is in addition a fourth argument which I should like to touch upon briefly. It really strains my ability to accept the arguments advanced by the other side. I get the feeling when you take these three sets of circumstances together that there might be a fourth question, so to speak, which strains even further the credibility of the argument put forward. This may convince Your Honour that the case has been well founded.

The first set of coincidences relates to the dates. The order in council, PC 1978-3243, is dated October 26. The bill was introduced on November 2, about a week later. The order in council was gazetted a week later on November 8. Then the bill was adopted and referred to the committee. I believe the date of its reference was December 5. Those four dates, October 26, November 2, November 8 and December 5, with a debate in between, suggest there is a certain amount of haste on the part of the government.

The second circumstance or coincidence, and it would strain the imagination if it were not a coincidence, is that what we are doing here is adding a new paragraph after paragraph (*g*) namely, paragraph (*h*). That paragraph makes reference to the 20 hours a week and the less than 30 per cent of maximum weekly insurable earnings. They were not referred to in the previous section. There also appears a reference to the 20 hours and the 30 per cent of the maximum weekly insurable earnings in the regulations. We must keep in mind that these regulations were published before the bill was introduced. They were approved in cabinet before the bill was presented to the House. It was presented to the House on November 2 and gazetted with these same terms on November 8. That is the second set of circumstances.

Having regard to the third set of circumstances, I noted with absolute amazement the number of times this committee met. It meets four times on Tuesdays and Thursdays. It met again this morning. There are very few committees that meet ten times in a week. I can account for nine of its meetings and there may have been another on Monday morning, which would make ten committee meetings in a week. What is the reason for all this urgency? We knew on December 8 through the order in council that the new regulations come into effect on the first day of next year. The bill, after being considered by the committee, will come back to the House for report stage and debate. Obviously the government wants to get this bill through the House by the end of this month in order to justify the date set out in the *Canada Gazette* regarding the regulations, and in order to justify or legitimize, so to speak, the order in council which was gazetted on November 8.

The fourth matter which is of a somewhat different nature, and perhaps not as grave as this pre-emption of the rights of parliament, relates to a press release. I came to Ottawa with the firm belief that this parliament had some meaningful role to play in legislation that would have a bearing on the lives of the Canadian people. When I found this sort of thing could be done through order in council rather than by legislation I became greatly disillusioned. I am very disillusioned by the performance of a government which acts in this way.

The date of this press release which I happened to come across the other day does not matter very much, but it is November 30. It was issued by the Minister of Fisheries and the Environment (Mr. LeBlanc). It is to be noted that at the top left hand corner the department is noted as "Fisheries and Environment". The press release refers to fisheries and oceans, assistant deputy ministers appointed. The first sentence in the text is interesting. It states in part that "A major re-structuring of the emerging fisheries and oceans department" will come into effect on a certain date.

I rose to my feet during the question period, as did a lot of other people, to ask the minister if he was changing the name of his department. This government changes things by gazetting them before the existence of substantiating legislation. This government changes things by press release before there is any legislation, as in this case, changing the name of the department to the "Department of Fisheries and Oceans". To my way of thinking, this develops a brand new theory of legislative process. I can only describe it as legislation required to legitimize regulation. I am sure even Laski did not produce such a theory of government. The only place I know of where legislation follows the putting into place of regulation is one of the supreme councils of the people's democratic republic. I suggest this is the direction we are going.

Mr. Speaker: As I indicated earlier, I will give this matter careful consideration over the weekend.

Before moving to orders of the day, there are two other questions of privilege of which I have received notice. The first is raised by the hon. member for Champlain (Mr. Matte).

[*Translation*]

Mr. René Matte (Champlain): Mr. Speaker, I thank you for allowing me to rise on this question of privilege which concerns me personally and highly interests the 70,000 residents of the Champlain riding who feel rejected because their own member is helpless under the policy enforced by the Chair when it comes to my right to speak during general debates or during question period or on motions. Allow me to point out the essential issue which has given rise to a real question of privilege.

First, you will admit with me that this assembly is made up of 264 members enjoying equal rights and privileges. If some are ready to abdicate their own independence and freedom for the sake of a strict party line, allow me to do differently. During some ten years while I sat as a member of the Social Credit Party of Canada, I always kept my freedom of action. It is indeed the lack of democratic freedom and the irresponsibility of that party which have led me to resign from its ranks. I am not responsible to anyone except to the electors of the

Champlain constituency of whom I am trying to be the worthy and proud representative.

Mr. Speaker, under what basic principles would you not recognize the spokesman for the riding of Champlain since he has been sitting as an independent? Under what rule is priority given to the eight members sitting immediately before me and to another one dragging a leg on my left? You will tell me that there has been tolerance. I will not accept that inadmissible tolerance when it goes against the interests of my constituents. I admit that it is difficult for Your Honour always to make a wise and fair choice of speakers in the debates on speeches from the throne and budgets. The same goes for motions under Standing Order 43 or the question period. However, I cannot tolerate without expressing my indignation being systematically eliminated from a reasonable participation in the heat of the action in this House.

● (1532)

As I already wrote you in previous correspondence, that is all the more revolting as the taxpayers of Champlain in particular, and the taxpayers of Quebec as a whole generally, were used to hearing me regularly defend their interests, denounce injustices and try to promote the profound aspirations of a large number of Quebeckers. Why silence that voice? Mr. Speaker, I certainly do not have the monopoly of expression from Quebec in this parliament but I think that all my colleagues will admit that I am the only one who openly wants a constitutional change through a restructuring of Canada that is closely related to the sovereignty-association option being advocated by the government of Quebec. Do you not think that is it good that at least from time to time all members of this House and consequently the whole people of this country should know that at least one member was not caught off guard by the election in Quebec on November 15, 1976? Is that not an excellent means of trying to harmonize different opinions and thus create a climate of sound objectivity with respect to the future of this country?

You may answer me from your chair with arguments like tradition or even regular attendance. I will answer beforehand that tradition should not supersede justice and that I am not interested in having the people of my riding see their member of parliament silent in the action. I will not warm up a seat in this place—

Mr. Speaker: Order, please. I recognized the hon. member for Champlain (Mr. Matte) to raise a question of privilege, and he understands very well that there is no question of privilege. The suggestion that he is systematically avoided in the selection of those who may rise in this House is completely false. The hon. member must realize, I am sure, that although he sits as an independent member, during proceedings for example he wanted to take part in the throne speech debate, a debate which is limited by our Standing Orders. Now the difficulty for the Speaker or Deputy Speaker, whatever the circumstances, is to recognize members according to the time allotted to different parties in this House, including independent members.

If I remember correctly, at least one of the independent members took part in the throne speech debate and another one took part recently in the budget debate. If it was not the hon. member for Champlain (Mr. Matte), this was certainly not the fault of the Chair. If the hon. member wants to suggest that the fact that the Chair recognized another independent member to take part in the budget debate violated his rights, I would like to point out that this is quite untrue. Second, it is against our rules and our traditions to suggest that the Speaker, the Deputy Speaker or one of the Acting Speakers have deliberately made their choice in violation of the rights of the hon. member or some other member. Of course, there can be certain limitations, even as concerns government members during question period, since each day I can recognize only one government member among seven, eight or ten who regularly seek to be recognized to ask a question. It is the same for opposition members. Since we must distribute the time of debate among members of the various political parties, the same problem exists for independent members. The Chair always tries to be fair when allocating the time available to the members of the House and it recognized one independent member during the budget debate and another one during the throne speech debate. If we went to the trouble of making an exact calculation, we would see that the Chair has been more than fair towards independent members. This is what has always been done in the past. On occasion, I try to recognize one or another of the independent members during question period. In view of the number of members from other parties in the House, I have the impression that the independent member is not only treated fairly, but most generously. I must now put an end to the contribution of the hon. member for Champlain because I am sure that he now realizes that this is not a question of privilege any more than a point of order. If he wants to discuss something privately with the Speaker, this can always be arranged. However, he does not have a question of privilege.

● (1542)

[*English*]

MR. GOODALE—INACCURATE REPORTING BY MEDIA OF MR. SPEAKER'S RULING

Mr. Ralph E. Goodale (Assiniboia): Mr. Speaker, I rise on a question of privilege at this particular hour with some hesitancy, as I think the House might understand given the events of the last two or three days. I rise both as a member of parliament who does not want to see the work of this House unduly delayed or interfered with on procedural matters, and also as a former journalist and news reporter who has a very high regard for those who are charged with what is a serious responsibility of reporting the news to the people of Canada.

The question of privilege which I put before you for consideration this afternoon arises from events in the House of the

last two days relating to the issues raised by the hon. member for Northumberland-Durham (Mr. Lawrence). In particular I would refer to media reports today of those events which unfortunately serve to perpetuate two erroneous points. There has been an enormous amount of rhetoric on these issues in this House this week and some genuine disagreement with respect to the substance of the issues, but on the two particular points that I want to refer to this afternoon I do not believe there is any question of disagreement in the House as to the proper interpretation to be given to those points—no disagreement on this side, no disagreement with the Chair, and as far as I know no disagreement even from the opposition. Yet these two areas continue to be misreported or commented upon in the media in a fashion which clearly leaves a wrong public impression in a way I fear may affect privileges of members.

The two specific points are these: first, a misinterpretation of the meaning of your ruling on a prima facie case of privilege to be put to the House; second, the inference that an hon. member was deliberately misled by a minister or by the government.

To show the problem, Mr. Speaker, I would simply refer to one media report. There may well have been others, but I refer to one specifically which was carried by the CBC. It was a CBC news report on a program called "The World at Eight" carried across Canada this morning. I have a complete transcript of the newscast before me now. I will not take the time of the House to read it all, but the parts which I think are questionable I will refer to in due course. The second item on this program purported to report on the events in this House over the last two days. With reference to the first of the points I mentioned a moment ago, the CBC broadcast began with a headline at the beginning of that program claiming that for the last two days the House had been debating something called "ministerial privilege." I believe that is a concept which is totally unknown to constitutional lawyers or political scientists, and certainly not one that was before the House on Wednesday and Thursday of this week.

Mr. Speaker: I do not want to restrict unduly the hon. member, but surely he does not expect me now to allow him to criticize the quality of broadcasts unless he has some specific point. Even yesterday when I was at pains to say that I was dismayed by the inaccuracy of reports, in my own decision I indicated even then that I did not think it had procedural significance. I simply put it on the record because I think we were all rather surprised by the misinterpretation. If the hon. member has a separate point from what I said yesterday and one that clearly relates to a question of privilege, it will have to be something more than a criticism of the quality of reporting.

Mr. Goodale: No, Mr. Speaker, I think I have a point that will meet the requirements that you have just made. If it does not, I would welcome your advice with respect to it. To get to the substance beyond the headline, the CBC said that it is—and I quote from the transcript:

—unusual for the House to overturn a decision of the Speaker.

Those were the words used on the program this morning. In its vote last night, I submit, Mr. Speaker, that the House did no such thing, and that point is absolutely clear.

Mr. Baker (Grenville-Carleton): Now you are in breach of the Standing Orders.

Mr. Speaker: Perhaps I will give the hon. member an opportunity another time. Yesterday I said I would try to be careful not to draw conclusions respecting these things. We have to be very careful where we are dealing with areas of opinion. We have to be very careful in this House to make sure that we do not in any way even appear to interfere with journalists. As long as the matter is left in the area of opinion I do not think the matter should be touched by this House. In a situation in which there are factual inaccuracies, not differences of opinion, I think they should be addressed by the House. That is what I was attempting to do yesterday.

If the hon. member wants to raise this again, I will be glad to hear from him, but I think that matter has been dealt with rather thoroughly. But unless there is a clear factual transgression, which I am sure he would have mentioned by now, to get into differences of opinion as to whether or not the rarity of the House in deciding one way when the Chair has decided another is something I do not think we can launch upon on a question of privilege, particularly since we have just had two days of debate and a vote last night on the subject matter to which the hon. member addresses himself. Therefore with regret, I think I will have to go on to orders of the day.

GOVERNMENT ORDERS

[*English*]

BUSINESS OF SUPPLY

ALLOTTED DAY S.O. 58—GUIDELINES RESPECTING USE OF SOCIAL INSURANCE NUMBERS

Mr. Ray Hnatyshyn (Saskatoon-Biggar) moved:

That this House, concerned by the threats to personal privacy posed by the Government's violation of its commitment to confine the use of the social insurance number to social security programs, accepts the recommendation of the Task Force on Privacy and Computers in 1972 that a single identifying number for individuals should not be adopted, directly or indirectly, without a full prior examination and public debate of its consequences, and calls upon the government to immediately introduce legislation establishing guidelines and limitations upon the use of the social insurance number or other identification numbers in order to protect Canadians against threats to personal privacy.

He said: Mr. Speaker, I was going to extemporize at some length today, but in view of the truncated nature of this debate I will follow my notes fairly closely so that I can put on the record some important and I think germane observations and recommendations with respect to this important issue.

In 1974, Senator Sam Ervin of North Carolina opened the United States Senate hearings on privacy legislation with these words:

Social Insurance Numbers

Privacy, like many of the other attributes of freedom, can be easiest appreciated when it no longer exists. A complacent citizenry only becomes outraged about its loss of integrity and individuality when the aggrandizement of power in the government becomes excessive. By then, it may be too late.

Yet, Mr. Speaker, as I rise today to speak on the need for public debate on a matter of great significance for personal privacy, namely, the use and extension of social insurance numbers, I cannot help but feel that the complacency does not lie so much with the citizenry but rather with the government and its unwillingness to engage the Canadian people in such a debate.

Traditionally, Mr. Speaker, the recourse for the citizen, if he felt abused or contraried, was parliament. As the scene of a continuing electoral battle, parliament was the privileged spot for debates on all major issues and trends. Furthermore, parliament guaranteed the citizen the opportunity to bring his grievances to the attention of the Crown. Indeed, one of the major precepts of parliamentary tradition states "grievance before supply".

In recent years, however, especially the administration in the Trudeau years, there has been a growing public awareness that the role of parliament has been downplayed. The attitude of the Prime Minister (Mr. Trudeau) to the decorum of the House, both in his many linguistic profanities and in his opinions of members; the scandalous consideration of estimates; the increasing size of the Prime Minister's office; the lack of attention and abandonment of any attempt to revitalize the committee system; the refusal to introduce freedom of information laws, all these factors have tended to downplay the role of parliament.

It is no wonder, Mr. Speaker, that the ordinary citizen has little faith in seeing his grievances solved, or in hoping to stop trends which are disconcerting to him. In the case of social insurance numbers, this has been obvious.

● (1552)

The extension of SIN has occurred without parliamentary debate or a full examination of the merits and consequences. Despite government guarantees to limit the use of SIN, successive Liberal governments have forged ahead, surreptitiously but purposefully, to promote the extension of SIN within the government. This expansion within the federal government has been paralleled with increasing use of the SIN within provincial governments and in the private sector, partly due to its convenience and economy.

Yet parliament, the traditional scene for debate and examination, has never been seized with the issue. Liberal governments have refused to make the extension of SIN an issue to discuss. Part of the problem arises from the long reign of power by Liberal governments. The present government has become insensitive and complacent to the needs of the Canadian people. The government does not see the dangers or understand the issues involved with the extension of SIN.

The response of this government to our parliamentary inquiries on the use and extension of SIN has been typical of this government's insensitivity to real worries expressed by concerned citizens and by the opposition. I have some examples.

On October 27, 1978, I asked the Minister of National Health and Welfare (Miss Bégin) what was the government's policy on the extension of social insurance numbers. She replied, and I quote:

Mr. Speaker, that question is very bizarre . . . It is quite in order that in the future social insurance numbers will be used more and more. More computers are being used in every department, whether provincial or federal.

Obviously, only a minister totally unaware of the ordinary citizen's concern could qualify such a question as bizarre. Furthermore, like many Canadians, I do not recall authorizing the government to expand the use of social insurance numbers.

On November 2, 1978, in response to a question from the hon. member for St. John's East (Mr. McGrath), the Minister of Employment and Immigration (Mr. Cullen) replied:

—a program can be better administered as a result of using numbers, whether it is for income tax, bank accounts or whatever. I indicated in my answer that as far as the use of SIN numbers is concerned, we do not encourage their use outside the federal government.

While admitting the dangers of extended use, he did not feel it necessary to limit the use of social insurance numbers in the federal government.

On November 3, 1978, when it was pointed out to the Minister of Employment and Immigration by the hon. member for Qu'Appelle-Moose Mountain (Mr. Hamilton) that SIN was used beyond the three fields to which parliament has given legislative authority and was used by the Solicitor General (Mr. Blais) in connection with firearms acquisition, the minister did not deny it.

On the same day, the right hon. member for Prince Albert (Mr. Diefenbaker) raised a question of privilege. He contended that, by forcing Canadians to present social insurance numbers in order to cash their savings bonds, a form of intimidation was being used to force Canadians to get a SIN number. The Parliamentary Secretary to the Minister of Finance (Mr. Martin) answered that Canadians had ample warning by means of a press release dated June 2, 1977. This government, Mr. Speaker, acts so smugly that it presumes that its press releases supersede the importance of parliamentary debate.

Furthermore, on October 31, the hon. member for Edmonton West (Mr. Lambert) introduced a private member's bill to remove the necessity of presenting a social insurance number in order to cash Canada Savings Bonds. Once again, the government's attitude reflected its smug insensitivity. The Parliamentary Secretary to the Minister of Finance summed up the government's feeling on the subject as follows:

We are living in a computer age whether we like it or not . . . Everybody works by means of identification of accounts through a number system. This is simply done to ease administration, to facilitate the handling of thousands and thousands of accounts, and to simply make things easier in terms of administration of many thousands of documents.

For this government, accustomed to the bureaucratic routine and insulated from the concerns of individuals, the issue is seen solely in terms of administrative convenience. They do not

understand Canadians' worries and misgivings about the extension of the social insurance number. It is not surprising that they have treated this issue so cavalierly. It is no wonder they refuse to have a debate on this issue.

In light of the government's obvious insensitivity to the issue, and aware that the extension of SIN troubles many Canadians, my colleagues and I have decided to use this allotted day to move a motion which will allow parliamentary debate on the use of social insurance numbers and to force the government to introduce guidelines to limit their use.

What are the uses of SIN? My first area of concern touches the extension in the use of the social insurance number. Without any fanfare, without great fuss, without even a word of debate, the social insurance number has evolved secretly and slowly into a de facto national identification card. Its use has progressed slowly but surely in both the public sector and the private sector. Let us look at some of the present day uses of social insurance numbers. Let us draw some attention finally to this innocuous number that has begun to pervade our lives and insinuate itself into all aspects of our existence.

In 1964, the social insurance number saw the light of day. Created for the purposes of the Canada Pension Plan, the number was to be limited to social security programs. Members of parliament who enacted the law thought they were merely providing a means to administer a new program. Any suspicions of other uses for the card, any suspicions that the card would become a national ID, were allayed by the repeated assurances of the then prime minister and his colleagues who claimed insistently that the numbers would not become national identity cards.

Fifteen years later, how do these guarantees stand up to reality? Is the social insurance number still limited to social security programs? Let us see.

In the federal government, the social insurance number has become a key registration and administrative number for numerous programs and various departments. It is used for unemployment insurance programs; for taxpayer identification; for identification of all federal employees; for registration of all purchasers of Canada Savings Bonds; for the military number of all Canadian Forces personnel; for gun registration with the Solicitor General; for permits to hunt in certain areas of Quebec. In addition, it is used as a prime identifier in computer banks in different agencies, varying from use in the computers of the external affairs department to its utilization in the computers of the Canadian Saltfish Corporation.

Not only is the social insurance number pervasive in the workings of the federal government, but provincial governments have adopted the social insurance number as one of their own. For example, the school systems of Saskatchewan and Ontario use social insurance numbers for record keeping for students in senior grades. Motor vehicle drivers' records in Quebec and hunting licences in Manitoba are recorded by social insurance numbers. Recently, Mr. Speaker, the federal government and the P.E.I. government reached an agreement to register all newborn babies in that province.

As hon. members can see, the social insurance number has become, without parliamentary authority or approval, an identification card within the government and, if I may say so, within the different levels of government. The assurances of successive Liberal ministers have been as hollow as much of their thinking on policy.

But the use of the social insurance number does not stop at the government. In recent years, a new phenomenon can be easily detected. The social insurance number has become more commonly used in the private sector. Youngsters playing peewee hockey are asked for social insurance numbers for the Canadian Amateur Hockey Association computer. A Winnipeg ballet school uses social insurance numbers. Banks are asking companies to provide social insurance numbers before they will process payrolls of the companies. Grocery stores, insurance companies, and other private institutions are demanding social insurance numbers as a proof of identification.

As shown by the above enumeration of activities and organizations using social insurance numbers, it is clearly evident that social insurance numbers have gained the status of a *de facto* identification card. The question Canadians are asking themselves is the following: "When did the Canadian people decide to adopt a national identification number?" The answer, Mr. Speaker, is never. There has never been a debate in the House about the desirability of or the necessity for such a system. In fact, Mr. Speaker, this system has been implemented contrary to the assurances given to the Canadian people by the government.

I want to turn now to government promises that have been broken. The extension of the use of the social insurance number and its attainment of the status of national identification has been done surreptitiously and without the consent of the Canadian people. What is interesting, Mr. Speaker, is to examine the replies of different cabinet ministers throughout the years and then match their statements with the facts. Let us start with the numberous assurances given by the government. In a written question on March 9, 1964, the hon. member for Winnipeg North (Mr. Orikow) asked the minister of national health and welfare:

Has the registration proposed for all Canadians been considered solely for social security purposes—

The minister answered:

It has been developed solely in connection with social security programs.

● (1602)

The right hon. member for Prince Albert was pressing the then minister of national health and welfare, presently the government House leader, on the future uses of the social insurance number. He wanted to know if the social insurance number data would be passed on from the Department of Labour to other departments and government agencies. The right hon. member suggested that social insurance numbers would be used in the future for "income tax and so on". The then prime minister interjected and said "certainly not".

This "certainly not" by the then prime minister is obviously a candidate in the "Hall of Fame of Famous Last Words, along with the assurances of the present Prime Minister that "Separatism is dead" or "We have wrestled inflation to the ground".

A third example of the hollowness of the government's promises arose from an exchange between the then hon. member for Middlesex West and the minister of labour, incidentally the present government House leader, in June 1965. The member asked whether the minister's description of these cards as general purpose cards will extend for numbering purposes to the military services. The minister replied "No, Mr. Speaker".

Canadians have seen instance after instance of the government breaking its word. Little by little, the social insurance number has become more prevalent in our society. This movement has not stopped. In 1977 the cabinet passed an order in council which permitted the then minister of national revenue "to cause a social insurance number to be issued to any individual who has not earlier been assigned such a number". A similar regulation in the same year gave the Minister of National Health and Welfare the same authority.

Perhaps the final indication of the government's intentions can be glimpsed at in the testimony of Bernard Dertinger, executive director of national systems for the Canada Employment and Immigration Commission before the McDonald commission in June of this year. He said the commission had discussed with the provinces the possibility of registration of all Canadians at birth by social insurance numbers and "there was substantial agreement at the official level".

The major objection of the Conservative party to the unbridled extension of the social insurance number and its not so subtle adoption as a national identification card remains the following. On an issue so paramount to the privacy of the individual and to the future development of our society, the Canadian people should have the opportunity to debate fully the advantages and disadvantages of a national citizen identification system.

Successive Liberal governments have condoned and encouraged the expansion of the social insurance number. The review of the federal activities described previously, which do not by any means constitute an exhaustive list, makes it clear that the federal government itself has been in the forefront of extending the use of the social insurance number. All these actions have actively promoted the tendency in society to depend more and more on the social insurance number as an identifier—of workers, taxpayers, automobile drivers, students, welfare beneficiaries, civil servants, servicemen, veterans, pensioners, and The Lion Club's band in my constituency. Few people have flatly proposed a national identification card. But successive Liberal governments have made decisions which, taken collectively, are leading us to the establishment of a national identification card.

Imperviously insensitive to the concerns of the individual citizen, blinded by their long sojourn in the corridors of power, the Liberal party has placed efficiency in administration above the protection of personal liberties. Despite general public disapproval, the party has forged ahead unilaterally to give Canadians a single identifying number, mainly in the name of administrative convenience. More seriously, Mr. Speaker, I honestly doubt if the Liberal party yet understands our concerns and citizen's concerns about the dangers inherent in the implementation of a single identifying number system. In their view, what's good for the functioning of the bureaucracy is good for Canada. Citizens move aside; personal rights abandoned; right of privacy banished.

Since the Liberal government visibly has no understanding of why concerned citizens are questioning the extension of a social insurance number, I will now explain our misgivings about such a system. First of all, Mr. Speaker, from a psychological point of view I have serious doubts about the applicability of a single identifying number system to Canada. In North America, Canadians and Americans have historically placed a great deal of value on privacy. To Canadians, the idea of a single number that would identify them "from cradle to grave" is distasteful in itself, regardless of how that number might be used and regardless of safeguards society might enact to protect the rights of privacy.

Many Canadians having fled their homelands in Europe retain bad memories about national identification cards and numbers. A Canadian travelling in continental Europe often sees his European host obliged to carry a national identification card which he must present on demand. Few Canadians envy this system. Once identifiable to the administrator in government or business by an exclusive number, such as a social insurance number, the citizen risks being identified exclusively in those terms. Few Canadians want such a system.

This is not my most serious misgiving about the extension of the social insurance number however. My real worry arises from the very real possibility that use of a single identifying number, such as SIN, in more and more computer files makes it easier and cheaper for organizations to exchange data among themselves and to merge records from files of different agencies, departments and organizations into central databanks. There arises the ultimate possibility that a person with access to the databanks will be able to compile a complete dossier on any individual covering everything from childhood illnesses, school records, psychiatric examinations, consumer habits, political activities, personal beliefs and employment record. The individual stripped of all privacy will be at the mercy of the data manipulator.

Many people argue that if one has done nothing wrong, what does he have to worry about? They do not view such a system as threatening. The only people who will have to worry, according to them, are the criminals with something to hide. Is this, in fact, true? Will the ordinary hardworking citizen have nothing to worry about? Will he not suffer any inconveniences or threats to his rights? I would argue that people who hold this view seriously underestimate the dangers of the system.

First of all, such a system poses serious problems in a political sense. Simply put, knowledge is power. An individual who has access to information on another person can use it to

extort or extract some desired action. A government which has an all-dominating presence can manipulate its citizens.

Perhaps it should come as no surprise that a Russian can best suggest the words to describe a society in which all computers are interlinked and an all-knowing government dominates its citizens. In his book, *Cancer Ward*, Aleksandr Solzhenitsyn, the Russian Nobel Prize winner writes:

> As every man goes through life he fills in a number of forms for the record, each containing a number of questions . . . There are thus hundreds of little threads radiating from every man, millions of threads in all.
>
> If these threads were suddenly to become visible, the whole sky would look like a spider's web, and, if they materialized as rubber, buses, trams and even people would all lose the ability to move, and the wind would be unable to carry torn-up newspaper or autumn leaves along the streets of the city. They are not visible, they are not material, but every man is constantly aware of their existence . . . Each man, permanently aware of his own invisible threads, materially develops a respect for people who manipulate the threads.

Mr. Solzhenitsyn describes accurately the dilemma of modern man in our societies. Each time we give up a bit of information about ourselves to the government, we give up some of our freedom. For the more the government or any institution knows about us, the more power it has over us. When the government knows all of our secrets, we stand naked before official power. Stripped of our privacy, we lose our rights and privileges.

● (1612)

I suggest that these are not merely abstract musings but a serious concern about the future of modern society. A single identifying number such as a social insurance number would give individuals untold opportunities to interconnect various computer terminals, each one possessing different bits of information about us.

In conclusion, I hope the government will take into account some of the solutions I recommend. In Canada, for the sake of individual privacy something must be done about the uncontrolled expansion of the use of social insurance numbers. Instead of encouraging surreptitiously the evolution of the social insurance number to the status of the exclusive identifier of individuals, the government should take heed of the advice of its own task force on computers and privacy. Its authors, including the present under-secretary of state for external affairs, Mr. Gotlieb, stated, and I quote:

> It is possible that a *de facto* personal identification number will develop in Canada, either through an ever-widening use of the social insurance number (despite its limitations) or indirectly through credit card and bank account numbers. However, it is important to ensure that a single identifying number should not be adopted in Canada directly or indirectly, without a full examination and public debate on its merits and consequences.

The government should introduce legislation regarding the social insurance number to prevent further extension and to place constraints on its use.

I put forward several suggestions to the minister, who is in the House today, which might govern the use of social insurance numbers in Canada. The use of social insurance numbers should be governed by the following principles. First, the uses of social insurance numbers should be limited to those necessary for carrying out requirements imposed by the federal government.

Second, federal agencies and departments should not require or promote the use of social insurance numbers except to the extent that they have a specific legislative mandate from parliament.

Third, parliament should be sparing in imposing mandatory use of a social insurance number and should impose it only after full and careful consideration preceded by well advertised hearings which elicit substantial public participation. Such consideration should weigh carefully the pros and cons of any proposed use and should pay particular attention to whether effective safeguards have been applied.

Fourth, when social insurance numbers are used in instances which do not conform to the three foregoing principles, no individual should be coerced into providing his social insurance number; nor should his social insurance number be used without consent.

Fifth, an individual should be fully and fairly informed of his rights and responsibilities relative to uses of social insurance numbers, including the right to disclose his social insurance number when he deems it to be in his interest to do so.

These are principles laid down by a comparative study of the social security number in the United States. We can take some direction from these principles, and I recommend them very strongly to the minister.

Having regard to these principles, I suggest that the minister make specific recommendations based upon them. Such recommendations would include the following. First, individuals should have the right to refuse to disclose their social insurance numbers to any organization which does not have specific authority provided by federal statute. Individuals should have recourse to the courts if this right is denied.

Second, any future legislation dealing with social insurance numbers should be preceded by full and careful consideration and well advertised hearings which elicit public participation.

Third, in order to prevent the social insurance number from becoming an employee identification number, a patient identification number, a student identification number, a customer identification number or the primary organizing element in any non-federal organization, any organization or person should be unable to use the social insurance number of an individual unless the individual gives his informed consent.

Fourth, legislation should prohibit the use of social insurance numbers for promotional or commercial purposes.

I think these principles and recommendations which I have set out should be adopted by the government and should form the basic guidelines for Canadian legislation. Like many Canadians, I feel that the expansion of the social insurance number and its evolution toward a single identifying number are not beneficial to the protection of privacy. Further examination and public debate are required. In the meantime, some concrete steps by the government are called for in order that Canadians will not be presented with a *fait accompli*.

Social Insurance Numbers

Hon. Bud Cullen (Minister of Employment and Immigration): Mr. Speaker—

Mr. Knowles (Winnipeg North Centre): Tell us about your SIN!

Mr. Cullen: As a United Church minister the hon. member for Winnipeg North Centre (Mr. Knowles) must be all shook up to be hearing about SIN on a Friday!

I welcome this debate, but I have one regret. Time does not permit us to explore this matter in depth. The concern raised by hon. members opposite is a concern we all feel. I am sorry that both yesterday and today there were questions of privilege and that we have not had more time. I believe the right hon. member for Prince Albert (Mr. Diefenbaker) would have made some telling points. I may not have agreed with him, but I always enjoy listening to what he has to say.

At first blush any mention of invasion of privacy raises grave issues for most Canadians. The problem is that the very term "invasion of privacy" is somewhat like waving the proverbial red flag in front of a bull. All of a sudden the issue becomes a *cause célèbre*. Many are concerned about the issue, but many may not see it or completely understand it in the context in which it is occurring.

I do not intend to go on for very long today. I know that the hon. member for New Westminster (Mr. Leggatt) wishes to speak. I expect to be 15 to 20 minutes at the most.

I propose that we rationally examine the protection for Canadians already existing in legislation. There are definite limits to the information which can be passed on by the government about an individual. Unless the individual authorizes it, one's social insurance number and the contents of his social insurance file cannot be disclosed to a third party. The only exceptions, in most cases, are those who administer the Canada Pension Plan, the Quebec Pension Plan and the Income Tax Act. The government's policy is, in fact, very restrictive about the disclosure of information contained in the social insurance number registry.

It is important to realize what kind of information the central index, which is, after all, the social insurance registry, can actually collect. Sections 125 and 126 of the Unemployment Insurance Act legally restrict this. The central index can request only the type of information that is necessary to identify an individual accurately. Strictly personal information such as a person's race, religion, political affiliations, community activities, financial status, extended family affiliations and employment record cannot be solicited.

As I am sure the House is aware, section 52(2) of the Canadian Human Rights Act of 1977 provides, and I quote:

> Every individual is entitled to be consulted and must consent before personal information concerning that individual that was provided by that individual to a government institution for a particular purpose is used or made available for use for any non-derivative use for an administrative purpose unless that information for that non-derivative use is authorized or pursuant to law.

Mr. Baldwin: The minister decides what a non-derivative use is.

[Mr. Hnatyshyn.]

Mr. Cullen: We introduced that legislation. It was the first legislation introduced on the subject. I think it warrants some checking out. It warrants looking into the administrative value of all the information that could be made available. I think this is being done on an ongoing basis, and I think we have a good piece of legislation. In all probability improvements could be made, and I am sure that in the future they will be.

The government is bound by the prohibition in the act to which I referred. There can be no linkage without the consent of the individual. The sole exception to this arises when linkage is expressly permitted by law. For example, the exchange of data in the social insurance number registers is permitted between the Department of National Health and Welfare, the Canada Employment and Immigration Commission and the Department of National Revenue, Taxation. As has been stated, these linkages are necessary to the smooth functioning of the government's administration. This is dealt with in the legislation which was passed by parliament.

The issue of the use of the social insurance number to link bases outside the federal government has also been raised. As we all know, the individual has the right to decide whether or not to give his or her social insurance number to, for example, department stores and other places of business. It is true that a person's unwillingness to give this information may lead to a refusal on the part of the business concerned to do business with him or her.

An individual's right to disclose his or her own social insurance number is what permits the creation of data banks which use the social insurance number in the private sector. Modern computer technology allows for this linkage. It should be pointed out that this kind of linkage, given the heights to which modern computer technology has risen, would be possible using an individual's name, even if the social insurance number did not exist. I will concede that the SIN makes it easier. But if we did not have SIN, the computer could now make the linkage anyhow. We do not use the technology in the federal government which could link people by their names.

● (1622)

For the government to attempt to regulate the private sector on the use of SIN in their storage files would be a difficult operation. Every employer who has a computerized payroll system finds it a legal necessity to keep employees' SINs as part of this record. This is necessary for income tax purposes. It is easy to see how the use of SIN would grow for other record keeping purposes—for example, in logging in an inventory of tools or office supplies charged out to an employee. An attempt by the government to introduce controls in the private sector—controls which would certainly be viewed as intrusive—would have to be made only after very careful study as to their restrictiveness and, indeed, the probability of their effectiveness. Just imagine, if you will, Mr. Speaker, the spectre of an army of investigators probing into every computerized payroll system in the private sector to be sure employers are not using their computers for anything but government approved purposes.

We have the technology and it is growing every day. The question is how to use that technology intelligently and with due regard to people's right to privacy. This is a question under study by the government on an ongoing basis. But to jump in without proper study and thought would cause hardship to employers and workers in business concerns of every size, to say nothing of the millions of Canadians who found the SIN a convenient and commonly accepted way to identify themselves in business transactions of every type.

The concern voiced in both private and public sectors about the growth in volume and complexity of information and data processing systems has been heard by the government. People speak about the threat to individual control of our lives. Again, I must turn members' attention to the many acts of parliament limiting the use of personal information filed under the social insurance number. The SIN registry, as I stated, collects information solely to establish the identity of a person so that he or she can obtain a social insurance number. That has to be done; I do not think anyone will argue with that. Any personal information about a person is not available through the SIN registry. The SIN is as confidential as its holder chooses to make it. Many people do not seem to attach great importance to this confidentiality, since the SIN has been used as the basis for newspaper lotteries. So far as the government is concerned, the privacy and anonymity of the SIN are protected in the same way as bank accounts are protected. This is a time honoured tradition in Canada. The government is committed to upholding this tradition and to protecting this public interest.

It is true, Mr. Speaker, that identifying systems seem to threaten basic human freedoms. Yet it must be recognized that, in many countries today, a number like SIN is used for a universal identifier. The record keeping systems of many European institutions are linked by the use of such individual identity numbers. These countries have successfully reduced the potential of this threat by parallel development of strict rules that give the individual control over the nature of the information recorded and the uses to which it can be put.

Canada is no different, Mr. Speaker. Although the SIN system is hardly a universal numbering system in the same sense, we do, nevertheless, have a Human Rights Act already in place to prevent abuses of information government now collects from people. The privacy laws give individuals the right to correct information on file and to appeal any abuses of their privacy to a privacy commissioner.

As we are all aware, the Canadian government, in June 1974, was party to a summary statement issued by a conference of the Organization for Economic Co-operation and Development, OECD. The conference discussed policy issues on data protection and privacy. It underlined consulting public opinion as the basis of any major shift in information gathering and filing systems.

I believe that the government and the public will continue to be guided by the spirit of the following extract from the OECD's summary statement:

> The right of public or private institutions to acquire personal data is not absolute; at some point, the need to gather information must give way to the right of the individual to maintain privacy.

But let me add here, Mr. Speaker, that we must proceed with caution.

Mr. Stuart Leggatt (New Westminster): Mr. Speaker, first of all, I should like to commend the minister for the statement which he just made which seems to me to be a useful statement of principle. But it is unfortunate that, when one examines the record of the use of the number and its institution by the government, one finds that it does not square with that statement of principle. As to the statement of principle that the right to obtain information is limited, it seems to me that the use of SIN, which has grown, has clearly eroded the right to privacy which people who live in this country expect.

Sometimes when we engage in these kinds of debates we feel a little like King Canute trying to stop the tides from coming in, because the trend toward reducing the right to privacy is overwhelming, not merely in the case of government but in terms of the use of identification numbers by private industry. There is a parallel risk. I know the hon. member for Saskatoon-Biggar (Mr. Hnatyshyn) touched on that, but he touched on it very lightly. We tend in this place to emphasize always the bureaucracy and the great risk that big government runs in terms of obtaining access to what is normally private information and abusing it. In fact, the potential for abuse of private information by the private sector is just as serious as in terms of the public sector.

I think I should like to address a few remarks to that kind of risk. Consider the use of information such as, for example, that contained in an income tax return. Remember that the use of SIN is absolutely key to the operation of the income tax department in terms of programming purchasers, of finding a category in the public which is susceptible to buying insurance or buying motor vehicles or buying products for which they have no particular need. So here lies the danger.

I agree completely with the hon. member for Saskatoon-Biggar that we need a guideline, an addition to the privacy laws of this country to set forth the right of the citizen to privacy. We cannot just look at it in terms of the potential for a draconian, totalitarian kind of society on the part of the bureaucracy. We also have to look at the increasing size of multinational corporations and the increasing sophistication of those organizations in the way they can use that private information also to erode freedom of choice and the right to privacy of citizens.

I am pleased to see that the NDP was, as usual, in the forefront in trying to protect the liberties of the subject when this system was initiated some time ago. On March 9, 1964, the hon. member for Winnipeg North (Mr. Orlikow) asked this question:

> Has the registration proposed for all Canadians been considered solely for social security purposes, or is it tied up in any way with the emergency measues organization and compulsory military service?

He asked also:

> Will this information be provided to other government departments and particularly the RCMP?

That question was answered as follows:

The proposed registration of all Canadians has no connection with the current planning activities of the emergency measures organization. It has been develped solely in connection with social security programs.

We know what happened subsequently with regard to the records of the income tax department and the access that the RCMP subsequently had to that information as a direct result of an agreement between two departments. That is a record the government should have touched on, and I expect that perhaps the minister might have mentioned what occurred with regard to that. I know he certainly was opposed to that and I think he made statements in the House and was somewhat active in trying to end that kind of arrangement. But what a violation it is of the undertakings that were given to the House when we commenced use of the SIN. The risk comes in the slow erosion of liberty in very small steps. Once liberty is taken away, it does not return because the public begins to accept the loss of that privacy as the norm, and therefore there is no great public pressure upon the legislature to restore traditional rights of privacy.

● (1632)

Not only was the number to be limited to social security. On April 8, 1964, the right hon. member for Prince Albert (Mr. Diefenbaker) referred to the social insurance number and suggested that it would be used for many things. He said, "Oh; income tax, and so on?" That was the question he put to the honourable Lester Pearson at that time. The answer which Mr. Pearson gave was an emphatic "Certainly not". We know the number went on to be used regarding income tax.

As the use of that number increases and as our technology increases, we wind up with a capacity to compile all that information and put it in a data bank. Then it becomes very lucrative information. The trend exists already in terms of motor vehicle records. Provincial governments now sell their motor vehicle records. It is a nice revenue producer. The result is that private industry knows who owns motor vehicles, what kind of motor vehicles they are, and therefore they are able to use their subliminal advertising to reach their target groups through mailing. Suddenly the sales resistance one should have, if one has the information and is acting independently, is taken away. That is an erosion of freedom.

I would not doubt that the Conservative party's excellent campaign of fund raising, in which letters were sent across the country, has a computer somewhere in the background attempting to find voters who will be susceptible to sending the party some money in a moment of weakness. Also that is an erosion of freedom. It is an erosion of the right to make independent decisions.

It is interesting to look at the actual horror stories regarding SIN. I should like to refer to the excellent study on privacy and computers which was conducted in 1972. At page 88 it reads:

It is interesting to note that until 1967 all Eskimos in the Yukon and Northwest Territories were identified by numbers imprinted on tags worn around the neck. Not surprisingly the Eskimos objected to the system and, in preparation for its abandonment, during the four years from 1967 to 1971 the Eskimos selected their own surnames which are now used in lieu of numbers.

Can one imagine a law which requires native Eskimos to wear numbers around their necks? Of course that law has been changed; but it would not be changed if people did not stand up in the House like King Canute because of these trends and tendencies to register some objection to the continuing erosion of freedom and privacy in both the public and private sectors of Canada.

This motion is a very positive one in a special way. It suggests the introduction of legislation establishing guidelines and limitations upon the use of social insurance numbers. I should like to suggest how we can look at privacy legislation with a view to improving the right to privacy and limiting the use of that number. I see no reason why the police forces of Canada should not be required to appear before a judge in order to show cause as to why they need access to this particular information. This procedure should be on warrant.

I believe the same should also be required of other government agencies. They should not be allowed, as a right, to peer into a person's background for some bureaucratic reason, even if it is more efficient and a method of saving money. All other government agencies, except those directly dealing with social insurance numbers, should be forbidden access to SIN-related information on the ground that it is confidential.

The original law respecting SIN said nothing about private organizations demanding social insurance numbers from clients, customers or members. When someone wants to cash a cheque and the person behind the counter says, "We require your social insurance number", there should be some law protecting that person from providing the massive amount of information backed up by SIN. Perhaps we could forbid private organizations from demanding SIN.

It is worth considering denying the Department of National Revenue the right to use SIN. The use of SIN by the Department of National Revenue perhaps has been the most dangerous invasion of privacy which man has seen in this century. That department's use of SIN does not merely provide snippets of information. It provides almost everything there is to know about an individual. I am not afraid of making any level of bureaucracy work a little harder. Perhaps it will not be as efficient, but the advantages in terms of privacy would be very substantial. The advantages of denying SIN to the Department of National Revenue would put that department where it belongs, completely separate and not working in co-operation with any other department of the government. It would eliminate this nonsensical agreement between the Department of National Revenue and the Royal Canadian Mounted Police providing information and a method of cross-checking. I believe my suggestions would be of some benefit regarding the use of SIN.

Another area to which serious consideration should be given is the amazing clout an employer has over an employee if the employer has access to social insurance numbers and is able to tune in to the background information. In the circumstance where the employer has access to confidential information,

such as something in the employee's background which would suggest that he was not a respectable citizen at one point, the capacity of the employee to maintain his job is limited. It could result in his demotion, firing or have various adverse effects. We require a law which substantially restricts access to social insurance numbers.

Since other hon. members wish to participate in this debate, in conclusion I should like to refer to the report on privacy and computers at page 86, where an amorphous fear of the loss of privacy as a result of various identification numbers is mentioned. It reads:

> Accompanying this fear is a suspicion that bureaucrats confronted by numbers will tend to forget that they represent real people. The suspicion is fed by haunting memories of the Nazi system of numbering Jews in the 1930's and 1940's. The survey of Canadians by the Department of Communications revealed that 62 per cent fear that computers "will reduce us to numbers".
>
> Fear of the cataclysm is simply the concern that, should an autocratic regime come into power, single identifying numbers would be used to assist in the compilation of investigatory dossiers which would be used as instruments of oppression. Proponents of SIN point out that the lack of comprehensive dossiers has in the past had no obvious inhibiting effect on autocrats.

Society continues to grow larger and become more complicated. The public and private organizations which dominate our lives continue to become more autocratic and less democratic. They continue to exert a power which we cannot restrict unless we are forever vigilant. I am referring to the power of the computer, the power of technology, and the power of having control over the lives of Canadians as a result of new scientific advances. Unless we express dismay over a society in which individuals have no control, then we do not do a service to our constituents.

● (1642)

Mr. Perrin Beatty (Wellington-Grey-Dufferin-Waterloo): Mr. Speaker, I would like to start my participation in this debate by congratulating my colleague, the hon. member for Saskatoon-Biggar (Mr. Hnatyshyn), for proposing this motion today. Surely there can be no more important issue to come before parliament than the need for parliament to act when we find that mechanisms are being put in place, either by design or through complacency, which can strip away the individual privacy of our constituents and ourselves.

Like most members of parliament, I was not aware of the threat that was posed by these tiny white pieces of plastic that virtually every Canadian has today. Some 19 million or 20 million social insurance numbers have been issued. I was not aware of the implications of the problems caused by the social insurance number until I had a call about a year ago from a constituent of mine who was calling to ask what she could do because her nine-year old son had lost his social insurance card and he did not know what to do. I said: "This is outlandish. What would your nine-year old son want with a social insurance card? Why would they number him when surely he is not in the labour force and will not file an income tax return? It hardly seems reasonable to expect that he is required to have a social insurance number." Then my constituent told me that the minor hockey league in which her nine-year old son was enrolled required that every member of the team take out social insurance numbers. Here was a child eight years old who had been issued with a plastic card and told to carry it around. He had been told that was necessary if he was going to play hockey in his part of the league. He had to accept this government number. Then we were surprised a year later to learn that a nine-year old child had lost his social insurance number.

What an outrageous situation it is in Canada when we find that already in one of the provinces, Prince Edward Island, every citizen from birth is automatically issued a social insurance number. We have reached the point where this numbering with a single identification number is beginning to take place from the cradle to the grave.

Every member of parliament has in his constituency people who have bought Canada Savings Bonds for their children. We are finding now that if those people clip the coupons to take out the interest on their Canada Savings Bonds for their children, they are required to take out social insurance numbers for those children, who maybe are two or three years old, unless they want to have 25 per cent of the interest withheld until tax time. What sort of an outrage is this?

What sort of an outrage is it when senior citizens who have lived for 80 or 90 years without ever requiring a social insurance number now find, if they are going to be allowed to cash their coupons and their Canada Savings Bonds, that the government is requiring that they have social insurance numbers, unless they are prepared to leave behind 25 per cent of the value of that interest? I feel that the government is guilty of a breach of faith in its handling of the Canada Savings Bonds issue. Surely the government had a responsibility, if it had the intention of requiring that Canadians have social insurance numbers to cash coupons, unless they wanted to leave 25 per cent behind, to tell Canadians at the time they sold them the bonds that this requirement would be put upon them. Instead, after the contract was made the government changed the rules, just last year.

Let us take a look at the scope in which the social insurance number is used in the government and in the private sector. An article in the December 19 issue of the *Globe and Mail* dealt with this question of the proliferation in the use of the social insurance number. Here are a couple of paragraphs from it:

> SINs now are used as identification to cash cheques and make credit checks in department stores. Libraries, banks, insurance companies and hospitals use SINs. Canadians must provide SINs to cash government savings bonds. SINs are a must on income tax returns.
>
> Youngsters playing peewee hockey are asked for SINs for the Canadian Amateur Hockey Association computer. A Winnipeg ballet school uses SINs. By special agreement with the federal government, the Prince Edward Island registrar of vital statistics applies for and receives social insurance numbers for all newborn babies in that province.
>
> The federal government singles out and keeps track of foreign workers who require work permits by giving them special SINs beginning with the number 9. Employers can be fined up to $5,000, if they hire a 9-numbered person who doesn't have a work permit.
>
> In Ontario, 25 of the 44 public health units filed the immunization records of school children by SIN. The school systems of Saskatchewan and Ontario use SINs for record-keeping for students in senior grades. Motor vehicle drivers' records in Quebec and hunting licences in Manitoba are recorded by SIN.

What we have seen happen is that a program that was justified by this government on the basis that its use would be limited, and strictly limited to specific instances stated by the government, has been broadly expanded so it is used widely within the federal government, other levels of government and within the private sector. What we are finding is that without a conscious policy decision being made, without debate taking place within parliament to decide to issue social insurance numbers to all citizens, we are backing into the system through the back door and citizens are being forced of necessity to take these numbers out—not by statute but by circumstance.

What more scathing condemnation could there be of the irrelevance of parliament, or of the lack of direction being given by government, than to find that that sort of decision and that sort of circumstance takes place not by design but by accident, and by indifference on the part of the government?

When the minister spoke a few moments ago he stressed the fact that within the central index registry of social insurance numbers the sort of personal information that is included is very limited. Of course, that is correct within the central index; but what the minister did not mention was the scope of government data gathering activities in which dossiers are assembled on individual citizens which reach into every aspect of their private lives.

I think it would be useful to share with the House something of the scope of government data gathering. In 1974 I put two questions on the order paper asking what sort of computerized data banks were in existence at the time. This information is dated at this time, but I think it is useful to take a look at the answers I received.

First of all, all government employees have files kept on them, most of which are computerized. Some departments made provision for their employees to see the files; others at that time did not. The Department of National Revenue reported that a record is maintained for each individual required by law to file a T1 return. At the present time records are maintained for approximately 12.8 million employees. There are some 250,000 corporation tax returns and some 770,000 employers who are making payroll deductions from employees.

The Ministry of Transport has a computerized data bank for some 75,000 pilot licence holders.

The Department of National Health and Welfare has a computer data bank of families and children entitled to family allowances, including parents and children up to 19 years of age. There are some 3.5 million families and some 7 million children who have personal files in that data bank. There are some 1.8 million recipients of old age pensions and some 1.1 million recipients of guaranteed income supplement recorded in the computerized data bank. The department also holds files on some 10.3 million contributors to the Canada Pension Plan.

The Department of External Affairs also has a new data bank which was established in 1974, in which at that time it had only 600,000 names, but it was planned to include some 3.5 million people by its fifth year. Also, some 30,000 people whose passports are being processed at any one time and some 20,000 people who are not to be issued passports or whose passports have been reported lost or found, are recorded in the data bank.

The Canadian Wheat Board keeps computerized files for some 240,000 producers whose names appear on Wheat Board delivery permits.

The names of some 43,000 children of up to one year of age born with birth defects in New Brunswick, Ontario, Manitoba, Alberta and British Columbia since 1967 are also recorded, as is the following information: hospital number, the serial number, the name, the date of birth, the sex, the birth weight, the gestation period, the place of admission or death, the residence code, the place of residence and the types of abnormalities.

Obviously this sort of information which is being kept by the government on individual citizens and their private lives is expanded day by day. The government has finally published a list of some 1,500 data banks in which personal information is held on individual citizens by the federal government. It is not required that in this catalogue the government reveal whether or not the information that is included in the personal file of an individual includes the social insurance number. It is not required either that they indicate to the public whether the number can be used as an access number to give a person access to a computerized file. We know that in many of the instances reported in the book, if an individual even wants to see his own file he is required by the government to first supply a social insurance number.

● (1652)

Last year I put a question on the order paper asking for a complete listing of government data banks, including personally identifiable information about individuals in which the social insurance number may be used to gain access to the computerized file. I asked about the nature of the information, the number of individuals who were on file, and about what other ways, beyond using the social insurance number, that the file could be accessed. The response I received was that the government did not have that information and that perhaps they would be able to provide it by the fall. That information was not included in this index of data banks.

At this point no one in Canada knows the extent to which the social insurance number is used within government as a computerized file. The minister stressed in his comments that we have privacy legislation in this country as well as a Human Rights Commissioner. It is worth noticing, however, that some of the most scathing condemnations of the government have come from the Human Rights Commissioner, Mr. Gordon Fairweather.

Mr. Maine: Mr. Speaker, I rise on a point of order. Because of the short length of time available for debate this afternoon and the number of members wishing to speak, I wonder if the hon. member for Wellington-Grey-Dufferin-Waterloo (Mr. Beatty) would be kind and generous enough to keep his

comments short so that as many members as possible may speak this afternoon.

Mr. Beatty: Mr. Speaker, I can assure the hon. member that I will stay within the time limit allowed me.

The Toronto *Star* of September 24, 1978, refers to the Human Rights Commissioner in an article headlined "I am Appalled." The Canadian Press story from Ottawa begins as follows:

Parliament will be asked to deal with alleged misuse of social insurance numbers, says Human Rights Commissioner Gordon Fairweather.

The government's own Human Rights Commissioner has indicated that he is totally dissatisfied with the way the government is acting to protect personal privacy and the abuse of the social insurance number.

In the time I have remaining, Mr. Speaker, I should like to make three or four points. This government has stressed time and time again that its justification for the increasing practice of numbering citizens and for the proliferation of the social insurance number is that it is to be used as a control mechanism to protect the public against fraud and against the misuse of public funds. In some ways this is justifiable, Mr. Speaker. We can understand that it is necessary to ensure that Canadians do not abuse public programs. I would argue, however, that the social insurance number itself may well present a mechanism that can be used by people intent on committing fraud.

I refer the House to statements made before the McDonald inquiry as reported in the Calgary *Herald* on October 26, 1978. The article on the subject reads in part as follows:

When RCMP Assistant Commissioner H. Jensen gave evidence to the McDonald commission into RCMP wrongdoing in June this year, he stated that 50 per cent of all cases of false pretenses made use of SIN cards. The problem, he implied, was the lack of security surrounding the SIN.

He illustrated this with the case of a Calgary man who had 109 SIN cards, 59 UIC claims, and a monthly income of $33,000.

He told of a Montreal duo who used 60 SIN cards over a period of two months to collect $32,867 from the UIC and who had projected earnings of half a million dollars from their gainful unemployment had they not slipped up.

He related the tale of the Winnipeg man who parlayed 25 SIN cards into $92,000 over 4½ years.

If we allow the social insurance number to be used increasingly as a citizen identification card, the credibility that goes with this card will also be useful as a mechanism for people intent on committing fraud to fulfil their objectives.

The use of the social insurance number within government, even without the direct linkage to government data banks, facilitates improper access into the personal files of individual Canadians. At this time last year parliament devoted a great deal of time to discussing the ability of people posing as chartered accountants or claiming to be unlicensed private investigators to get access to the personal and confidential income tax returns of individual Canadians. Someone posing as a chartered accountant could ring the taxation branch and say that his client has misplaced his income tax return, give the social insurance number and get information over the phone. In this way information was given to unauthorized individuals without the individual about whose return the inquiry was made being informed. This was done despite the sanctions in the law forbidding it. The use of the social insurance number as a computerized filing number throughout the government facilitates this sort of invasion of privacy.

Let me conclude, Mr. Speaker, with this one observation. We as legislators have the responsibility to act in a conscious and deliberate way. If we are to make changes which will profoundly affect all Canadians, we have a responsibility to ensure that those decisions are made after careful deliberation in parliament, after broad public discussion and after parliament has actually made the decision to go ahead with the particular program.

That was the recommendation of the 1972 computers and privacy report commissioned by this government. That is the nature of the motion before the House today, and it is the policy that should be adopted by the government. If the goverment looks seriously at the motion before the House today, it should agree that it is one which commends itself to all Canadians.

Some hon. Members: Hear, hear!

Mr. Speaker: Order, please. It being five o'clock, it is my duty pursuant to Standing Order 58(10) and the agreement made earlier this day to interrupt the proceedings and put forthwith every question necessary to dispose of all business of supply now before the House, including the bill based on Supplementary Estimates (A).

* * *

SUPPLY

MOTION FOR CONCURRENCE IN SUPPLEMENTARY ESTIMATES (A)

Hon. Judd Buchanan (President of the Treasury Board) moved:

That Supplementary Estimates (A), 1978-79, laid upon the Table, Wednesday, November 8, 1978, be concurred in.

Mr. Speaker: Is it the pleasure of the House to adopt the said motion?

Some hon. Members: On division.

Motion agreed to.

Mr. Buchanan thereupon moved that Bill C-25, for granting to Her Majesty certain sums of money for the public service for the financial year ending March 31, 1979, be read the first time and be printed.

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

Mr. Buchanan thereupon moved that Bill C-25, for granting to Her Majesty certain sums of money for the public service for the financial year ending March 31, 1979, be read the second time and referred to the committee of the whole.

Motion agreed to, bill read the second time and the House went into committee thereon, Mr. Ethier in the chair.

On clause 2—

Mr. Knowles (Winnipeg North Centre): Mr. Chairman, on a point of order, can the President of the Treasury Board assure the committee that there is nothing out of the way in the clauses of this bill and that it is in the usual form?

Mr. Buchanan: Yes, Mr. Chairman. I would have been distressed if the hon. member for Winnipeg North Centre had not raised this matter. The form of this bill is the same as that passed in previous years and contains no additional borrowing authority.

Clause agreed to.

Clauses 3 to 6 inclusive agreed to.

Schedule agreed to.

Clause 1 agreed to.

Preamble agreed to.

Title agreed to.

Bill reported.

• (1702)

Mr. Speaker: When shall the bill be read the third time? Now?

Some hon. Members: Now.

Mr. Buchanan moved that the bill be read the third time and do pass.

Motion agreed to and bill read the third time and passed.

Mr. McGrath: Mr. Speaker, I rise on a point of order. Yesterday I was pre-empted from so doing because Your Honour ruled that the question of privilege took precedence in the debate, and we found ourselves pretty much in the same position today with little time left to deal with the supply motion. I thought if I could raise the point of order at this time it would be the first practical chance I had to raise it.

It has to do with *Hansard* for December 6, which is last Wednesday. The Minister of Public Works (Mr. Ouellet) in reply to my question, accused me of trying "to convey a message that all the builders in Canada are crooks". That statement appears at page 1845. This is a shameful innuendo which I reject out of hand. Any objective examination of my question will reveal that I tried to leave no such impression. I cannot ask the hon. member to withdraw his remark because there is nothing unparliamentary about it. It is just a cheap shot. But what can one expect from a minister who insults judges?

An hon. Member: That is a cheap shot.

Mr. Speaker: Order, please. It being after five o'clock, this House stands adjourned until Monday afternoon at two o'clock.

At 5.06 p.m. the House adjourned, without question put, pursuant to Standing Order.

HOUSE OF COMMONS

Monday, December 11, 1978

The House met at 2 p.m.

● (1407)

ROUTINE PROCEEDINGS

[*English*]

SPORTS

CONGRATULATIONS TO CANADIAN DOWNHILL SKI TEAM FOR SUCCESS IN WORLD CUP—MOTION UNDER S.O. 43

Mr. Ray Hnatyshyn (Saskatoon-Biggar): Mr. Speaker, I rise under the provisions of Standing Order 43, on a matter of urgent and pressing necessity.

In view of the current debate over the use of motions under Standing Order 43, and the limitations extending to these motions which occasionally prevent matters of urgent national importance being brought to the attention of this House, I move, seconded by the hon. member for Peace River (Mr. Baldwin):

That this House direct the Standing Committee on Procedure and Organization to immediately review the provisions of Standing Order 43 which now apparently prevents a motion being brought to the attention of this House congratulating the Canadian downhill ski team on their outstanding performance in the opening race of the World Cup, and exhorting them to greater success for the glory of Canada.

Some hon. Members: Hear, hear!

* * *

TRADE

MEASURES TO INCREASE EXPORTS—MOTION UNDER S.O. 43

Hon. George Hees (Prince Edward-Hastings): Mr. Speaker, I rise to move a motion, under Standing Order 43, on a matter of urgent and pressing necessity.

As it is essential that this country overcomes the $12.5 billion a year trade deficit which we have in fully manufactured goods, and as this can only be done if we greatly increase our sales effort abroad and let far more people in the world market know what this country has to offer, I move, seconded by the hon. member for Victoria-Haliburton (Mr. Scott):

That this government allow producers to write off 200 per cent of all expenses connected with making sales trips abroad, displaying their products at foreign trade fairs, and any other expenses incurred in sales promotion in the export market in excess of those made in the base year, the year before the plan goes into operation.

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

Some hon. Members: Agreed.

Some hon. Members: No.

* * *

LABOUR CONDITIONS

STATISTICS CANADA FIGURES—INCLUSION OF "DISCOURAGED WORKERS" CATEGORY— MOTION UNDER S.O. 43

Mr. Edward Broadbent (Oshawa-Whitby): Mr. Speaker, considering that Statistics Canada has confirmed that the real level of unemployment is much higher than the monthly labour force figures indicate, and considering that government job-creating funds are based on labour force figures, which means that certain regions, in particular Atlantic Canada and Quebec, get much less money than they deserve, I move, seconded by the hon. member for Winnipeg North Centre (Mr. Knowles):

That this House instructs the government to have included in the monthly labour force survey, the "discouraged workers" category so that job-creating funds will in fact go to those regions which have greater need.

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

Some hon. Members: Agreed.

Some hon. Members: No.

* * *

[*Translation*]

FINANCE

REQUEST GOVERNMENT ABOLISH 5 PER CENT TAX ON STORM DOORS AND WINDOWS—MOTION UNDER S.O. 43

Mr. Adrien Lambert (Bellechasse): Mr. Speaker, under the provisions of Standing Order 43, I ask for the unanimous consent of the House to introduce a motion dealing with an important matter of pressing necessity.

In view of the fact that the building industry has slowed down in recent months because interest rates are too high, since storm doors and storm windows are important items of construction costs and that a 5 per cent tax has been announced in the budget speech on November 16, 1978, I

move, seconded by the hon. member for Témiscamingue (Mr. Caouette):

That to stimulate the construction sector which is labour-intensive, the 5 per cent tax be again removed to give a new impetus to that economic sector.

Mr. Speaker: Order. The House has heard the motion of the hon. member pursuant to the provisions of Standing Order 43, presentation of such motion requires unanimous consent. Is there unanimous consent?

Some hon. Members: Agreed.

Some hon. Members: No.

* * *

[*English*]

TRANSPORT

PROVISION OF HOPPER CARS FOR MOVEMENT OF MALT—MOTION UNDER S.O. 43

Mr. Ron Huntington (Capilano): Mr. Speaker, I rise, under, the provisions of Standing Order 43, on a matter of urgent and pressing necessity.

In view of the importance of adding to the export value of Canada's resources and of the absolute necessity to protect export markets which have recently been developed to take Canadian manufactured products, in view of the fact that Canadian malt requires special handling through to the loading of containers at the port of export and that malt shipped in boxcars is damaged when handled through to container loading operation at such ports, I move, seconded by the hon. member for Saskatoon-Biggar (Mr. Hnatyshyn):

That the Minister of Transport order the railroads to provide hopper cars for the movement of all malt moving to export markets.

Mr. Speaker: Such a motion can be introduced for debate at this time, pursuant to Standing Order 43, only with unanimous consent. Is there unanimous consent?

Some hon. Members: Agreed.

Some hon. Members: No.

* * *

GOVERNMENT PUBLICATIONS

REQUEST CANADIAN LIBRARIES RECEIVE CONTINUING SUPPLY—MOTION UNDER S.O. 43

Mr. Stanley Knowles (Winnipeg North Centre): Mr. Speaker, this is a matter of urgency and it is a plea that the government give priority to an issue of importance.

I therefore move, seconded by the hon. member for Oshawa-Whitby (Mr. Broadbent):

That this House views with deep concern the fact that the Publishing Centre of the Department of Supply and Services plans, as of April 1, 1979, to reduce severely the number of Canadian libraries which receive government publications free of charge, it being of particular concern that the plan is to reduce the number of full depository university libraries from 28 to three, and in view of the fact that the government itself contends that there should be public access to government documents, this House calls upon the Minister of Supply and Services to reverse this decision and to continue supplying government publications to Canadian libraries on the basis now in effect.

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

Some hon. Members: Agreed.

Some hon. Members: No.

* * *

● (1412)

HEALTH AND WELFARE

MONITORING OF AND COMPENSATION FOR WORKERS EXPOSED TO ASBESTOS HAZARDS—MOTION UNDER S.O. 43

Mr. Derek Blackburn (Brant): Mr. Speaker, I rise on a matter of urgent and pressing necessity, under the provisions of Standing Order 43—a matter connected with the news that a number of people who were employed in a Second World War Defence Research Board plant which processed asbestos-filled gas masks have begun having problems associated with exposure to asbestos. An unusually large proportion of these people have died of lung diseases associated with asbestos exposure, and the others are undoubtedly at risk.

In the light of this situation and the government's liability in these cases, I would move, seconded by the hon. member for Broadview (Mr. Rae):

That the government at once set up procedures to identify all the employees of wartime defence plants who may be similarly at risk from asbestos exposure, arrange to have them monitored for the appearance of related problems, and compensate them adequately for the suffering involved. This compensation should, of course, include the widows and families of those who have already died from such problems.

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

Some hon. Members: Agreed.

Some hon. Members: No.

* * *

FOREIGN INVESTMENT

INVESTIGATION INTO TAKEOVER OF NABOB FOODS LTD.—MOTION UNDER S.O. 43

Mr. Stuart Leggatt (New Westminster): Mr. Speaker, I rise under the provisions of the same Standing Order.

In view of the announcement that substantial lay-offs will occur at Nabob Foods Ltd. in British Columbia, a firm recently taken over by Jacobs Ltd. of Switzerland with the

approval of the Foreign Investment Review Agency, I would move:

That an immediate investigation be undertaken by the Minister of Industry, Trade and Commerce and FIRA to determine whether commitments have been broken by that company with regard to that takeover and whether court proceedings should now be initiated by virtue of the legislation.

Mr. Speaker: Hon. members have heard the proposed motion. Is there unanimous consent that it should be presented?

Some hon. Members: Agreed.

Some hon. Members: No.

ORAL QUESTION PERIOD

[*English*]

LABOUR CONDITIONS

LABOUR FORCE FIGURES PUBLISHED BY STATISTICS CANADA

Mr. James A. McGrath (St. John's East): Mr. Speaker, my question is for the Minister of Employment and Immigration. Statistics Canada has now confirmed what we have been trying to tell the hon. gentleman for some considerable time, namely, that the hidden jobless rate in this country is much greater than we have been led to believe and substantially more than the figures released every month by Statistics Canada.

Will the minister, as a matter of course, when he releases or responds to the monthly labour force surveys by Statistics Canada, indicate the extent of this hidden unemployment; or, at the very least, since this data is to be computed on a regular basis, will he make known to us the number of people registered at Manpower offices across the country, a figure which is always substantially more than that given in the official labour force survey, so that we may have a true picture of exactly how serious the situation is?

Hon. Bud Cullen (Minister of Employment and Immigration): Mr. Speaker, Statistics Canada did conduct, in March of this year, an experimental project to determine whether this method of survey could be used. The result was that they felt it was experimental, it was not very solidly based, and they have informed me that the most solid and objective measure of unemployment is the number of those who are without work and who are actively looking for work. Countries which use the household survey method accept that this is, in fact, the best and most honest basis of determining the measure of unemployment.

The provisos expressed by Statistics Canada with regard to the difficulty of obtaining unambiguous and meaningful estimates of the number of people who want work and who are not actively seeking employment are likely to be ignored. They pointed this out in their report, to be fair to StatsCan, and in no way suggested that this number should be made available in addition to the others. We have indicated, in our labour force survey figures, the kind of information the hon. member is looking for. I believe the figure in November was something like 63,000.

Mr. McGrath: I asked this question with respect to the March survey in a question I placed on the order paper last June. It is rather interesting that the question was replied to in the House on October 10. At that time I was told that the result of the survey would be released and that they would give consideration to having this additional data on a regular basis. The minister tends to discredit this new data, so I ask whether he feels the same way about his own Manpower offices across the country, because according to the data in March when StatsCan was reporting 1,045,000 Canadians out of work, his offices across the country indicated there were 1,389,000 Canadians registered as looking for jobs.

● (1417)

I ask the minister, so that we can get a reasonable assessment of the situation, whether he could release monthly the number of registered Canadians with the labour force survey at Manpower offices so that we can get the true picture. If not, is he going to discredit his own Manpower figures; or what is the situation?

Mr. Cullen: No, Mr. Speaker, it is not a question of discrediting Manpower figures. Many people who are registered at Manpower offices are already at work. Some of those who have registered at Manpower offices have already found work. So if we were trying to misinform the Canadian public, that would be one of the ways to go about it.

StatsCan has the officials, the experts and the professionals to do all of the labour force surveys. They are very good at their jobs. They have indicated that they are trying an experimental approach in March which, as they have said, is fraught with difficulties, fraught with errors, and it would be inappropriate to add those figures to the level of unemployed. We have indicated that to the best of our knowledge, given the information we get from StatsCan, the figure of—"discouraged workers", at the highest, is something like 63,000—and that information is made public.

Mr. McGrath: Perhaps I can approach it this way. I checked with my own province where we have, I suppose, more discouraged job seekers than anywhere else in Canada because of the chronic, long-term nature of unemployment. I find that in Newfoundland, for the month of November, while StatsCan was reporting 31,000 officially unemployed, there were 62,000 registered at Manpower offices as looking for jobs. I submit to the minister that those 62,000 people were without jobs: certainly, they would not be registered and looking for jobs in a province where the official rate of unemployment is considerably higher than other provinces.

Let me frame my question by asking the minister the following: in view of the fact that Manpower training and job-creation programs are based on official labour force sur-

veys from StatsCan, and in view of the fact that StatsCan, by their own admission, now admit to the inadequacy of labour force surveys based on the hidden jobless—the people who, out of sheer frustration, have given up looking for a job—will the minister now reassess the data that he uses to measure the extent of Manpower training programs and make-work programs?

Mr. Cullen: Mr. Speaker, in his preamble, the hon. member has gone into four or five different areas. I have indicated to him that mere registration at a Manpower office does not indicate that an individual is unemployed. Many are looking for better employment, some are looking for jobs that would be easier for them physically, and others feel they are underemployed and would like to know, when jobs come up, that they will be called. So it would be misleading and inappropriate to use the numbers registered at Manpower offices.

I give full marks to StatsCan for trying constantly, through one method or another, to give us accurate statistics. They have indicated to us, and I quote them, that "the most solid and objective measure of the numbers of unemployed is indicated by those without work and who are actively looking for work." Given those particular statistics, they have a relative basis right across the country, so that no one is left out. As a matter of fact, the hon. member should know that his own province, in Canada works projects, ranks fourth in the gross amount of money that is received. If the hon. member is suggesting that is inappropriate, that cannot be helped by me.

* * *

MANPOWER

CRITICISM OF GOVERNMENT TRAINING PROGRAMS

Mr. Perrin Beatty (Wellington-Grey-Dufferin-Waterloo): Mr. Speaker, I have a question for the Minister of Employment and Immigration: it relates to a report on the training of skilled, blue collar workers prepared for the Department of Employment and Immigration by Robertson, Nickerson Group Associates Limited.

Will the minister tell the House whether he agrees with the report's conclusions that the federal government has failed to supply leadership, that government training programs "need a massive overhaul", and that "the opportunity for high level young Canadians to get into a skilled trade is so non-existent that this situation can be described as disgraceful"? If the minister does agree with this assessment, can he tell the House what action he proposes to take, as minister, to rectify the situation?

Hon. Bud Cullen (Minister of Employment and Immigration): I always feel that individuals who are writing reports and come to a particular conclusion use words that are bound to catch the eye and are bound to be printed. The fact is that we have tripled the amount of money we are making available under the apprenticeship program, just as one indicator.

[Mr. McGrath.]

• (1422)

We have just completed ten agreements, one with each of the provinces, under the Adult Occupational Training Act. The hon. member spoke about federal government programs. With respect, I should like to indicate that education is a field solely within the jurisdiction of the provinces. In fact we are buying places in the provinces for the kind of training they want. I have indicated in the House and in other places that, frankly, I am dissatisfied with the fact, having done a study in southwestern Ontario primarily, that 75 per cent of the high skilled jobs were filled by immigration rather than on the job training. I am trying to encourage industry, through the shifting of funding to industry, to play a larger role in on the job training and to make more funds available to provide that opportunity for the young people in the country. I think it is a better approach than relying on immigration to fill these jobs.

Mr. Beatty: Mr. Speaker, the report is eye-catching in its conclusions. It points out the reason such a high percentage of skilled blue collar workers have come to Canada is that it was promoted by the federal government and not by industry because of the lack of skilled labour available for blue collar industrial trades. The report points out that of the 9,300 skilled workers in the study group, only 27 per cent were born in Canada. Does the minister agree with the report's conclusion? It reads in part:

> —there is a shortage of upper skilled workers now and it will get more serious as the economy picks up. It does not understate the situation to say that industrial growth in Canada will be inhibited by a lack of skilled workers.

If he agrees with that, can the minister tell the House what specific action he is proposing to take, as the federal Minister of Employment and Immigration, to deal with this situation?

Mr. Cullen: Mr. Speaker, I have indicated that substantial additional funding has been made available under apprenticeship programs. Also, I indicated the agreement we have entered into with each of the provinces to see if we can upgrade skills. I have made public the fact that 75 per cent of the highly skilled jobs being filled by immigrants in the manufacturing industry in southwestern Ontario is obviously inappropriate. Because of that, we are weighting our funding and our money into industrial on the job training programs. I think that is an appropriate approach.

However, companies have told us that they spend thousands of dollars in training individuals, only to find that when the training is completed they shop around. They would much prefer to do their recruiting from abroad. We have indicated that we will discourage this. If there are Canadians available—and there are jobs available now and there will be in the future—there will be first-class jobs in the particular skills which will be needed by Canada and I should like to see Canadians fill those posts rather than its being done by immigration. I have brought that point home very clearly to my provincial colleagues—all of whom share my concern, I might say.

LABOUR CONDITIONS

STATISTICS CANADA FIGURES—INCLUSION OF "DISCOURAGED WORKERS" CATEGORY

Mr. Edward Broadbent (Oshawa-Whitby): Mr. Speaker, my question is directed to the same minister. Statistics Canada have indicated that the real level of unemployment is approximately 225,000 persons higher than the government acknowledges, principally because of the inclusion of the category of "discouraged workers". This has a regional impact of profound proportions, because workers in Atlantic Canada and Quebec are more likely to be discouraged with the higher level of seasonal employment there.

Will the minister explain why he said just a moment ago that the current method of measuring unemployment by the labour force survey which excludes these workers is a more accurate indication of the level of unemployment in Canada? Can he explain why he made that assertion?

Hon. Bud Cullen (Minister of Employment and Immigration): Mr. Speaker, as was indicated, the interpretation, or the misinterpretation of these figures is being done also by the hon. Leader of the New Democratic Party. Statistics Canada indicated that the tests were very imperfect and that there was a subjective test made by an individual. Often it is a matter of the question, "Do you want work?" If one goes into a pool room where there are eight guys standing around who are not working, and asks if they want work, they say yes, they want work. Do they want work, or do they want jobs? Statistics Canada indicated that there is a weakness in this basic method of interpreting.

We have indicated the number of discouraged workers according to the labour force survey statistics. These figures have been made available on a monthly basis. We have had the hon. member misinform and "broad-bent" the statistics long enough. I think he is once again doing a disservice in this respect.

• (1427)

Mr. Broadbent: Mr. Speaker, that is complete and utter rubbish. The minister knows that Statistics Canada has made a complete mockery of what he has been telling the people of Canada for the past year. Statistics Canada has just confirmed what I have been saying for a year and a half, that the real level of unemployment is much higher, and now the minister is trying to say Statistics Canada is backing down on its own report. That is absurd.

Considering that Statistics Canada, in the long report I have here—I hope the minister has read it—points out that the figures are, in fact, higher because of seasonal employment patterns in Atlantic Canada and in Quebec, will the minister not agree that Statistics Canada is right, acknowledge he has been wrong, and do something to remedy the situation?

Mr. Cullen: Mr. Speaker, just because the hon. member says that something is rubbish, and then proceeds to lambaste or bombast his question, does not make it so. The fact of the matter, for the hon. member's attention, is that the provisos expressed by Statistics Canada on the difficulties of obtaining unambiguous and meaningful estimates of the number of people who want work, but are not actively seeking employment, are likely to be ignored. That is exactly what the hon. Leader of the NDP is doing; he is ignoring the provisos that StatsCan itself put in.

I am not knocking StatsCanada. I think they are being very honest in what they are putting across here, a little more honest in their approach than the Leader of the New Democratic Party in interpreting that an additional 250,000 people are unemployed. That is not, in fact, what StatsCanada is saying.

Mr. Broadbent: Mr. Speaker, considering that StatsCanada, which is responsible, unlike the minister, has indeed pointed out that there are certain problems with the methodology but has underlined the fact that unemployment is much higher than the regular labour force survey indicates, and considering that countries such as Great Britain, Sweden and a number of others in western Europe include the "discouraged workers" category in their official statistics, and considering that government grants in Canada for job creation measures are largely based on real levels, or ought to be, rather than based on labour force surveys of unemployment, which means that the poorer regions are getting less than they should, will the minister change the methodology to include the "discouraged workers" category so that particularly those parts of Canada which need more assistance, to which they are legitimately entitled, will get more?

Mr. Cullen: Mr. Speaker, the hon. member always remembers things that are included in the statistics of Sweden and Great Britain, and tends to ignore some of the things which are not included in England in their statistics on unemployment, statistics which are remarkably different from those used in Canada. On that basis, he is comparing apples to oranges when he suggests that "this" should be included and "that" should not. The hon. member shakes his head, but once again he is misleading.

* * *

[*Translation*]

FINANCE

ITEMS COVERED BY 5 PER CENT TAX

Mr. Adrien Lambert (Bellechasse): Mr. Speaker, my question is to the Minister of Finance. He seems to be quite relaxed and I think he will give me an answer. At page 12 of his speech of November 16, we see that the 5 per cent tax on storm doors and windows has been abolished. Could he tell us what he means by storm doors and windows? I am asking that—and I am sure the minister will understand—because I have here a special bulletin which was sent by a manufacturer of doors and windows to his customers in which he tells them that he will have to charge 5 per cent more, effective November 17, to

cover the federal tax because the exemption has now been abolished. Can the minister tell us how manufacturers must operate? Is this tax charged on the whole system of double doors or double windows or only on storm doors and storm windows?

Hon. Jean Chrétien (Minister of Finance): Mr. Speaker, we will consider these proposals in detail in a few weeks when the bill is introduced in the House. If the hon. member wants to submit a particular problem to me, I will be glad to consider it, to ask the officials of Revenue Canada who are responsible for the interpretation of the act to examine it and I will give him a direct and clear answer.

Mr. Lambert (Bellechasse): Mr. Speaker, the minister having made this speech, I assumed that he was aware of the details. I have received a few notices from manufacturers and I suggest this is an important matter. What is more, I suggest that this is an urgent matter, for these people must be able to tell their customers on what parts of the storm doors, windows and storm windows the tax must apply, because this decision after all will have a very strong impact on the building sector, on various retailers and suppliers who wonder how they must proceed. That is the reason I am asking this question and I think the minister is now in a position to reply.

Mr. Chrétien: Mr. Speaker, a great many items are covered by these exemptions. For instance, while all building materials are covered by this special tax exemption to encourage insulation and energy conservation, other materials are not. A great many items are covered, and we must now clearly specify those which are covered and those which are not. However, question period and the House are not the proper time and place to do that. If the hon. member would kindly avail himself of the services of one of our many pages and send me the letter he has with him, I should be delighted to have it reviewed and reply to him as soon as possible.

* * *

● (1432)

[*English*]

ROYAL VISITS

INVITATIONS TO ROYAL FAMILY TO VISIT CANADA

Right Hon. J. G. Diefenbaker (Prince Albert): Mr. Speaker, I would like to direct a question to the Deputy Prime Minister and President of Privy Council: it has to do with invitations extended to members to the Royal Family to visit Canada which require the acceptance and approval of the cabinet.

In the last few days, since the Prime Minister left for warmer climes, has the cabinet decided on the request of the government of Ontario to have the Queen Mother attend the Queen's Plate and Dominion Day celebrations?

[Mr. Lambert (Bellechasse).]

Hon. Allan J. MacEachen (Deputy Prime Minister and President of Privy Council): Mr. Speaker, I appreciate receiving the right hon. gentleman's question today because it gives me an opportunity to correct a report which was issued on the weekend, that in some way the government was preventing the Queen Mother from visiting Ontario.

As the right hon. gentleman knows, a number of invitations come in for members of the Royal Family to visit Canada and these have to be considered in respect of the over-all availability of the personage invited. In this particular case, the Queen Mother is being invited to attend the Queen's Plate and possibly some other events in Ontario.

I am sure the right hon. gentleman will recall that last year the same invitation was transmitted, on behalf of the Government of Canada, to the Queen Mother and that, unfortunately, she was unable to come to Canada at the time. At the same time, I would like to advise the House that Nova Scotia also has a request in for the Queen Mother to visit that province in association with the international gathering of the clans.

These invitations have been under consideration, and were probably discussed with the Queen Mother by the Prime Minister on the occasion of his visit to London last week. Upon the Prime Minister's return, it should be possible to have answers as to what the program will be.

Mr. Diefenbaker: Mr. Speaker, the answer which has been given by the Deputy Prime Minister surely indicates that the press has power. Would the Deputy Prime Minister tell the House why, in view of the fact a letter was written to His Excellency the Governor General last July, it was necessary for Premier Davis to write a further letter in October because the Ontario government had not received a reply to its original letter, and why he received a reply in the form of a standard Xerox letter stating that the matter would be placed before the Prime Minister?

How many months does it take this government to make a decision? Surely it cannot be because of a shortage of civil servants. Is this just an alibi, or is it not? How many months does it take to get an answer respecting a matter that a government should be entitled to immediately?

Mr. MacEachen: Mr. Speaker, I have not had an opportunity to go over the correspondence which may have been exchanged between—

Mr. Diefenbaker: There was not any.

Mr. MacEachen: —the government of Ontario and the Government of Canada. I do know that the Government of Canada would be very eager to have the Queen Mother attend the events in Ontario and Nova Scotia, and that that invitation has probably been conveyed by the Prime Minister to the Queen Mother. I hope that it will be possible for her to attend these events.

Mr. Diefenbaker: Mr. Speaker, would the Deputy Prime Minister tell the House whether that inexcusable, one-year

delay is the result of indifference, or arrogance toward the monarchy, or not?

Some hon. Members: Oh, oh!

Mr. Diefenbaker: These little fellows over there are nonentities unless they interrupt in this way.

Why, for one year, was there no answer to the inquiries by the Ontario government until Nova Scotia indicated an interest, which I approve of entirely?

Some hon. Members: Oh, oh!

Mr. MacEachen: Mr. Speaker, I do not, personally, believe that the lapse of time in dealing with this matter was that great.

Mr. Diefenbaker: It was. Every word is correct.

Mr. MacEachen: The request from Ontario, like other requests from groups in Canada, must be placed in the over-all context of the availability of the person invited to Canada.

Mr. Diefenbaker: Why was there no reply?

Mr. MacEachen: As the right hon. gentleman knows, at one time royal visits to Canada were rare and rather historic events. It ought to be placed on the record that since the present Prime Minister took office, the number of royal visits has increased very significantly, indicating the warm attitude which the Prime Minister and his government show toward the monarchy.

Some hon. Members: Hear, hear!

Some hon. Members: Oh, oh!

* * *

FINANCE

SMALL BUSINESS TAX DEDUCTION

Mr. B. Keith Penner (Thunder Bay): Mr. Speaker, my question is directed to the Minister of Finance. Is the minister aware of the widespread concern among bona fide, small employers in the service sector that they may no longer qualify for the small business tax deduction upon the enactment of the proposed revisions to the Income Tax Act?

Can the Minister of Finance clarify, for the peace of mind of these small employers, such as real estate agencies and insurance agencies, whether or not they will continue to be eligible for the small business tax deduction?

Hon. Jean Chrétien (Minister of Finance): Mr. Speaker, I think it is very important that these small businesses which have employees be able to qualify for the small business tax deductions and I hope to table legislation in the House of Commons in that regard very soon. What we are trying to do is make sure that people who derive their income from one employer do not incorporate themselves to qualify for this low tax rate. We have to clarify some sections in this regard, but of course, any bona fide small business with employees would certainly qualify.

* * *

[*Translation*]

URBAN AFFAIRS

CMHC INSPECTION AND PLANNING

Mr. Geoff Scott (Hamilton-Wentworth): Mr. Speaker, my question is directed to the Minister of Public Works and Minister of State for Urban Affairs. I gave him notice of it.

[*English*]

Mr. Speaker, my question follows exchanges in the House last week when the minister described cases of faulty inspections and bad planning by CMHC as isolated incidents. Is the minister aware of a corporation-funded condominium development in my riding, at 100 Quigley Road, which is literally sliding into the Red Hill ravine, costing the unit owners $30,000 to shore up immediately?

Can the minister confirm that CMHC refuses any liability and will not assist in financing repairs to this dangerous erosion because it might, as one of his officials told me, open up the floodgates in terms of a precedent for similar projects across the country?

● (1442)

[*Translation*]

Hon. André Ouellet (Minister of Public Works and Minister of State for Urban Affairs): Mr. Speaker, my answer is yes to both parts of the question of the hon. member.

[*English*]

Mr. Scott (Hamilton-Wentworth): Mr. Speaker, may I ask the minister, on behalf of these financially hard pressed home owners—who were, after all, not responsible for this Quigley Road mess in the first place—who is responsible to ensure quality of workmanship and materials: is it CMHC, or the local contractors, and why can neither be held responsible for obvious planning problems?

[*Translation*]

Mr. Ouellet: Naturally, Mr. Speaker, I cannot give a legal opinion in the House but I believe recommendations have already been made by some local authorities to the persons concerned in Hamilton. Clearly, they should consult a lawyer to find out what their rights really are. It seems obvious to me that there is a prima facie case against the building contractor and also, after having consulted their lawyer, that they should perhaps determine whether they should not also sue the city.

[*English*]

SOCIAL INSURANCE

USE OF SIN

Mr. Jack Hare (St. Boniface): Mr. Speaker, my question is for the Minister of National Revenue, but in his absence and in the absence of his parliamentary secretary I will direct it to the Deputy Prime Minister.

If a person has fears, when using his social insurance number to cash bonds, that such number might be used for other purposes, could the person invent a nine-digit social insurance number or ask the bank to supply one for him?

Hon. Allan J. MacEachen (Deputy Prime Minister and President of Privy Council): Mr. Speaker, I will be glad to take that question as notice.

Mr. Hare: Mr. Speaker, I have a copy of a letter from the former revenue minister to a constituent of mine, indicating there should be no fear in the use of the SI number in the cashing of bond interest coupons. The hon. senator stated that the number could only be used for internal use and it would not in any way threaten the civil liberties and privacy of Canadian citizens. He further stated, and I quote—

Mr. Speaker: Order, please. Does the hon. member have a supplementary question? If so, he should put the question.

Mr. Hare: Yes, Mr. Speaker. This letter states the number can be invented. Is the idea of inventing a social insurance number one of government policy, and is it now in operation? If so, the ramifications are horrendous.

An hon. Member: Come on, Allan.

Mr. MacEachen: What is the question?

An hon. Member: Can the number be invented?

* * *

TRANSPORT

AUDITOR GENERAL'S STUDY OF DEPARTMENTAL PROCEDURES—CRITICISM BY DEPUTY MINISTER

Mr. Harvie Andre (Calgary Centre): Mr. Speaker, my question is for the President of the Treasury Board. It arises out of a report in the Ottawa *Citizen* of Friday that the Deputy Minister of Transport, a senior civil servant, had attacked the methods and procedures used by the Auditor General in fulfilling the mandate given him by this House.

Was the President of the Treasury Board aware of the remarks the Deputy Minister of Transport made, and does he support the view of this senior official of government that complying with the Auditor General's recommendations could cause more harm than good?

[Mr. Ouellet.]

Hon. Judd Buchanan (President of the Treasury Board): Mr. Speaker, I was not aware of the remarks made by the Deputy Minister of Transport.

Mr. Andre: Mr. Speaker, given the fact that the Auditor General is a servant of parliament and not of the government, and that the House has established a public accounts committee to receive the Auditor General's reports, to receive the government's reactions thereto and the government's criticisms, if any, is it the position of the President of the Treasury Board—and would he take this position by way of direction, if necessary—that all criticisms by senior officials or, indeed, by ministers, of the Auditor General should be directed through the Standing Committee on Public Accounts; and would he, further, confirm that the recommendations of the Auditor General sanctioned by the committee are to be obeyed even if the public service finds it inconvenient?

Mr. Buchanan: Mr. Speaker, I think all of us, as parliamentarians, expect the Auditor General to discharge his obligations to this House and carry out the terms of the legislation governing his activities.

* * *

HEALTH AND WELFARE

CHILD TAX CREDIT PROGRAM

Mr. Bob Rae (Broadview): Mr. Speaker, my question is to the Minister of National Health and Welfare: it concerns Bill C-10, the bill which gives $200 per child for those Canadians earning less than $18,000 per annum.

I would like to know which provinces have made commitments with respect to their welfare legislation which would allow welfare recipients in those provinces to receive the $200 tax credit without suffering a reduction in welfare benefits as a result of receiving this additional income; and, in particular, what is the situation with respect to the province of Alberta?

Hon. Monique Bégin (Minister of National Health and Welfare): Mr. Speaker, some provinces have made a commitment to pass on fully the additional benefits for individual Canadians regarding the GIS. Unfortunately, with respect to the child tax credit, no province has made that commitment yet, although six have recommended it to their cabinets: these are Newfoundland, New Brunswick, Prince Edward Island, Ontario, Saskatchewan and British Columbia. I understand that Quebec has Bill 118 before its National Assembly right now, but I was not informed, nor did I get a copy of it. As for the province of Alberta, I received a letter last week saying that they do not know how they will deal with it yet. Personally, I think it is about time they did notwithstanding my numerous letters, telexes and federal-provincial meetings. I hope all members of parliament will join me by doing the same, making sure that individual benefits to Canadians go to them and are not to be considered additional transfer payments to provinces.

Mr. Rae: Mr. Speaker, I want to assure the minister that we on this side in our party share her concern that welfare recipients should have the benefit directly, and that they should not suffer as a result of provinces failing to pass on benefits. My question relates to provinces like Alberta which have not as yet said whether they will agree to this commitment. A letter from the province of Alberta, dated November 17, 1978, to the executive director of the National Anti-Poverty Organization indicated that even at that time they had not yet made up their mind whether they were going to change their legislation to have the desired effect. Can the minister tell the House whether she is prepared to give a regular report to this House indicating which provinces are giving effect to the legislation and which provinces are not?

Miss Bégin: Mr. Speaker, it is an excellent, but an uncomfortable, suggestion which I accept. I will make a regular report for the House.

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ROYAL CANADIAN LEGION

ESTABLISHMENT OF DISTRICT OFFICE

Mr. Ross Milne (Peel-Dufferin-Simcoe): Mr. Speaker, I ask the Minister of Veterans Affairs, on behalf of the Legion and the many veterans in my riding, whether he and his department intend to go forward with the district office establishment that he announced many months ago and, if so, what will be their relationship with the Legion?

Hon. Daniel J. MacDonald (Minister of Veterans Affairs): Mr. Speaker, I gather the hon. member is referring to the office in Brampton. Those plans are going forward and I hope to have a director in place by May. From then on, once the office is in operation, there will be considerable publicity in the local media and also by the veterans' organizations.

* * *

LOTO CANADA

EQUIPMENT USED IN LOTO SELECT PROGRAM

Mr. Paul Dick (Lanark-Renfrew-Carleton): Mr. Speaker, I have a question for the Minister of State (Fitness and Amateur Sport). Could the minister tell the House whether any of the equipment which was to be used by Loto Select, the computerized lottery game, was purchased, or was the equipment simply leased from General Instrument? If leased, does Loto Canada have the right to sublease this equipment or to assign it?

Hon. Iona Campagnolo (Minister of State (Fitness and Amateur Sport)): Mr. Speaker, the question of the contract was one of lease. I am afraid I cannot answer at this time the other question put by the hon. gentleman because I have been asked specifically by the solicitors not to do so.

Mr. Dick: Mr. Speaker, I have a supplementary question for the minister. The minister has made it clear that she cannot table at this time the agreement between Loto Canada and General Instrument. I understand that. She has tabled the agreement between the provinces and Loto Canada. However, there is a third agreement which I think we have been mixed up about in the past.

• (1452)

Would the minister be willing to table the telexes which, I believe, formed the agreement between the federal government, the province of Ontario and the province of Quebec as to the amount of money which Ontario and Quebec might be willing to contribute at this time to the federal government for Loto Canada?

Mrs. Campagnolo: Mr. Speaker, this was the subject of a question of privilege by the hon. member some weeks ago. There is not a third agreement, as he states. There is a legal accommodation between the corporation and the province of Ontario and the province of Quebec. If I were to table these in the House at this time, I would prejudice the resolution of the contract. Therefore, I will not be able to do so at this time.

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SOCIAL INSURANCE

USE OF SIN

Mr. Joe Clark (Leader of the Opposition): Mr. Speaker, my question is supplementary to that posed by my colleague from St. Boniface. I think it goes most properly to the Minister of Finance, as it relates to the Bank of Canada.

Can the minister tell the House whether his then colleague, the then minister of national revenue, was speaking for the government when he said it was the policy of the Bank of Canada that Canadians who did not want to be identified by a social insurance number could invent their own number?

Hon. Jean Chrétien (Minister of Finance): Mr. Speaker, I have not seen that letter. I am very surprised at what the hon. member said and I would like to analyse the problem. Of course, when you have a social insurance number you cannot invent another number. That is my judgment. However, I would like to look into it.

Mr. Clark: Mr. Speaker, I will be delighted to make available a copy of the letter from the then minister of national revenue, his then colleague, dated November 22, 1977, in which he stated that was the case. I would like an undertaking from the Minister of Finance that he will inquire of the Bank of Canada whether they are, in fact, pursuing his highly inventive policy, and report back to the House on that matter as quickly as possible.

Mr. Chrétien: I do not think that is a question, Mr. Speaker: everyone knows I am a very diligent minister.

Oral Questions

FORESTRY

PRIVATIZATION OF FOREST PRODUCTS LABORATORIES

Mr. F. Oberle (Prince George-Peace River): Mr. Speaker, I would like to address my question to the Minister of State (Environment). In light of the uncertainty he has created with regard to the future of the forestry service as a result of recent policy changes, changes which are resulting in a mass exodus of scientists and diligent public servants to other industries and other parts of the world, has the minister received iron-clad assurances from the private sector that his privatization scheme is, in fact, working? If not, is he prepared to defer previous decisions to close down the forests products labs and some of the research stations for the reason of lack of money?

Hon. Len Marchand (Minister of State (Environment)): Mr. Speaker, I will be making an appropriate announcement very soon. I want to assure the hon. member that our plans for privatization are going fairly well. I also want to tell him that he should be more careful in his choice of words, because not one of the research labs is being closed down. We have six research labs across the country. In terms of the privatization of those two forest products labs, the hon. member should not use the words "closing down". As a result of the planning now going on, and looking at privatization, we hope that once we have completed all the negotiations, those two labs will remain intact and, indeed, their position will be enhanced as a result of working with provincial governments, the private sector and the universities. Their service to the forest industry will, therefore, be enhanced.

Mr. Oberle: I am encouraged by the minister's remarks. I interpret him to mean that the research labs will not be closed down even if his privatization plan does not proceed. I interpret his remarks to mean that his decision to phase out—the federal government's decision—by April 1 is being deferred. Can the minister communicate that comfort to the people who are leaving the department as a result of his decision? Can he, also, make reference to the institutions that are being closed in Ottawa, the Forest Management Institute and the Forest Fire Institute?

Mr. Marchand: Mr. Speaker, there is no change in moving the Forest Management Research Institute to Petawawa: That is going ahead. The Forest Fire Research Institute's move to Petawawa is going ahead.

I have said on previous occasions in this House that we feel, as a result of the amalgamation of the Forest Fire Research Institute and the Forest Management Research Institute in Petawawa, that that facility will become one of the foremost research institutions for forestry in the country. I should also tell the hon. member that we think very highly of the Canadian Forestry Service. It has done an excellent job. I ask the hon. member to just wait for a little while until he hears the announcements we will be making.

[Mr. Chrétien.]

[*Translation*]

DAIRYING

COMMITMENT RESPECTING INDEXATION FORMULA

Mr. Roch La Salle (Joliette): Mr. Speaker, my question is directed to the Minister of Agriculture.

As the Federation of Dairy Producers of Canada expressed considerable concern last November, I believe, about the fact that the minister has not implemented his promise with regard to indexing—the consequences of which he is fully aware and should not be ignored—can he tell us today when he will act upon that promise that is of interest to the dairy producers?

[*English*]

Hon. E. F. Whelan (Minister of Agriculture): Mr. Speaker, the hon. member should be aware of the fact that under this Minister of Agriculture and this government, the dairy farmers of Canada have been treated the fairest they have ever been in the history of dairy production in Canada. That fairness will continue.

Some hon. Members: Hear, hear!

[*Translation*]

Mr. La Salle: I have a supplementary, Mr. Speaker.

I think that all hon. members particularly those from Quebec, are aware of the matter I raise. I know that several among them agree that the minister should fulfil a commitment. My question is directed to the Minister of Agriculture.

In consideration of the increase at the production cost level, which was proved last June 30, the minister promised to apply an increase of some 52 per cent. Milk producers are wondering whether next January 1 the minister will fulfil his commitment. Then, again I ask the question of the Minister of Agriculture, in all respect, on behalf of those milk producers.

Does the minister intend to agree to fulfil a commitment he took himself and signed with milk producers already ten months ago?

[*English*]

Mr. Whelan: Mr. Speaker, I thought I intimated to my good friend, who has voiced the opinion of dairy farmers with regard to their feelings toward the Minister of Agriculture, that we have acted with fairness and will continue to act with fairness.

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EXTERNAL AFFAIRS

ISSUE OF TRAVEL DOCUMENTS TO FORMER FLQ MEMBERS

Mr. Eldon M. Woolliams (Calgary North): Mr. Speaker, I wish to direct a question to the Secretary of State for External Affairs. The Canadian ambassador, Gerard Pelletier, says that the embassy in Paris has received instructions to issue travel

documents to Jacques and Louise Cossette-Trudel if they wish to return to Canada. Will the minister advise this House and the country who gave those instructions and from what level of government they came?

Hon. Donald C. Jamieson (Secretary of State for External Affairs): Mr. Speaker, I think they reflected the words that I stated in the House the other day, when I said that if these people wish to return to Canada they would be facilitated in so doing in the manner that I outlined. I am not exactly certain who sent the specific instructions, but clearly it was done under my authority. I repeat, I think it was consistent with what I said in the House the other day.

Mr. Woolliams: Mr. Speaker, I thank the Secretary of State for External Affairs for clearing up the confusion that was left not only in the House but throughout the country by the Prime Minister's answer to myself and to others who asked him that question. Do I take it that His Excellency solicited the instructions, or that those instructions were given to him by the Department of External Affairs under the authority of the minister in question?

Mr. Jamieson: Mr. Speaker, I was not anticipating, nor was I given, any advance notice of this question. I am always reluctant to state specifically what kinds of procedures were followed; that is why I emphasized that the procedures were consistent with what I said in the House, namely, that there would be no prohibition put in the way of their return.

I am not sure of the actual technique of information or how the information was transmitted. I will make some inquiries. I am not in any sense trying to avoid the responsibility. I suspect that it is mine in law. If it is that way, then it was on my instructions.

* * *

● (1502)

PRIVILEGE

MR. McGRATH—ACTIONS OF MINISTER OF EMPLOYMENT AND IMMIGRATION—RULING OF MR. SPEAKER

Mr. Speaker: Order, please. On Friday last the hon. member for St. John's East (Mr. McGrath) entered into discussion of a matter of privilege of which he had given the Chair notice. It related to a regulation made pursuant to sections 4 and 146 of the Unemployment Insurance Act, 1971 and its relationship to clause 2 of Bill C-14, an act to amend the Unemployment Insurance Act of 1971 which is presently before the Standing Committee on Labour, Manpower and Immigration, or was, at least, at the time the matter was raised.

I listened with great care to the arguments made by the hon. member for St. John's East as he evidently had a serious grievance of substantial significance. I listened as well to the counter arguments put forward by the minister and to supporting arguments put forward on both sides. On Friday, as the House knows, I listened at great length to all members who wanted to participate in the discussion, although I did indicate early on that I doubted there were many more significant areas which could be covered.

I was aware, though, that a great many members had different aspects of the question with which they wanted to deal. I refer particularly to the fact that this combination of circumstances, in which, as it was alleged, the bill which is on the order paper contains in one of its clauses what appears to be an intent identical in scope and authority with that of the regulation enacted pursuant to the existing legislation, recently publicized and, more recently, gazetted, has placed a number of people in a somewhat extraordinary situation, as the hon. member pointed out. First, it put a number of hon. members in an awkward situation before the committee and it placed the public in a similarly awkward position in several instances.

That is why I listened to all hon. members who wanted to participate, and with special care to those members who were serving actively on the standing committee. Each of them drew attention to some of the difficulties which had been caused. Since, as I say, I sensed that a substantial grievance may have occurred, I felt obliged to examine the record to determine whether there were procedural steps which could be taken with respect to the grievance, to the difficulty faced by the members and, in turn, by the public, by witnesses before the committee and, particularly, by delegations appearing before it.

Such delegations come to Ottawa with the intention of doing what all of us want us to encourage the public to do, that is, to participate as fully as possible in the democratic process by taking advantage of various stages of legislation or other occasions to come before standing committees of the House to make their views known. To such groups, to hon. members, to delegations, to other witnesses who came and to the general public, both the minister himself and his officials have, I understand, extended regrets and apologies because the combination of the paragraph in the bill and the regulation did place them in an awkward situation.

It is not for me to decide whether or not this apology, expressed both in the House and outside, is sufficient or whether these complications are more severe than that. I do note, however, that an apology was expressed and the minister was, I thought, generous and direct in admitting the difficulty in which he had placed these people. Some members expressed the view that in the circumstances the apology was not sufficient and that other remedies should be sought, one of them being the pursuit of a question of privilege.

Nevertheless, as I indicated earlier, it seems to me we are concerned here with matters of law. Did the regulation derive legal authority from the existing act? That is not a question for me to answer. All I know, examining the matter from the point of view of procedure, is that the clause in the bill and the regulation which was published are both in order in terms of the authority of the Chair with regard to procedure. I cannot go beyond this authority and I cannot make a judgment on the legality of the regulation.

Point of Order—Mr. Brisco

Having carefully considered all of the arguments over the weekend, I hope hon. members will understand that while I appreciate the complications they face and the difficulties with regard to which they expressed themselves so completely on Friday, it goes beyond my authority to try to deal with the matter on procedural grounds. I hope the contributions made by the minister both before the committee and in the House will serve as a complete answer to those people who were inconvenienced in that way, but procedurally I have no authority to go further in this matter.

* * *

POINT OF ORDER

MR. BRISCO—RECOGNITION BY CHAIR DURING QUESTION PERIOD

Mr. Bob Brisco (Kootenay West): On a point of order, Mr. Speaker. As you know, the House went into session on October 11. Today is December 11. In other words, two months have gone by. It is true I have been absent from the House for a while, but during that period I have been recognized on one occasion, as Your Honour will find if you consult the index.

Sir, I have stood today. I stood four times last week, four times the week before and twice the week before that. Without objecting to my hon. friends being recognized, I notice that the hon. member for Broadview (Mr. Rae), a new member whom I am proud and pleased to see recognized, has been recognized several times; twice a Liberal back bencher from Peel-Dufferin-Simcoe has been recognized—

An hon. Member: Shame.

Mr. Brisco: Well, the hon. member may think it damned funny but I am concerned. I am not referring to you, Mr. Speaker, but to the characters on the other side. Besides, the exercises I have been going through are now producing muscular tetany. I shall have to start taking a calcium supplement.

I can anticipate the kind of response I am going to get from you, Mr. Speaker; I have heard you give that same response to my hon. friend from Cape Breton-The Sydneys (Mr. Muir) and it is a very reasoned answer. But I would point out to you, sir, that there are occasions when a backbencher has things to bring to the attention of ministers which may not put him on the so-called priority list. I am finding that my patience is exhausted and I wonder whether there is any point in my continuing to go through this exercise of trying to catch your eye.

Mr. Speaker: Order, please. I will try to extend as much patience as I can in dealing with the hon. member's problem, but I can tell him that if he wants to change places with me he is certainly welcome to try. He might want to take into account that I try very carefully to keep track of those who are unsuccessful in being recognized. During the last minutes of the question period today, for example, as I am sure he will be interested to note, his hon. friend from Joliette (Mr. La Salle) and his hon. friend from Prince George-Peace River (Mr. Oberle) were both attempting to be recognized, as they were on Thursday and Friday, and therefore had a slight edge over him since he was not seeking to be recognized on Friday.

It is as simple as that and it is an indication of how thoroughly I try to keep track of the days upon which members have attempted to be recognized. There are only so many minutes in a question period and each of the hon. member's colleagues to whom I have referred had simply been trying more recently than he had, although I recognize that he tried several times last week. However, with only a few minutes left I had to make a choice and that is the choice I made. I can only console him by telling him that the choice was among two of his colleagues, the hon. member for Joliette and the hon. member for Prince George-Peace River, and himself, since all three of them on that side of the House had been attempting to gain my recognition most frequently last week.

With respect to the hon. member's comments concerning the hon. member for Broadview (Mr. Rae) and members from the government side of the House, I think he is straining the point a little. Surely the hon. member must recognize that they belong to different political parties, and if he has not observed by now that considerations with respect to each party have to be dealt with in a slightly different way, then a major difficulty which is faced in the question period has been lost upon him.

● (1512)

I am sorry, I have to correct myself. The hon. member for Kootenay West (Mr. Brisco) was attempting to be recognized on Friday. I regret that I overlooked that. That fact is in my notes, but in attempting to allot the last couple of minutes today I overlooked that. I owe the hon. member an apology. Had I not overlooked that, he might have taken precedence over two of his senior colleagues, the hon. member for Joliette and the hon. member for Prince George-Peace River. I therefore owe the hon. member for Kootenay West an apology.

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THE OFFICIAL REPORT

APOLOGY FOR COMMENT DIRECTED TO MINISTER OF PUBLIC WORKS

Mr. James A. McGrath (St. John's East): Mr. Speaker, I rise on a point of order. On Friday as Your Honour was about to leave the Chair, with the Sergeant-at-Arms literally hovering over me with the mace in his hands and in the heat of the moment, I fired a rather cheap shot across the bow of my good friend, the Minister of Public Works (Mr. Ouellet). It was offensive. I apologize for it, and I withdraw it unconditionally.

[*Translation*]

Hon. André Ouellet (Minister of Public Works and Minister of State for Urban Affairs): Mr. Speaker, I would like to thank the hon. member for the good words he has just said in front of the House. I recognize that parliamentary life is a

difficult one, that in the heat of the debates discussions may become virulent; however, beyond the differences in political opinions, we achieve a mutual sense of respect through our working together in the House. Indeed, despite the differences that may exist on the political level, there is a sense of friendship and respect. That is why I appreciate so much the words of the hon. member.

[*English*]

Mr. Speaker: I simply add that I would not want this to go by without the notice of the Chair. I hope that on occasions in the future, although I do not have the authority under our precedents to require the withdrawal of remarks which come close to being unparliamentary in nature but which may not be technically, I can refer back to this enlightened exchange as an example for other members in the circumstances.

Some hon. Members: Hear, hear!

ROUTINE PROCEEDINGS

[*English*]

REGULATIONS AND OTHER STATUTORY INSTRUMENTS

PRESENTATION OF THIRD REPORT OF JOINT STANDING COMMITTEE

Mr. G. W. Baldwin (Peace River): Mr. Speaker, I have the honour to present the third report of the Joint Standing Committee on Regulations and Other Statutory Instruments. I am giving notice that I hope to move concurrence in the report, which deals with a regulation purporting to give the minister the power to enter on to private land adjacent to airports and to destroy natural growth.

[*Editor's Note: For text of the above report, see today's Votes and Proceedings.*]

* * *

[*Translation*]

FEDERAL-PROVINCIAL FISCAL ARRANGEMENTS AND ESTABLISHED PROGRAMS FINANCING ACT, 1977

MEASURE TO AMEND

Hon. Jean Chrétien (Minister of Finance) moved for leave to introduce Bill C-26, to amend laws relating to fiscal transfers to the provinces.

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

Order Paper Questions

CANADA POST CORPORATION ACT

MEASURE TO ESTABLISH CORPORATION

Hon. J. Gilles Lamontagne (Postmaster General for the Prime Minister) moved for leave to introduce Bill C-27, to establish the Canada Post Corporation, to amend the Post Office Act, to confirm certain orders and to make related amendments to other Acts.

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

* * *

[*English*]

NORTHWEST TERRITORIES ACT

AMENDMENT TO MODIFY NUMBER OF COUNCIL MEMBERS

Hon. James Hugh Faulkner (Minister of Indian Affairs and Northern Development) moved for leave to introduce Bill C-28, to amend the Northwest Territories Act.

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

* * *

[*Translation*]

QUESTIONS ON THE ORDER PAPER

(Questions answered orally are indicated by an asterisk.)

Mr. Roger Young (Parliamentary Secretary to Solicitor General): Mr. Speaker, the following questions will be answered today: Nos. 81, 83 and 265.

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

[*Text*]

SALES OF PAPER TO ZAIRE

Question No. 81—**Mr. Lambert (Bellechasse):**

During the past five years, did Canada sell paper to Zaire and, if so (a) what types (b) in what amount in each case (c) at what cost (d) were the sales made through CIDA?

Mr. Yvon Pinard (Parliamentary Secretary to President of Privy Council): In so far as the Department of Industry, Trade and Commerce is concerned: During the period 1973 to 1977 inclusive, the following Canadian sales of paper were made to Zaire:

1973 Nil

1974
- (i) 694.6 metric tonnes of newspaper valued at $143,000
- (ii) 2,640.4 metric tonnes of writing and reproduction paper valued at $1,861,000
- (iii) 40.6 metric tonnes of fine paper valued at $27,000

1975 Less than one metric tonne of converted paper valued at less than $1,000
1976 Nil
1977 2.9 metric tonnes of unbleached sulphite or sulphate wrap valued at $2,000

In so far as the Canadian International Development Agency is concerned: Since 1970 CIDA has provided to Zaire subsidies in the form of 4,348 metric tonnes of paper for the printing of school textbooks and notebooks. This consists of 3,995 tons of offset paper for the publication of texts and manuals; 144 tons for the manufacture of texbook covers; 190 tons for school notebooks and 17 tons for miscellaneous uses. Total value of the Canadian subsidy for the purchase and transportation of paper is $2,858,175.27.

The disbursements were made as follows:

Fiscal year	Disbursements
1978-79	$53,809.08
1977-78	229,737.01
1976-77	0.00
1975-76	46,434.38
1974-75	1,584,338.05
1970-71—73-74	943,856.75
	$2,858,175.27

NATIONAL PARKS

Question No. 83—**Mr. Brisco:**

What are the pay arrangements for employees at Yoho and other national parks with reference to calculation of meals, overtime and salary and are they calculated separately at Calgary, Edmonton and Ottawa?

Hon. James Hugh Faulkner (Minister of Indian Affairs and Northern Development): All meal deductions are calculated at the Park and deducted from pay two weeks in arrears. Overtime for hourly paid employees is paid by time summary as received on a two week basis, along with regular pay. Overtime for salaried employees is submitted separately every two weeks and paid on a separate cheque.

All calculations for pay are performed on the computer in the Regional Services Office (D.S.S.), Edmonton. A post audit is carried out by the appropriate responsibility centre to ensure accuracy in payment. For retroactive pay, overtime hours are submitted separately from regular hours. This is to facilitate the pay process. All regions calculate pay arrangements for their employees with reference to meals, overtime and salary in the same manner as the above. No calculations are done in Ottawa.

HEALTH AND WELFARE—LAWYERS IN PROVENCHER

Question No. 265—**Mr. Epp:**

From June 1, 1974 to date, what lawyers in the Constituency of Provencher were given work by the Department of National Health and Welfare and what amount was each paid per year?

Mr. Claude-André Lachance (Parliamentary Secretary to Minister of Justice): In so far as the legal agents of the Minister of Justice are concerned: None.

[Mr. Pinard.]

[*English*]

Mr. Speaker: Shall the remaining questions be allowed to stand?

Some hon. Members: Agreed.

GOVERNMENT ORDERS

[*English*]

CANADA NON-PROFIT CORPORATIONS ACT

MEASURE RESPECTING CHARITABLE CORPORATIONS

On the Order: Government Orders:

November 24, 1978—Second reading and reference to the Standing Committee on Justice and Legal Affairs of Bill S-4, an Act respecting Canadian non-profit corporations—The Minister of Consumer and Corporate Affairs.

Hon. Warren Allmand (Minister of Consumer and Corporate Affairs): Mr. Speaker, I was going to ask that we proceed with Bill S-5 first, since it was developed first. Bill S-4 proceeded from it. I have spoken to my hon. colleagues in the opposition. They seem willing to agree to proceeding with Bill S-5 first.

Mr. Baker (Grenville-Carleton): Mr. Speaker, a bill having been called, I do not know whether consent can be given; but if it can, we consent to changing the order.

Mr. Speaker: Does the Minister of Consumer and Corporate Affairs (Mr. Allmand) have the consent of the House to withdraw Bill S-4 from consideration?

Some hon. Members: Agreed.

* * *

CANADA BUSINESS CORPORATIONS ACT

MEASURE TO AMEND

Hon. Warren Allmand (Minister of Consumer and Corporate Affairs) moved that Bill S-5, to amend the Canada Business Corporations Act, be read the second time and referred to the Standing Committee on Justice and Legal Affairs.

He said: Mr. Speaker, I am pleased to introduce for second reading Bill S-5, which is legislation to amend the Canada Business Corporations Act. As hon. members know, it is by means of this law that we establish business corporations with limited liability and generally regulate several of their activities. Given that the effective life of the existing act is only three years, this appears at first glance to be an extremely complicated bill. That is, however, misleading. The bill is bulky because it proposes a completely new French version which is being introduced in accordance with an undertaking the government gave to the Quebec Bar in 1975. Most of the

other proposed amendments are mere technical changes designed to reconcile conflicts between sections or to fill logical gaps in the system.

On introducing the original bill for second reading in late 1974 the then minister of consumer and corporate affairs characterized the proposed law as comprehensive, clear, equitable, imaginative and, above all, practical. Moreover, during the passage of the bill through parliament departmental officials forecast that the proposed law would not result in any substantial number of new corporations at the federal level and that, in any event, because of the streamlined procedures set out in the bill, the new law could be administered without any substantial increase of resources. Three years of experience have clearly vindicated the minister's high expectations for the act.

● (1522)

The implementation of the new law has proceeded with few administrative complications, and the statute has been well received by the public, businessmen, and their professional advisers across Canada. Indeed, the law has been so well accepted that the forecasts of the officials did not prove to be quite accurate. The number of federal incorporations incorporated each year has increased from 1,800 in 1971 to 5,000 in 1976, the first year of operation of the CBCA, to nearly 8,000 in 1977, and to a projected 10,000 in 1978. In short, the annual federal incorporation activity has increased five-fold since the Canada Business Corporations Act became effective on December 15, 1975.

The officials' optimistic forecast of the administrative efficiencies that would be engendered by the new act proved, however, to be far more accurate. Partly because of the streamlined procedures made possible by the new act and regulations, and partly because of the computerized name search system developed in the department, the corporations branch has been able to handle approximately five times its previous workload with shorter delays and with no substantial increase in resources.

The wide acceptance of the act has not been limited to businessmen and their professional advisers. Provincial corporation law administrators also have been impressed both by its substantive provisions and its procedural mechanisms, and some have accordingly recommended corresponding changes to the provincial law to their respective ministers.

The provinces of Manitoba and Saskatchewan have already enacted new business corporation laws based on the Canada Business Corporations Act, and at least three other provinces are currently reviewing their acts with a view to adopting many, if not most, of the provisions of the federal law.

It appears, therefore, that the Canada Business Corporations Act is achieving the objectives set for it in section 3, that is, to modernize the federal corporation law and to furnish a model statute that will lead to greater uniformity of corporation law across Canada. To this end, officials of the department did discuss the proposed amendments with several of their provincial counterparts as well as with experts in the private sector to ensure that this increasing tendency towards uniformity is not undermined.

The specific purposes of the proposed amendments are to fulfil two undertakings given by the government during the passage of the act through parliament.

[*Translation*]

The Department of Justice as well as the Department of Consumer and Corporate Affairs have undertaken before the Quebec Bar to draft a new French version of the legislation which is not merely a translation of the English text but as much as possible a statement on the legislation in French using the language and ideas with which the members of the Quebec Bar are familiar. The Legislation section of the Department of Justice began in 1975 to redraft the French text of the legislation with the assistance of various legal experts and accountants to prepare the bill now under consideration. On behalf of the government, I would like to thank more particularly the members of the special committee of the Quebec Bar and the lawyers of the Legislation section of the Department of Justice who worked diligently in a rather short period to prepare that new French version.

[*English*]

The second undertaking was given by the Department of Consumer and Corporate Affairs to the House Standing Committee on Justice and Legal Affairs. That committee was concerned, because of the sweeping substantive changes being effected by the bill, that it might engender many problems for businessmen, lawyers and auditors. The committee, as a condition of approving the bill, therefore insisted that the department return to parliament within a reasonably short time to give the committee an opportunity to review any complaints that have arisen, to consider any proposed amendments to make the act work more equitably and more efficiently and, in particular, to review the broad regulation-making powers granted under section 187 in respect of stock exchange takeover bids.

Fortunately, only one major substantive problem has arisen since the act was implemented; that is, fundamental change, by way of arrangement.

The controversial policy issue, stock exchange takeover bids, has not yet been definitely resolved. Therefore, the government recommends that this issue continue to be dealt with by regulation to ensure maintenance of maximum uniformity among the provisions of the federal corporation law, the provincial securities laws and the stock exchange bylaws that relate to takeover bids through the facilities of a stock exchange or the over the counter market.

Knowing that each substantive provision of the bill will be scrutinized carefully in committee, I shall avoid discussing here the relatively minor changes, which may be characterized more as fine tuning than any fundamental change of policy.

The one major substantive change is the introduction in part XIV of the "arrangement" concept. The minister of the day and his officials had consciously omitted this particular tech-

nique of fundamental change for two reasons. First, they reasoned that the arrangement institution was superfluous in the act because a corporation could effect any fundamental change by exploiting any one or any combination of the specific fundamental change sections—amendment, amalgamation, continuance, dissolution—set out in the act. Second, they were concerned that the arrangement technique might be exploited to evade the shareholders' right to dissent and so subvert the policy fundation of part XIV.

I must report, however, that experience has proved that an arrangement provision, while perhaps not essential in theory, is a most useful technique to avoid extraordinary formal complications, particularly in respect of the unwinding of an unsuccessful amalgamation or effecting interjurisdictional transfers of corporations.

The government has therefore decided that an arrangement provision should be set out in the act, subject to safeguards that will preclude its use as a technique to squeeze out or freeze out minority shareholders.

The proposed section 185.1 seeks to achieve this goal. Characteristically, the provision gives very broad powers to a court to approve any proposed arrangement. But to ensure maximum protection of minority shareholders, it sets up a high entry threshhold, requiring a proponent of an arrangement to satisfy the court that it is not practicable to achieve the arrangement by use of the more conventional fundamental change institutions.

Moreover, this provision empowers the courts, in any event, to approve a proposed arrangement subject to the condition that any shareholders may dissent from the proposed arrangement and demand payment of the fair value of their shares, a limitation that will clearly discourage improper use of this changed technique in questionable cases.

In sum, although the arrangement provision entails some risks, consonant with the over-all development of the act, the government recommends that it be included in the statute to fulfil a demonstrated need, at least until actual experience proves that such a flexible institution does lead to abuse.

The predecessor bill was originally introduced in the Senate on November 8, 1977, and referred shortly thereafter to the Senate Committee on Banking, Trade and Commerce. The committee held several meetings between November, 1977, and February, 1978, to consider the bill, during which time the committee heard the testimony of witnesses from the Department of Justice and the Department of Consumer and Corporate Affairs. The committee concurrently considered some informal briefs that were submitted to the committee chairman while the hearings were in progress. That version was introduced in the House on March 21, 1978, but died on the order paper at the end of the last session.

● (1532)

The present version, Bill S-5, was introduced in the Senate on October 17, 1978, considered by the Senate committee on November 8, and passed by the Senate on November 28. The bill contains 85 substantive clauses, each of which effects an amendment to a provision of the Canada Business Corporations Act. In light of the testimony presented before the Senate committee, approximately 220 further amendments were made to the bill. About 170 of these amendments were mere language changes to the new French version recommended by a special committee of the Quebec Bar. Most of the remaining 50 amendments were made in response to suggestions of the Senate committee. However, several reflect new suggestions made to the committee or the department during the course of the hearings and during the intervening summer. I should like to thank the Senate committee and its chairman for the diligent and thorough work it has done to improve this bill.

In conclusion, I should point out that the act has been a notable success, that the amendments are largely non-controversial, and that implementation of the proposed new French version at the earliest possible date is highly desirable.

Although I do not want to press hon. members of the House so that they do not have adequate time to consider the bill, I should like to underline that the amendments are very technical and that the corporations affected by the act, as well as their technical advisers, are most anxious to see the amendments made. In particular, the proposed amendments to section 26 are required to enable federal corporations to react to amendments to the Income Tax Act effective in late 1977 and imposing December 31, 1978 as a deadline on certain transactions affecting special surplus accounts. Therefore, I recommend that all members of the House support the bill and send it to committee where it can receive detailed consideration as soon as possible.

Mr. Bill Kempling (Halton-Wentworth): Mr. Speaker, I will not speak too long on this bill. As the minister said, it is very technical and it is best dealt with at committee. As far as my party is concerned, there is no need to detain the bill very long in the House.

Aside from the amendments made after the bill received consideration in the Senate, the job done on the French version of it was an excellent one. The people in the Department of Justice, the Department of Consumer and Corporate Affairs and the Quebec Bar Association should be commended for the manner in which they have taken this bill and written it so that it can be used effectively in the province of Quebec. We should commend those involved in the handling of the bill.

Other than the French version, the provisions and amendments to the bill are very technical. I do not think I can say much more at this time. When the bill goes before the Standing Committee on Justice and Legal Affairs, I suspect there will be representations made by those concerned with some of the technical amendments. As far as my party is concerned, this bill should pass and be dealt with further at committee stage.

Mr. Arnold Peters (Timiskaming): Mr. Speaker, in introducing this bill, the minister pointed out that many of the amendments are of a technical nature. He could have mentioned something about the structure of the bill.

On the face of it, the bill amuses me. The government is very interested in the bilingual proposition, yet the entire bill seems to have been rewritten. The English version was written on 42 pages including the French section. Then it switches over and there are 160 pages of only French. Perhaps all the Senators are bilingual and understand what the French section applies to, but suddenly at page 42 the English section stops and all we receive is 160 pages of French with no translation. Perhaps the problem is more severe in the province of Quebec, but the minister opened up the entire bill. All the clauses of the bill have been opened, up and therefore there can be a general discussion. I should like to point out that we should have a general discussion.

This bill was put together from the old corporations act which had been amended by other pieces of legislation. This was brought together under the new Canada Business Corporations Act and put into its present form. There were very few changes and modernizations in the bill. Most of the changes were worth while. They affected the shareholders and their operations within the corporation, as well as relationships among the shareholders, the directors and the corporation. A number of the changes made were for the protection of shareholders. These changes have worked out very well for the shareholders. At the present time they have the right, if necessary, to put their stock on the market at a fair market value, and they can get out of the transaction if they do not agree with the board of directors. At committee stage I would be interested in hearing from the minister how many applications were made for the protection of the act in this sense.

One of the major categories affected by the Canada Business Corporations Act is the people of the country, the consumers and clientele. Very little if anything has been done for these people in Canada. On the other hand, citizens of the United States have been able to go after the large corporations. They have been able to bring before the courts some of the transactions which have taken place in boards of directors meetings, shareholders meetings and in the preparation of data and other paraphernalia which goes into the making of reports to directors and shareholders. They have been able to ascertain, on behalf of the customers of the country, whether a certain corporation was working in a reasonable manner. These facts were not foreign when the act was changed; they were fairly well known by some of the provinces. Therefore, a provision was introduced to appoint an inspector who would look at some of the transactions made by corporations in terms of the directors and shareholders to see whether corporations were working as good citizens or living up to their moral liabilities. Yet this has not happened.

This is no longer 1975 when the act was changed. It is now 1978 and we are approaching 1979. In the last four years a number of things have happened. As a private member, the Minister of State (Multiculturalism) (Mr. Cafik) was interested in some of the machinations of corporations. He became involved in a very meaningful manner. He was concerned about corporations which were manufacturing unsafe products for consumer use. One of the products he was particularly interested in was aluminum wiring. It is interesting to note that in the United States there is a protection in that there is a provision to investigate companies which are producing something that may involve a safety hazard or a customer hazard, or doing something that amounts to a plain dishonest practice, something that corporations sometimes do.

● (1542)

It was suggested by some of my colleagues when this bill was before us in 1975 that we should have an ombudsman who would be able to look at some of the things corporations are doing, things that go beyond shareholder or board of director responsibility. The ombudsman would be appointed by the government with his expenses paid by the corporation he was investigating. This would mean that in Canada we would not have to wait until the United States, as in the case of Firestone tires, said a thing was dangerous and likely to kill people, that it must be recalled and taken off the market. The ombudsman would be able to look at complaints about a company or corporation so that we would have some corporate protection. In this way there could be an investigation and a report to parliament that changes should be made or products should be withdrawn.

This procedure could be followed under an extension of this act or under other acts. The corporate law in the United States is considerably more flexible than ours. The demand in their legislatures is for less secrecy and more openness. Their legislation requires that it is up to the company or corporation to prove that the release of certain information would be against the interest of the state or the interest of the public. Even then, if the government says that because of security reasons it is not in the interest of the state to release certain information, individuals can go to the courts under two or three procedures and obtain the information.

Recently in the United States individuals were able to obtain information about the hazardous aspects of two automobiles. We could not obtain such information in this country, probably for two reasons. First of all, if the government does not know what to do about a certain product or information it stamps it top secret and puts the material in a file. If that does not happen it is probably because the government does not have the information in the first place.

Specifically I am referring to the problem in the United States and in Canada in terms of the Bobcat and Pinto automobiles. It was established in the United States that members of the board of those corporations in their board rooms considered how much it would cost to modify the gas tanks in Bobcats and Pintos. In their wisdom they decided that a lost life was only worth about $475,000, and that would probably be the average for which they were sued. They decided they would probably have to pay for the loss of about 20 lives at that rate, which would amount to about half what it would cost to make the change. This decision was made in the board room by the directors and management.

Under the terms of this act as expanded, the shareholders and customers could probably have found out about that

decision. Under this act citizens probably would have the right to inquire about and obtain the background information for that decision.

In the United States citizens are able to obtain that kind of information through court and other procedures, and this has made high court settlements very possible. In one case I believe the amount of $120 million was awarded in respect of death as a result of an accident involving a Pinto. That award has been appealed. Had such a thing occurred in Canada it probably would have required this government to change the act, adding a protection for the general public. I know this government will not do that as it is not the least bit interested in making any kind of survey or inspection results available to the public.

It is of interest to note that people in this country are still driving around with the same kind of tires on their cars as those that were recalled in the United States. People in this country are still driving General Motors and Ford products without dozens of modifications being made, modifications that have been carried out in the United States. I am sure the same is true in respect of washing machines, lawn mowers and almost any product you can name.

There is one particular field that we worry about, and that is in respect of children's toys. We worry about the fact that a toy fashioned after the craft that Lorne Green flies around the galaxy shoots a rubber pellet that could cause injury to a child. We worry about that fact, and we worry about whether a child might put his head through the chicken wire on the side of a crib. We have done a very good job in this area, but how anyone is going to get his head through a two-inch wire mesh, I do not know.

It seems all right if adults are involved and are killed on our highways, it seems to be all right if an adult blows himself up as a result of a gas inspection not being carried out, and it seems all right if a house burns down because of faulty wiring, so long as adults are involved. One member of parliament mentioned today that the entire side of an apartment building is sliding into a ravine in Hamilton. He referred also to another case of a building that is only two or three years old and is sinking so fast they almost have to add an additional floor on top. This reminds me of the C. D. Howe method of building the DEW line. When a structure sinks into the permafrost you just add more on top and keep going.

Now that we have had the opportunity of seeing that this act works very well in respect of shareholders and directors, with very few having to pay the big penalties, and that it has brought some stability to the situation, it is time we as reasonable people looked at two other aspects. We should make some changes to provide a protection for the average citizen against a corporation which may be manufacturing shoddy goods. At the present time people have no protection through an inspection procedure, or through access to information about a particular product failure.

There are abuses taking place every day on the part of corporations in other fields. When a small company decides to do something that may be useful in a specific industrial field—

[Mr. Peters.]

and I am particularly interested in mining—which may put that company into a competitive position with a large corporation, the large corporation immediately takes over that company and the improvement is left dormant. Many of these small companies are swallowed up by the large companies and things that might benefit the consumers are forever lost.

Consumers and consumer benefits are not taken into consideration by those who effect amalgamations. If any consideration is given at all in respect of consumers it is usually detrimental. Citizens should have some protection against such takeovers, amalgamations and the gobbling up of little companies by big ones. They should have protection against this kind of corporate manoeuvre, whatever corporate terminology is used today or even tomorrow. There should be some protection for the individual, the community and the country as a whole. I know this might interfere with the functions of FIRA, but that entity will be noted in history for the four takeovers it stopped and for paying no attention to the hundreds of others that were effected. It does not take very much to convince FIRA what is for the good of Canada.

● (1552)

I suggest that we eliminate FIRA and put its responsibilities under the control of an inspector according to this act. He would probably do a better job as an individual than the whole board of FIRA. It would not surprise me if the Petawawa army base was allowed to be taken over by the United States or China one day simply because FIRA could see some advantages to such a takeover.

I know that all these changes will not be made. This is a lame duck government and we do not expect very much from them anyway. I doubt that they really want to stir up the barrel again.

This bill should have been passed some time ago, but the government could not make up its mind who they would be hurting, who their friends were. I suppose the new changes in the elections act made them totally unsure, but it does not matter one way or the other. We now have an opportunity to look at the corporations bill again and there should be a number of changes made to it.

Something should be done to protect the consumer against the corporate rip-offs which many of these small and large corporations engage in. We should also put in an inspector to determine whether or not the changes being allowed a corporation are advantageous, whether it be a takeover, a roll over, a purchase and so on. Is it a good thing for Power Corporation to take over Argus, or would it be better for Argus to take over Power Corporation? I do not know, but it will make a great difference to many people in this country. Another takeover bid which should be looked into is Simpsons and Sears versus the Bay. Is it to our advantage? Will it increase or reduce the price of shirts?

Mr. MacFarlane: Oh, oh!

Mr. Peters: My friend from Hamilton Mountain (Mr. MacFarlane) must buy shirts, and maybe he is interested in having somebody inspect this section of the corporations act.

Mr. Nystrom: Wait until Ian Deans runs in that riding.

Mr. MacFarlane: He'll lose his shirt.

Mr. Peters: Somebody will lose their shirt and they are going to have to buy new ones. Takeovers among these major merchandisers must make some difference, good or bad, and we should not remain indifferent. Prices could go up or down, and most likely they will go up. Canadians should have a say in whether or not these takeovers should come about.

It is very important in this House to have a French translation and an English translation of any document. I would like the minister to inform this House some time as to why he had the French and English translations printed separately when normally they are printed on the same page, which makes it easier for comparison. My French is not good enough that I can make that comparison, but some people have that facility, and we are going to be in great trouble with translations if they are put in two different books.

After the election there will probably be a new government. I foresee a minority government, where some of these suggestions of mine will probably be given consideration. I think that the three or four proposals I have suggested are absolutely necessary in establishing a corporations act. The Canadian public is sophisticated enough to know that they are being taken advantage of by many corporations. While the company and its shareholders have considerable protection in this act, there is no act which protects consumers against actions of corporations.

[*Translation*]

Mr. Eymard Corbin (Madawaska-Victoria): Thank you, Mr. Speaker. I did not intend to take part in the debate on second reading of this bill, but one comment made by the hon. member for Timiskaming (Mr. Peters) at the end of his speech caught my attention. He seemed to suggest that publishing the French legal text in a separate volume would cause enormous difficulties. At least, this is how I interpreted his comments. I would simply want to say to the hon. member that for many decades, and we could even say for more than one century, French-speaking Canadians have received second class services in their own language.

In Quebec, of course, people are entitled to be served in their own language under our constitutional guarantees, but it is only since 1969, when the Official Languages Act was passed, that any Canadian can now demand instead of begging to be served in the official language of his choice. I do not know what the hon. member was referring to exactly, but for my part, as a Canadian, I can get along very well with a legal text printed separately in French and in English. For many decades we have tried to do all sorts of things to be good Canadians, and I am not at all embarrassed that for once—this occurs very rarely—a French legal text should be printed in a separate volume and not necessarily side by side with the English text as usual. There are of course legal implications for French Canadians in the legislation and it is important not only that the citizens and the corporations that use the French language are aware of these implications, but it is also doubly important for people in authority to be able to compare the English and the French text occasionally. However, Mr. Speaker, what is most important in my opinion is that there be justice for everyone.

[*English*]

Mr. Walter Baker (Grenville-Carleton): I was very pleased, Mr. Speaker, to hear the intervention by the hon. member for Madawaska-Victoria (Mr. Corbin), and I would like to address my remarks to the same topic. The hon. member was absolutely correct in his comments with respect to the difficulties which have arisen in this country with regard to both languages and the understanding of the laws and rules which apply.

It is extremely appropriate that we in this parliament should do things the way in which we do them in terms of publications by ministers, by committees, etc. I am sure that the hon. member for Madawaska-Victoria will agree with me that even though a member of the House may be more familiar with one language than another, it is appropriate for those who are familiar with both to make the comparisons which must be made between the texts of the two languages from time to time. It has been a convenience to the House to be able to look for discrepancies between the two official languages when the English version and French version are side by side. I think there is a great advantage in the publication of the two texts side by side for the purposes of understanding.

● (1602)

It is interesting that this matter should be raised on this particular bill. When I have young people come to visit from my constituency and ask questions about the translation facilities in the House of Commons, I can tell them that this is one of the relatively few places in the country where I can speak in the language in which I am most comfortable and my friend from Madawaska can speak in the language in which he is most comfortable and we can listen to each other and understand each other as we are speaking. It is quite an advantage when one thinks about it. This instantaneous translation facility is an extension of the written translation facility that we have. I understand that was the way in which the hon. member for Timiskaming (Mr. Peters) was speaking. It is interesting in a country like ours to be able to sit in a chamber like this one and no matter in which official language a person speaks he can be understood by every one even though from time to time we do not agree with what we hear. It is an interesting phenomenon nonetheless.

There is another aspect which the hon. member for Timiskaming mentioned that is correct. He stated that when this bill goes to committee it is inevitable that that committee will look at the appendix of the bill and deal with the French version of

the law respecting business corporations, but also I think the committee is likely to take advantage of reviewing the whole of the law with respect to those corporations.

I hope that when the committee does so it will address one of the great problems facing Canadian business today. Whether we like it or not, there is no policy in this country with respect to business and says to Canadian businessmen when dealing with their own government that they will be given a greater opportunity than businessmen from other countries. If that kind of law is reasonable for other countries and is one which we support, greater consideration should be given to supporting it here. This kind of thing has been brought to my attention by businessmen in the electronics field. When dealing with the Department of Supply and Services they have found that the rules are drawn in such a way that struggling businessmen do not have that opportunity, that is, to deal with some advantage with the government of their own country.

I hope the committee will consider this bill in a way that might give that sense of advantage. I do not think it has to be advantage to the point where competition from other countries is excluded. Small businessmen are not asking for that. But they are asking, recognizing differences in our conditions, for equalizers from the point of view of dealing with government. We should look at any bill dealing with the operation of business from that point of view. When we are considering this bill in the committee I hope that we will bear in mind the problems that have affected us because this country has a branch plant economy.

Recently a conference was held in the Conference Centre in Ottawa. This centre used to serve as a railroad station. The conference had as its participants scientists and great thinkers. They talked about the conserver society, but they also talked about the difficulties of research and development. They talked about the difficulty of promoting research and development in a country whose economy has been dominated in other areas by other countries. It is not unusual that that has happened. We are all to blame because we have allowed it to happen. While this government gives lip service to research and to the necessity of developing Canadian business, what does it do to the forest research industry of this country? It cuts it across the throat. That is what it has done. It is in danger not only of harming research in that very important field; it is in danger of setting it back. It will set back experiments and cause Canada to lose its scientists to other countries. The government is discouraging scientific endeavour in Canada. Those are some areas I hope that will be borne in mind when we look at this bill in committee.

We had a budget that affected the business corporations to be governed by this statute to a great degree. Small business has been damaged by the position taken by the Minister of Finance (Mr. Chrétien) and the Prime Minister (Mr. Trudeau). It has been stated that the government will not even consider, at least at this point, rebates with respect to the manufacturer's sales tax.

We have raised in this House of Commons the damage caused to every large sales outlet and business, some of them

governed by this statute, as a result of this government refusing to consider the rebate section. I have automobile dealers in my constituency who say that this measure will cost them $25,000, and it has already affected their current sales. There are appliance sales people in my riding who are affected. Why should these people be made to carry the burden for the government's change of mind? I hope that this matter will be considered, not only with respect to the income tax legislation, but whenever the problems of Canadian businessmen are discussed in the House of Commons.

Then, for some reason or other, the government has decided to close a loophole with respect to a tax advantage given to small corporations. In their discussion they have zeroed in on lawyers, accountants and dentists. The government has not realized that this change will affect artists, artisans, insurance people, in fact a whole range of people who have been advised at great expense to themselves to incorporate. We will consider this in detail when the income tax bill comes forward, but I wonder why a certain segment of business that perhaps deals in unusual ways has been distinguished in some way and set aside. I wonder what kind of consultation this government had with those sectors of the economy it was going to affect. If it had no consultation at all, then they have some time for redemption and the provisions which are set forth in the budget which might affect a segment of Canadian small business might be reconsidered. I hope that will happen and I hope Canadian small businessmen affected by that change will get in touch with this government. I hope the government will be flooded with telephone calls, letters and telegrams.

When something like this happened before when dealing with life insurance problems a budget or two ago, the government finally relented. I entreat the government to consider relenting their position on the manufacturers' sales tax and with respect to corporations. It has had a great influence on the business community. I think there is not a person in this House who does not think it important to promote the interest of the working man and woman of this country so that there is a strong, big private business sector, and an equally strong small business sector. Therefore, we should look at what kind of administrative burden this statute puts on the business sector. It is important that we consider it in that way.

● (1612)

Finally, we must consider the question of openness, the above board, cards on the table approach, that the hon. member for Timiskaming spoke of in terms of the business of a corporation. If this does not happen, there is a tendency toward monopoly. Monopolies are not always unhealthy. However, there are some that are.

From time to time in this country we hear that government monopolies are unhealthy, that the intervention of government in business in a monopolistic way is unhealthy. The tendency of corporations that come to the government for licences to become corporations and, therefore, become private, especially when they become large, have a tendency to promote that

aspect of monopoly which is not necessarily healthy. I hope we will also consider the bill from that point of view.

Mr. Lorne Nystrom (Yorkton-Melville): Mr. Speaker, I want to say a few words in response to the hon. member for Madawaska-Victoria (Mr. Corbin). He made some comments in response to what my colleague from Timiskaming (Mr. Peters) had said about the translation of the bill. I want to assure hon. members that the hon. member for Timiskaming was not in any way criticizing the French language or anything with reference to Quebec. He was merely pointing out the fact that in this House we normally deal with a translated version of everything that happens. There are two printings of *Hansard*, French and English. With a bill, one column is in French and one is in English. That is the only point the hon. member was making.

The first clause of this bill reads:

(1) The French version of the Canada Business Corporations Act is repealed and the version set out in the schedule to this act is substituted therefor.

The hon. member was concerned about the 160 pages found here that are in one language only. He would have like to see both languages in order to make more of a comparison.

The hon. member for Timiskaming has been a tremendous supporter throughout his history in parliament of the use of the French language in this country, of bilingualism and the Official Language Act. I do not want to see his position taken out of context and twisted by the hon. member for Madawaska-Victoria. It is important that that point be emphasized because that certainly was not the intention of the hon. member for Timiskaming. He wanted to see both versions, I suppose in order to promote a greater sense of bilingualism, certainly with regard to this bill. I felt those remarks had to be made.

While I am on my feet, there are a couple of other comments I would like to make. When we discussed this legislation before, we were concerned that the legislation did not offer adequate protection to consumers and to customers of corporations in this country. The hon. member for Timiskaming gave a few examples of that. When this bill goes to committee, we should try to build in more protection for consumers in Canada, those who are purchasing goods from corporations.

Large companies in this country have immense power which is becoming greater with the passage of time. A lot of concern is being voiced in Canada, especially by members of the Conservative party, about the growth of government and Crown corporations. Because of that voice from our political right, a lot of attention has been drawn to the role of government in our society. One thing being overlooked is the role of the private sector, which is absolutely immense. When we look at the corporations in Canada, we see that a few very large corporations, particularly in the resource sector, dominate this country. A lot of these are foreign-owned multinationals which are extremely powerful. I need only look at a few examples close to me, such as the grain business. It is dominated by five very large companies. The Wheat Board, the grain pools and these very large grain companies hold the power.

We can also look at the way some of the food companies dominate the food business in this country. We see the tremendous impact they have on the life of the ordinary consumer. I could give many examples of that. The minister, being a progressive left wing or pink Liberal—I do not know which is the best adjective—is frustrated by the lack of power he has in the law with regard to fighting the power of some of these large corporations. He has said on occasion that he would like more power with regard to protecting the consumers of this country against some of the tremendous powers of the very large corporation.

At the present time we have a commitment from the minister to call in the heads of food companies to explain why their profits are so great. I know he is concerned about a number of things such as the rise in bread and turkey prices. When we discuss a bill like this in committee, we have to look at the power of these corporations. We must do this collectively so far as very large companies are concerned.

Another point that should be made may have been made by the hon. member for Timiskaming, I am not quite sure. Since this bill passed the other place, we have learned that several large automobile companies have secret warranties covering such items as rust, the deterioration of engine parts and the like. This matter came to my attention just recently when I was concerned about the phasing out of premium or super unleaded gasoline. When we examine this bill we should be concerned about corporate secrecy.

The hon. member for Peace River (Mr. Baldwin) recently made quite a name for himself on a good issue, that of government secrecy. The other side of the coin is corporate secrecy. Much of what is conducted by large corporations is secret. When I try to pursue a matter having to do with food or agriculture, I am frustrated by the secrecy of large companies. I have looked at what is happening in the food business and what companies are doing in terms of altering food, refining it and so on. Consumers often ask me what goes into their food. They ask how it is changed, how it is preserved, what additives and what chemicals are included. Most of that is kept secret by I. T. and T. and others involved in big business. When you try to get that information, it is like hitting your head against a brick wall. It is nearly impossible to get any information. I suggest we look at that aspect of companies in terms of corporate secrecy.

Many people say we have no business doing that, that the government is spending taxpayers' money, that it is involved publicly and in that way it is a public cost. I can argue on the other side, that a corporation is also spending taxpayers' money. They are spending consumer dollars. What difference does it make? Even the hon. member for Halton-Wentworth (Mr. Kempling), who spoke on behalf of the Conservative party, has to eat. Therefore, he should be concerned about corporate secrecy as well.

Mr. Kempling: What about socialist secrecy?

Mr. Nystrom: The hon. member asks about socialist secrecy. I say to him that at a recent socialist gathering in Vancouver,

that was one question to which we addressed ourselves. The socialist parties agreed that governments in Germany, France and so on should exchange information about the multinational companies of this world and the power they hold. In other words, there is too much secrecy by the multinational corporations. If we had more access to information and it was made public, it would be a lot easier for countries to plan their economies and conduct their affairs.

Those are the three or four points I wanted to make. The first point was the misinterpretation by the hon. member for Madawaska-Victoria of the comments with regard to the French text of the bill made by hon. member for Timiskaming. I assure hon. members that the hon. member is in the forefront of promoting equality in this instance. He has always spoken out adamantly when it comes to the promotion of French language rights.

● (1622)

Secondly, we do not think the bill makes sufficient provision for the protection of consumers. Then there is the question of corporate secrecy. We have been dealing with government secrecy; I think we should take a look at corporate secrecy as well. If we enact strong laws to make sure that information which is of public interest is made available to the public, I think this would be a better country in which to live.

[*Translation*]

Mr. Donald W. Munro (Esquimalt-Saanich): Mr. Speaker, my remarks will be very short. I would like to refer to the comments of the hon. member for Madawaska-Victoria (Mr. Corbin) and only to that. The hon. member for Timiskaming (Mr. Peters) and the hon. member for Yorkton-Melville (Mr. Nystrom) have already pointed out the importance of clause 1 of Bill S-5. I am going to read it because it is most important for us to wonder why it was decided that only the French version would be printed in the schedule to the act. The first paragraph of clause 1 of the bill reads as follows:

1. (1) The French version of the Canada Business Corporations Act is repealed and the version set out in the schedule to this act is substituted therefor.

[*English*]

We have every reason to wonder why this approach should have been taken to producing a French version of an act which figures in the consolidated statutes of 1974, 1975 and 1976, chapter 33. I am not sure whether the minister addressed himself to this aspect during the course of his remarks because, unfortunately, I was out of the chamber doing some research. Whether or not there were some serious errors in the French version, as I suspect, I may say one has noticed such before in translations from one language to another. Frequently we find variations between the text of English and French versions of statutes which would cause a great inconvenience to anyone in a court of law trying to decide which version ought to be followed in a particular case.

The most notable example which occurs to me relates to a bill on the fisheries. Just as a matter of interest, I counted up the number of definitions in the English version and compared it with the number in the French version. There were 12 definitions in the French text, and only 11 in the English, or it may have been the other way around. This looks to me very much like laxity, a lack of care in the translation process, which needs to be watched very carefully. Unnecessary problems can be created if definitions do not correspond. It is only recently that the definitions have been given following the English alphabet and, in the French version, following the French alphabet. That is fair enough. Definitions are easier to look up that way. Until very recently they followed either one pattern or the other and the translations were opposite one another.

I find it extraordinary that there should have been such serious errors that the French version had to be withdrawn and replaced with a new one as an annex. The indifference of the translators to this question ought to be underlined. All ministers should take particular care to ensure that when bills are put before the House the French and English versions correspond entirely and there is no chance of misinterpretation on this ground.

The Acting Speaker (Mr. Turner): Order. If the hon. minister speaks, he will close the debate.

Mr. Allmand: Mr. Speaker, I think I should take a few minutes to answer some of the questions hon. members have raised and to correct certain misunderstandings.

The appearance of the complete French version in the schedule is due to a situation which arose after the enactment of the new Canada Business Corporations Act in 1975. That act was first drafted in the English language, as was the common practice up to that time, and then translated into French. When the bill was brought to parliament and examined by French-speaking lawyers, particularly by the Bar of Quebec, it became evident there was a good deal of criticism of the French expressions used in the law. Members of the House finally agreed to let the bill go through in the English and French versions on the understanding that the minister of the day would take the raw material of the act and have it drafted *de novo* in French. So what we have in the schedule is not simply an altered French version; it is, in terminology and expression, a version acceptable to the French speaking lawyers of this country. We worked closely with the Quebec Bar on this project and the draftsmen were French speaking.

Many statutes are now prepared along those lines; the raw material is drafted in English and French and experts in both languages make sure that the final version has the same meaning. What we have in this instance is a version prepared by draftsmen rather than by translators. I agree with the hon. member for Timiskaming (Mr. Peters) that it is very helpful in committees of the House to be able to refer to the English version side by side with the French version. The English version can be found in the Revised Statutes—there has been no change, basically, there—but we shall try to arrange that both versions are available so that hon. members who wish to do so may follow them side by side.

Certain other matters related to corporations were mentioned; for example, securities and taxation questions, mergers, foreign takeovers and so on. I consider these to be very important matters but for the most part they are dealt with under other statutes. In Canada, securities legislation is provincial whereas in the United States it is federal.

The hon. member for Timiskaming referred to securities legislation and to the law in the United States. I would remind him that in Canada securities legislation is provincial. Then again, matters relating to the taxation of corporations are dealt with under the Income Tax Act and related measures; for instance, budgetary measures introduced by the Minister of Finance. Mergers are dealt with under the combines legislation. Foreign takeovers are dealt with by FIRA and CALURA deals with corporate reporting. So, while all these things are important, they are not the basic subject matters of the corporations act. The basic subject matters of the corporations act are the incorporation of companies and the rules which relate to shareholders, boards of directors, the publishing of prospectuses and so forth.

● (1632)

I wanted to clear up some of the misunderstanding with respect to the French version in the schedule and also to point out that, while we consider these other matters with respect to incorporations important, they are not usually found in the corporations act. One must remember that corporations, as legal entities, must obey all other laws.

Motion agreed, bill read the second time and referred to the Standing Committee on Justice and Legal Affairs.

* * *

CANADA NON-PROFIT CORPORATIONS ACT

MEASURE RESPECTING CHARITABLE CORPORATIONS

Hon. Warren Allmand (Minister of Consumer and Corporate Affairs) moved that Bill S-4, respecting Canadian non-profit corporations, be read the second time and referred to the Standing Committee on Justice and Legal Affairs.

He said: Mr. Speaker, I am pleased to introduce for second reading Bill S-4, which would amend our law relating to non-profit corporations. Like Bill S-5, which is legislation to amend the Canada Business Corporations Act, this bill also appears to be a long and complex one, but its size belies its actual content. It is in fact largely a repetition of the Canada Business Corporations Act but modified to make the uniform provisions apply specifically to non-profit corporations and to add a number of new provisions which are essential and which apply uniquely to such corporations.

Of the total of about 15,000 non-profit organizations carrying on their activities in Canada about 3,000 are federal non-profit corporations. To give the House and the country some examples of these, I will mention the Canadian National Institute for the Blind, the United Way or Centraide, the Canadian Heart Foundation, the Canadian Medical Association, the Canadian Cancer Society, Hockey Canada and the Vanier Institute. These are but a few examples of our many federal non-profit corporations.

Although small in number, because many of them carry on their activities across Canada and are perceived as Canadian as distinct from local institutions, their impact on Canadian social life is enormous. That is the principal reason why these institutions merit the special attention of parliament.

On being advised by the authors of the Canada Business Corporations Act proposals that they would recommend enactment of a new statute to apply only to business corporations, in 1970 the department retained Professor Peter Cumming of Osgoode Hall Law School and instructed him to prepare a report on a proposed statute to apply uniquely to non-profit corporations. Professor Cumming undertook immediately to analyze the activities of non-profit corporations in Canada as well as the content of several modern, non-profit corporation laws, and in particular those of the State of New York. Professor Cumming submitted his report to the department in 1973. The department published the report in 1974 under the title "Proposals for a new not-for-profit corporations law for Canada". Like the business corporation proposals which preceded it, the report was presented in the form of a model act accompanied by a second volume of section by section commentary.

Immediately after their publication the department distributed copies of the proposals to a large number of federal non-profit corporations, to the managers of non-profit organizations and to a number of lawyers and accountants who participate actively in the administration of the affairs of non-profit organizations, requesting their comments on the proposed model act.

The department received several major briefs and a large number of specific comments on the proposals and, working in close collaboration with the legislative section of the Department of Justice, began in 1975 to draft a statute in accordance generally with the proposals but modified in the light of the critical comments received. The department's plan was to table the bill at once after passage of the Canada Business Corporations Act in late 1975 to bring the non-profit corporation law into line with the new business corporation law. But because of the criticism of the French version of the Canada Business Corporations Act on which the non-profit corporation law is based, the minister had to defer completion of the bill on non-profit corporations until the new French version of the business corporation law was completed.

The proposals contained three main recommendations. The first was that parliament should enact a discrete act to apply to non-profit corporations which parallels in all respects the business corporation law except that provisions must be modified or added to deal with the specific requirements of non-profit corporations. The second recommendation was that the non-profit corporation law should be characterized with respect to the purposes of the two kinds of non-profit corporations, charitable corporations and membership corporations, and not with respect to the lack of power of such a corporation

to issue shares. The third major recommendation was that the proposed law should apply to all federal non-profit corporations including, as well as those corporations subject to Part II of the Canada Corporations Act, all non-profit, special act corporations and all corporations subject to the Boards of Trade Act.

The bill, therefore, by design parallels very closely most of the substantive and formal provisions of the Canada Business Corporations Act. As a result, it raises very few new policy issues. Generally what the proposed law seeks to accomplish is to modernize the federal non-profit corporation law and to set out substantive rules and procedures which are familiar to all corporate managers, their professional advisers and government administrators.

The proposed law above all seeks to establish a system that gives non-profit corporation managers broad, flexible powers to manage, subject to the rights of the members of such corporations to participate effectively in the management of non-profit corporations' affairs and to check any abuses by directors or officers.

Because of the extremely technical nature of the bill I do not propose to discuss any specific provisions of the bill at this time, with the understanding that these can be discussed in committee. I would like, however, to mention several of its principal characteristics.

First, consonant with our general concepts of freedom of association in Canada the bill permits incorporation as of right, subject only to the condition that its express or implied purposes must not contravene any law of Canada, particularly the Canadian Bill of Rights.

Second, the single distinguishing characteristic of a non-profit corporation is that, except in narrowly specified cases, it cannot pass through any of its money or property to its members. It can carry on business and may earn profits but, if it does so, any such profits must be applied to further its charitable or membership purposes.

Third, the proposed law distinguishes between the two basic types of non-profit corporations. The first is the charitable corporation which carries on activities which are primarily for the benefit of the public. With respect to financial disclosure it is cast under the bill as an analogue of a business corporation which distributes securities to the public. The second is the membership corporation which carries on activities primarily for the benefit of its members. Under the bill, for the purposes of financial disclosure it is cast as an analogue of a closely held business corporation. It must make full financial disclosure to its members but not to the public.

● (1642)

Fourth, the present Canada Corporations Act characterizes a non-profit corporation as a corporation without share capital. Although the proposed law abandons this characterization to focus on the function of a non-profit corporation, it continues to prohibit a non-profit corporation from issuing shares, since ownership of shares connotes a right to dividends and to share in any liquidation distribution of property of a corporation.

Fifth, the bill does expressly empower a non-profit corporation to issue debt obligations and, subject to qualification of any prospectus by a provincial securities commission, to distribute its debt obligations to the public.

Sixth, like the Canada Business Corporations Act, the bill requires extensive financial disclosure in accordance with proposed regulations.

Seventh, it clarifies the rights of an aggrieved member to a fair hearing in any case where the corporation proposes to discipline him or terminate his membership. It also simplifies the procedures that enable an aggrieved member to seek judicial review of any such action by a corporation.

Eighth, and finally, the bill deals with the distribution of any remaining property of a non-profit corporation on liquidation and dissolution. In the case of a charitable corporation a liquidation distribution must be made in accordance with the corporation's articles or, if the articles contain no such provisions, then to another charitable corporation that has similar purposes and that is approved by a court. In the case of a membership corporation, a liquidation distribution must be made in accordance with the articles or, if the articles contain no such provision, then rateably to the members existing at the time of liquidation and dissolution.

Because the two laws are so closely related, the Senate Committee on Banking, Trade and Commerce considered together both Bill S-5, the CBCA amendment, and the present bill, Bill S-4. The Senate committee conducted several hearings on the bill, heard witnesses both from the private sector and the Department of Consumer and Corporate Affairs, and recommended a number of amendments in the light of the testimony presented to it.

To maintain the bill parallel with the Canada Business Corporations Act, the Senate committee made some 30 general amendments as well as some 100 amendments to the French version. In addition, in response to the briefs presented to it, the Senate committee made four substantial amendments. The first was to legitimize indirect voting provisions such as those set out in the constitution of the Red Cross. The second was to simplify the holding of members' meetings outside Canada, which renders the policy of the bill consistent with the government's policy of encouraging foreign non-profit organizations to meet in Canada. The third requires a membership corporation that has solicited moneys from the public or obtained a grant from government to make public financial disclosure as does a charitable corporation. Finally, the Senate committee approved an amendment that excepts a board of trade or chamber or commerce from the right to dissent, treating those organizations differently from other membership corporations on the ground that their functions are unique.

The predecessor bill, Bill S-3, was passed by the Senate in March, 1978 and introduced in the House on April 3, 1978. It did not proceed to second reading and hence died on the order paper at the end of the third session.

Although the bill does not revolutionize the federal law relating to non-profit corporations, like the Canada Business

Corporations Act it does attempt to clear away a great many conceptual myths, to eliminate unnecessary formalities, and to render compliance with and administration of the law efficient.

In sum, the proposed law attempts to create a system that assures members and public contributors will be treated fairly, that permits members to participate effectively in the administration of a corporation's affairs, and that, equally important, enables corporate managers to achieve the purposes of such corporations effectively. Thus, like the Canada Business Corporations Act, this statute, although quite long, is clear, comprehensive, and practical.

Therefore, I recommend the bill to the House and hope for its quick passage so it can go to committee for detailed examination as soon as possible.

Mr. David Crombie (Rosedale): Mr. Speaker, I look forward to seeing the minister's bill go to committee, as the minister indicated, because, although the bill does not raise any specific policy issues, it raises some general policy issues with which I would like to deal. It is also extensive in terms of its attempt to deal with a staggering variety of non-profit corporations and other organizations in what might be called the volunteer area in our society.

I note in particular that, when the matter went to the other place, considerable discussion took place with respect to the role that some of the organizations might play. I think as we go down the road over the next couple of years, we will find that the role of the non-profit corporation will increase, not only in the area of social policy, as the minister has indicated, but indeed in a variety of other ways, as has already been the case.

Part of the difficulty in discussing this subject is that we tend to look on non-profit corporations as being not entirely productive. They are organizations which we need because their activities are not part of the normal economic transactions in our society. That is something with which we will have to cope very soon.

In connection with that subject, a very good essay was written recently for the Vanier Institute of the Family which puts the matter in good capsule form. Most of us accept the fact that the really important things done in society are done in the resource sector, the manufacturing sector or the services sector, but very often we forget that all of that is held together by what some people refer to as the household and community sector. I dislike the word "sector," but it is one that is used here.

Let me quote from this essay what I think is a very useful and thoughtful comment. Let us suppose we looked at all the activities which have no value in the marketplace and which do not come under the category of the gross national product, and let us see what it would cost us if we exacted a price for them. I refer to the various things done in the household and in the community. The following is a quote from Hugh Stretton, an Australian political scientist, who said:

> How easily we could turn the tables on the economists if we all decided that from tomorrow morning, the work of the domestic economy should be paid for.

The reference here is to everything that is done in the household and in the community. The quotation continues:

> Instead of cooking dinner for her own lot, each housewife would feed her neighbours at regular restaurant rates; then they'd cook for her family and get their money back. We do each other's housework and gardening at award rates. Big money would change hands when we fixed each other's tap washers and electric plugs at the plumbers' and electricians' rates. Without a scrap of extra work the gross national product would go up by a third overnight. We would increase that to half if the children rented each other's backyards and paid each other as play supervisors, and we could double it if we all went to bed next door at regular massage parlour rates.

I might add that that is a quote. I continue:

> Our economists would immediately be eager to find out what line of investment was showing such fabulous growth in capital/output ratio. They'd find that housing was bettered only by double beds and they'd recommend a massive switch of investment—

To the household and community sector.

That is very important because for a long time we have not recognized that all the work which passes for real endeavour in the household and in the community does not fit our economic categories. Anybody who has been in this place for any longer than a week understands that the gross national product is the real trinity of this place. Of course, you can increase or deflate the g.n.p. and accomplish nothing in the process. That is why more and more people will find the use of the non-profit corporation to be of real value to the community. Whatever the changes are in relation to the non-profit corporation, they must be helpful to specific groups.

● (1652)

I went through Bill S-4 as quickly as I could because I only received it this morning, but I could not find anything in it specifically related to non-profit housing corporations. I do not know if they are included in the bill, but some portions of them are assumed to be included in the act. There are non-profit corporations in the housing field which relate to municipalities so that some municipalities have their own non-profit housing corporations. Those organizations are entirely different from a series of private non-profit housing corporations. For example, they have different capital, funding sources, *modus operandi* and mandates from church groups, labour unions and service clubs.

Even though these people want to contribute to society in areas other than their specific mandates, it should be remembered that private non-profit housing corporations are very, very different from public non-profit corporations. There is nothing in the bill dealing with that area. By indirection the government, without perhaps thinking about it, almost annihilated private non-profit housing corporations. The government did not realize this because it was not paying attention to the fact that it was a different kind of operation, with a different corporate structure.

The same is true respecting the field of culture. I am sure the hon. member for Egmont (Mr. MacDonald) will make comments in that regard. The bill primarily deals with changes as they affect very large non-profit and volunteer corporations.

The discussion in the other place dealt with the Red Cross, boards of trade and chambers of commerce, very large and traditional organizations. But the bill does not contemplate non-profit organizations which will emerge in the near future because of a variety of concerns and needs.

I should like to refer to the very good study "People in Action", a report of the National Advisory Council on Voluntary Action to the Canadian government of one year ago. Using 1975-76 figures, approximately $200 million was spent by the government, divided into 52 programs in 24 departments. Very often when groups are looking for grants, tax advantage or some non-monetary advice on getting into business to serve particular needs, they hardly know where to turn. Although the changes in the act are good for non-profit corporation lawyers, most people find the act difficult to comprehend.

I should like to turn to clause 109 in the bill which specifically deals with the indirect vote. When the other place dealt with this matter, it was quite properly concerned that an organization such as the Red Cross could not gather together all its members in order to have an election of officers and conduct its business. The Red Cross has approximately 80,000 members. It was estimated that it would cost $300,000 in order to bring all the members together in one place at one time. It was felt that the Red Cross could use that $300,000 more productively towards the needs of Canadians, rather than organizing its business meeting. In large sectors across the country, the Red Cross elects certain delegates. Those delegates elect other delegates, and by the time they get through the pyramid, approximately 75 members do the voting.

The clause which allowed for indirect voting was adopted. It is a very good provision for organizations such as the Red Cross. It makes sense, given the size of that organization and the fact that people know it, trust it and depend upon it. Its members do not have to worry about decisions taken which affect them. However, that clause applies to new non-profit housing corporations.

From my experience in this area, I can assure the House that the members should have more control than the clause provides. For a smaller organization of approximately 50 or 60 people which does not have a position of trust gained over time in a particular community, clause 109(3) allows for an oligarchic situation whereby a small number of people control the organization. If nothing else, the touchstone of a non-profit corporation, particularly one which deals in a voluntary manner, is that it must be accountable to its membership. It is absolutely essential that the membership not be shut out by what can be construed to be appropriate indirect election. When it comes to the crafting of corporate legislation for non-profit organizations, it is essential in the name of uniformity that we do not create more difficulties than we have had in the past, particularly if we get into the situation whereby there are more and more of those corporations.

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

[Mr. Crombie.]

PROCEEDINGS ON ADJOURNMENT MOTION

[*English*]

SUBJECT MATTER OF QUESTIONS TO BE DEBATED

The Acting Speaker (Mr. Turner): Order, please. It is my duty, pursuant to Standing Order 40, to inform the House that the questions to be raised tonight at the time of adjournment are as follows: the hon. member for York West (Mr. Fleming)—Communications—Televising of House Proceedings; the hon. member for Brandon-Souris (Mr. Dinsdale)—Air Transport—Jet service to western Manitoba and eastern Saskatchewan; the hon. member for Brant (Mr. Blackburn)—Labour Conditions—Occupational health and safety of workers exposed to asbestos hazards.

It being five o'clock, the House will now proceed to the consideration of private members' business as listed on today's order paper, namely, notices of motions and public bills.

PRIVATE MEMBERS' MOTIONS

[*English*]

The Acting Speaker (Mr. Turner): Is motion No. 2 standing in the name of the hon. member for Don Valley (Mr. Gillies) stood by unanimous agreement?

Some hon. Members: Agreed.

The Acting Speaker (Mr. Turner): We will now proceed to notice of motion No. 5 standing in the name of the hon. member for Compton (Mr. Tessier).

* * *

[*Translation*]

ATLANTIC REGION FREIGHT ASSISTANCE ACT

ADVISABILITY OF AMENDING CURRENT BOUNDARIES

Mr. Claude Tessier (Compton) moved:

That, in the opinion of this House, the government should consider the advisability of amending the Atlantic Region Freight Assistance Act in order to change the current boundaries and include the Eastern Townships.

He said: Mr. Speaker, as we heard it, the motion I am putting forward today reads as follows:

That in the opinion of this House, the government should consider the advisability of amending the Atlantic Region Freight Assistance Act in order to change the current boundaries and include the Eastern Townships.

The so-called select territory now includes Nova Scotia, Prince Edward Island, New Brunswick, Newfoundland and that portion of the province of Quebec that is south of the St. Lawrence River and east of Quebec Highway 23, being the highway connecting from Lévis through St-Georges de Beauce with the Maine boundary.

Mr. Speaker, the motion gives us an opportunity to remind the government that areas such as the eastern townships can no longer wait that the great economic and industrial strategies bring about the results expected by the government itself. In other words, we can wait no longer and, as responsible government members, it is not good enough to attack current government strategies. We must advocate immediate and fast implementation of regional strategies, with special provisions for the economically and socially needy areas.

The motion put forward proposes one thing only: amending the current boundaries to include the eastern townships, more specifically the area within a 30-mile radius from Sherbrooke and the eastern part of that city, that is the area bordering all of Highway 1 up to the American border. I could hardly understand someone opposing this, because it would be running counter to the purpose of the current act, questioning its validity and efficiency. In other words, what I am asking for is that an area with competent and hard-working industrialists and a local manpower that can and wants to work be allowed to produce the goods it can make. Of course, producing is not enough because the goods must be sold, and they must be sold at competitive prices. But if to the real costs of production the real and significant transportation costs are to be added, given the distances, we must admit that we are ruining our regional economies, that we are literally emptying our regions and in fact it is totally unacceptable. The great economic and industrial strategies of the government are designed for well to do municipalities and we must demand henceforth that strategies be elaborated for vulnerable regions, that is for poor regions which are running the risk of becoming even poorer. I concede that the proposition I am making today is a very weak weapon to fight back the heavy pressures brought to bear upon us by the present state of the economy.

● (1702)

The motion before us today allows me to raise questions which would normally call for answers, yet these answers cannot be dilatory but must rather be responsible, comprehensive and practical. The first, and maybe I should say the only question is the following: is it necessary to raise the issue of an individual's right to work and whether this issue is restricted to a given area of Canada? Of course, one day we can talk about the right to prosperity and the distribution of this prosperity.

However, to raise the issue of everybody's basic entitlement to a job is perhaps like engaging a dialogue of the deaf and, if one happens to sit on the government benches, he is running the risk of being told that he is speaking like a member of the opposition. I think it is time the government considered the right to work is a top priority because it is the main cause of the present anxiety, and particularly in areas where job creation is more a matter of chance than of economic and industrial strategy.

It must be acknowledged, however, that if it is up to the government to take the lead as far as the recognition and the organization of the right to work are concerned this right will come out of a consensus, particularly at the level of economic agents. Present strategists, and in particular economists, place a large share of the responsibility on ordinary workers, and they do not hesitate to ask them to tighten their belts and to be reasonable, making them believe that it is the only solution. It is probably part of it but it is high time workers could count on spokesmen who will state to everyone that they are not solely responsible for the economic balance and that they will not be the only ones to accept restraints that one can easily agree with them to find unacceptable.

The workers are willing to understand but to them logic lies primarily in facts. For example, how can we explain the sense of social responsibility of a company such as Cadbury which did not hesitate to lay off 500 people for reasons that are difficult to explain and are most certainly embarrassing both for the company itself and for all those who need social conscience as a law for the operation of democracy. In Canada when we ask the workers to co-operate, we ask them first to tighten their belts, and finally to move or to expatriate themselves. Strategists call this mobility and recycling. I am in favour of mobility and recycling, provided there is a possibility of choice. If it becomes a utopia to long for happiness, we should at least have a say in our misfortunes.

Mr. Speaker, the motion I move today provides an opportunity to remind the government that there are needs throughout Quebec to which nobody brings adequate answers and for which government measures are inadequate, if not inexistent. My suggestion today is thus essentially constructive, and even if it is only a means, nobody can question its effectiveness, provided its application in the long term is guaranteed.

I have already mentioned the creation of a department of rural development, the setting up of a developmental infrastructure, the necessity of regional strategies for economic and industrial expansion. This, Mr. Speaker, is the motivation behind the motion which I have moved today, because I feel it can serve as a basis for the right to work. I must proclaim before this government that Canadians want to work and that we must do our utmost to make it possible for them to work, especially in the eastern townships region. To reach this aim, we need our own financial resources, including the budgets which will allow us to create permanent jobs at a minimal cost.

That is the challenge I am now asking the government to accept, and I suggest that the amendment I am proposing today is tangible evidence that the government is prepared to consider our particular needs, especially when it means the right to work for people who are able and willing to work.

Mr. Roch La Salle (Joliette): Mr. Speaker, I am quite pleased to add a few comments on the motion put forward by the hon. member. Undoubtedly, one cannot but endorse this invitation regarding the objective he described a few moments

ago, that is the right to work. We are still, as we have been for a long time, favourable to this job creation, and to this fundamental right to a decent job, but, to this end, the programs designed by the government have to result in direct and indirect job creation and in real job creation.

Undoubtedly, the motion before us should make us more aware of prompt us to give particular attention to this area. I trust all the colleagues of the hon. member will want to consider the motion jointly in order to allow all members of the House to make a worthy contribution in the committee. I believe it will be quite a special and interesting opportunity to sit on the committee and to discuss these changes to the boundaries for freight assistance. There is no doubt that the eastern townships would benefit from some changes. That would certainly give us the opportunity also to discuss other regions where changes could be made to give incentives to industry and thus create, not full employment perhaps, but additional jobs, which is urgent.

I therefore understand, what the hon. member for Compton (Mr. Tessier) is trying to tell his colleagues. And he does not have to ask if we agree on changes which are aimed at creating jobs. Of course we agree with job creation and for a long time we have been respectful of the right to work. We know full well that at this time the right to work must be respected more than ever, and any change which would help industry will naturally be supported by this side of the House. I will be brief in my comments because I would hope that before six o'clock we could count on the hon. member's colleagues for referring the motion to committee.

Under the circumstances, and especially since this concerns a region in my province, I could not help but stress the importance of this motion. I want to indicate to the hon. member for Compton that it is not this side of the House that he will have to convince of the validity of this suggestion. I can see the hon. member for Lévis (Mr. Guay), who certainly agrees with the motion, and countless others from Quebec, as well as the hon. member for Beauce (Mr. Caron). As for the parliamentary secretary, we will have to convince him. That is rather surprising, Mr. Speaker. Or else it is just a joke on the House to say that we will have to convince the parliamentary secretary. Those people are in power. Of course the electors of the riding of Compton, like those of the hon. member for Lévis, are convinced that they have some power, that they are in power. Yet they would not manage to convince the parliamentary secretary, who comes from Quebec if I am not mistaken; he would refuse the study in committee of most interesting proposal that could do much to help stimulate and remedy the current economic situation in Quebec.

There is not one single hon. member among my colleagues who is not concerned about the problems we are now experiencing in the province of Quebec. The hon. member for Campton speaks of a well defined sector. Other hon. members could speak of their own regions and ridings. My own riding has its problems too, Mr. Speaker; it has its problems but that does not keep me from understanding those in other parts of Quebec or other provinces. So, in light of those circumstances, Mr. Speaker, I am making it my duty, which is also an honour, to invite the parliamentary secretary in particular, because he comes from the province of Quebec, he knows the eastern townships very well and he is well aware that right across the province there are people who are waiting for a job. We have people waiting to work. And the parliamentary secretary knows full well that the latest budget cuts have the effect of upsetting certain sectors in the province of Quebec. So perhaps that should be compensated by certain amendments. I see the hon. member for—I always forget the name of his riding; I do not know if it is because he does not speak often enough in the House, but I forget the name of his riding in any case. I am perfectly aware that when the government of Quebec denounced the budget cuts resulting in the loss of thousands of jobs, the Minister of Finance did not answer the questions I put to him to show that serious studies had been made. And I have every reason to believe that the government did not make serious studies on the consequences of those budget cuts. Of course we recommended cuts in government spendings. But they had to be done in the right place and at the right time.

We still have serious doubts about the way those cuts are being made and particularly the absence of analyses on the consequences they could have. In the circumstances, Mr. Speaker, I repeat, I do not want that motion to die and I am relying of course on the objectivity and honesty of the parliamentary secretary who understands the needs and the consequences of that motion. I see the hon. member for Bonaventure-Îles-de-la-Madeleine (Mr. Béchard) who is also one of his colleagues from Quebec and who I imagime will not hesitate to urge the parliamentary secretary to favour the passage of this measure so it will be examined in committee, and in any case, no one doubts that many members from Quebec and others from both sides of the House will be interested in having an excellent discussion in committee and perhaps open a very valid discussion on other sectors in Quebec and other sectors in Canada. So, Mr. Speaker, I will limit my comment to this: I hope my colleagues opposite will understand the real situation and allow every motion to go at least to the committee stage.

• (1712)

[*English*]

Miss Coline Campbell (South Western Nova): It is a pleasure, Mr. Speaker, for me to rise on this motion:

> That, in the opinion of this House, the government should consider the advisability of amending the Atlantic Region Freight Assistance Act in order to change the current boundaries and include the eastern townships.

I can understand the problem of the hon. member for Compton (Mr. Tessier). However, I do think that the Atlantic Region Freight Assistance Act has been designed primarily and specifically for the Atlantic region, the Gaspé peninsula and the lower south shore of the St. Lawrence River. In these areas transportation is a problem, and that becomes very clear

when one leaves Montreal and proceeds along the south shore into the eastern provinces.

I also feel that the hon. member's problem is not only related to transportation but also to the economic and social growth within the eastern townships. The geographical area of the eastern townships is much closer to the markets in Montreal and to the west of Montreal.

This motion affords me the opportunity to review the usefulness of this program. As a member of parliament from the Atlantic region, I have watched closely the effects this program has had on my own province of Nova Scotia and how it fits into the national transportation policy. The Atlantic Region Freight Assistance Act is, in my opinion, a very good piece of legislation for the promotion of regional development in the Atlantic region, the Gaspé and the lower south shore of the St. Lawrence River. A fundamental principle of our national transportation policy is enshrined in this act, and that is the principle of equity between the various modes of transportation which support regional development and allow us to establish markets to compete with other areas in Canada.

The essential purpose of this legislation, introduced into the House in 1969 by the then minister of transport who is presently Secretary of State for External Affairs (Mr. Jamieson), was to extend to the trucking mode the intra and westbound subsidy programs provided for under the Maritime Freight Rates Act. Until that time, only the commodities shipped by rail benefited from the subsidies. The provincial governments concerned, the trucking industry and members from all parties recognized the need for such legislation, and it has contributed to the further development of a viable and efficient trucking industry in the select territory, which includes Newfoundland, P.E.I., New Brunswick, Nova Scotia and the portion of Quebec which is south of the St. Lawrence River and east of highway 23 for the trucking mode, and Diamond Junction and Lévis for the rail mode. In so doing, it allowed for a better utilization of transportation resources.

If one looks at the various subsidies paid out, one is struck by the very rapid increase in subsidy payments for the movement of commodities by truck.

● (1722)

For example, in 1971-72, $7 million was paid to the trucking mode for both intra and westbound commodity movements. In 1977-78 these payments reached $26.5 million. In addition, in 1974 a 20 per cent selective westbound subsidy was added and the payments have grown from $0.7 million in 1974-75 to $1.5 million in 1977-78.

During that same period of time, from 1971 to 1978, subsidies paid for the rail programs under the Maritime Freight Rates Act, both intraregional and westbound, grew at a less rapid pace, from approximately $13 million to $16 million. As in the case for the trucking mode, it should be noted that the selective westbound subsidy also applies to the rail mode and for that particular subsidy, payments have grown from $0.9 million to $1.9 million. The total subsidy payments under the Maritime Freight Rates Act and the Atlantic Region Freight Assistance Act amounted to $45.9 million in 1977-78 and it is estimated that the payments will be higher in 1978-79, principally, due to the increased movements of coal, pulp and paper products and other manufactured goods. The increasing amount of subsidy paid is a reflection of rate or tariff increases as well as growth in the volume of shipments originating in the select territory.

In 1970 we saw the establishment of the federal-provincial committee on Atlantic region transportation. Since then there has been a very high level of co-operation between the provinces concerned and the federal government on these matters and, as a matter of fact, on a wide range of transportation initiatives.

The general trend in so far as these subsidy programs are concerned has been to make them more selective and more responsive to economic and industrial development strategies as designed and implemented by the provinces with the support of the federal government. Members will agree that, in a great number of cases, it does not make economic sense to subsidize the shipment of raw material out of the select territory and then, months later, see them return to the region in the form of various finished products. This, of course, is only a general observation and may not apply to all cases, but given the various factors related to determining the location of firms, or trade patterns and that sort of thing it is a very important one.

This is in fact one of the reasons why the federal-provincial committee on Atlantic region transportation was established. Federal and provincial officials guided by their respective governments now look closely at each application for the selective westbound subsidy and make recommendations as to the advisability of including a given commodity under the program based on a number of criteria. Generally speaking, the aim is to select commodities which are highly sensitive to transportation costs, that have or display a potential for maximum value added in the region, and that are related to the development strategies of the provinces concerned.

As members know, until September 1, 1978, the intraregional subsidy program was a blanket program covering virtually all commodities shipped within the select territory, the select territory including Newfoundland, Prince Edward Island, New Brunswick, Nova Scotia, and that portion of the province of Quebec which I have already outlined.

In 1972 a major study was undertaken by the committee which aimed generally at identifying in some detail the main commodities moving intraregionally by rail and truck. More precisely, the objective of the study was to identify the commodities for which the existing intrasubsidy was playing a significant role, or conversely, where the subsidy contribution was so small as to be insignificant. This information, together within other transportation and economic data, was subsequently used as the basis for the design of a revised intrasubsidy program.

Following ministerial meetings and extensive consultation with the provinces, shippers, the Atlantic Provinces Transportation Commission, the Atlantic Provinces Trucking Associa-

tion and the railways, the federal minister of Transport (Mr. Lang) announced in December, 1977, the introduction of major improvements to the intraregional rail and trucking subsidy program to be effective September 1, 1978.

Let me summarize, Mr. Speaker, the essential elements of these changes. The most far-reaching one, I believe, is that the intraprogram no longer provides for a blanket subsidy. The program is now selective in the sense that it only applies to a list of eligible commodities or eligible commodity groups that are produced in the region. It should be noted that although selective, there are still a large number of commodities covered; in fact, most are covered by the program. As in the case of the 20 per cent additional selective westbound subsidy introduced in 1974, most farm products, forest products and fresh fish and other marine products are eligible. This reflects recognition of the importance of these sectors to the economic base of the region. In addition, several other primary products and most manufactured goods are also eligible. This new trend away from the blanket-type subsidy will ensure that subsidy funds are spent more effectively and that transportation assistance will be far more responsive to the needs of the region.

The new intraprogram provides a level of assistance equal to 15 per cent of the rates which would normally apply. Also to help ease the transition to the new program, a phase-out period was introduced for those commodities that are no longer eligible. For them, a provisional level of assistance equal to 7½ per cent is being paid beginning September 1, 1978, and will last until August 31, 1979, thereafter being reduced to zero.

Finally, and this is also an important aspect of the changes brought to this program, the intrasubsidy has been extended to the air and marine modes. In so doing, all carriers are treated more equitably and shippers will benefit from a wider choice of transportation modes.

However, Mr. Speaker, there is one criticism in this area from persons concerned and from the shipping industry in the Atlantic area and that is that an appeal procedure has not yet, been put into effect. It seems that transport officials have promised an appeal procedure, but the effort of getting it in place seems to be slow. This would benefit those people who have had their commodities excluded in the east. They could have them looked at and the shipper could have his case heard on a certain product. Provinces are saying that they cannot help a shipper in the area because the appeal procedure has to be set up at this level.

It is important to underline that the effect of the new subsidy program does not amount to a net loss in payments to the region. In effect, the savings incurred as a result of the new program are being reallocated to other essential priority transportation projects and programs in the region.

● (1732)

It is in that context that the Atlantic Provinces Transportation Program was announced in 1977. Under this program the federal government proposed to spend up to $125 million within a period of three years, to help improve transportation services in the four Atlantic provinces.

[Miss Campbell.]

This program is designed to upgrade the primary highway network, $32 million to be put into Nova Scotia by the federal government as well as $32 million to be matched by the province. The province, of course, has determined the priorities of which highways. I know that many parts of highways 101 and 103 are being covered under this program.

The program is also to improve transportation and to rationalize freight and passenger subsidy payments within the region. The new intrasubsidy program is in fact part of this package. It may also be worth mentioning that studies are now beginning with regard to the westbound freight subsidy program in order to determine its effectiveness in promoting regional development.

There is some criticism from people in the area who are most concerned, those in industry, that they will not be given the opportunity, before a program is put in place, to be consulted by Transport Canada officials. As we know, this happened with proposed changes that were announced in December, 1977. After eight months of hard work with industry, they were changed to the satisfaction of industry. It is hoped this will not happen again and that the various groups in the Atlantic region and Gaspé Peninsula will be approached this time. As I said, the program includes a major highway strengthening program to which the federal government will contribute $100 million for the costs of approved projects. It also includes a passenger transportation program designed to improve the network of intercity bus service. Of the $25 million total, $4 million is to go to the bus service. However, I understand no proposal has yet been sent by the province of Nova Scotia for improvements to this intercity bus service.

There is also included in this program improvements to local and regional airports, as well as improvements to viable rail passenger services.

The federal government will contribute $25 million over the three years toward bus and airport improvements and, through the national rail passenger policy, a 100 per cent payment of operating deficits on those rail passenger services which are retained as essential.

In summary, since the adoption of the Atlantic Region Freight Assistance Act in 1969, the federal government, with the full co-operation of the provinces concerned, has introduced several measures to ensure that transport subsidies become an efficient tool, in promoting regional development and also contribute to the rationalization and improvement of the transportation system in our part of Canada. I share the concern of the hon. member for Compton. However, one has to look at the objectives, as I have outlined them, in the proposed legislation to see how, over a period of years, they have become effective in a given area of transportation because of distance. The motion implies that transportation costs are an important factor for economic and industrial development in the Eastern Townships. Only a detailed survey of all the industries in the region will reveal to what extent their products are sensitive to transportation costs and, to what extent these costs are a determining factor in lowering their ability to compete in various markets.

The Atlantic Region Freight Assistance Act has taken a long time to get where it is today and to be acceptable to shippers of the area. In the future there will be other areas and problems to be ironed out. Perhaps the hon. member should look for a study to see whether his area comes under the Atlantic Region Freight Assistance Act.

Mr. Les Benjamin (Regina-Lake Centre): Mr. Speaker, I rise to support the motion of the hon. member for Compton (Mr. Tessier). I intend to resume my seat well before six o'clock. I hope the House will agree with the subject matter of this motion and send it to the appropriate committee. This is only a request of the government to consider. There is certainly nothing compulsory or mandatory with regard to implementing the intent of the motion.

I hope that as the result of this motion the hon. member for Compton and others on the government side will get a message to the Minister of Transport (Mr. Lang) regarding the whole issue of user-pay and the freight rate structure which takes into account our geography and climate in relation to the markets, where goods are produced, and where people want to travel.

The minister issued a press release last February 17 on the Maritime Freight Rates Act and the Atlantic Region Freight Assistance Act in which he said that the interregional subsidy would be reduced to 7½ per cent only until September 1 next year, but there would be a 15 per cent subsidy paid on an agreed list of commodities. These are commodities westbound from the Atlantic provinces and from that part of Quebec south of the St. Lawrence and east of highway 23.

The hon. member sponsoring this resolution wants that boundary moved further west. I do not blame him. There are a lot of communities in the townships west highway 23 that have manufactured products and agricultural products, both raw and processed. They would like better access to the markets of central and western Canada. I support that concept. However, you cannot have it both ways.

The government has been saying we must have competition, free enterprise, and profitability in transportation in Canada. With our geography and our thinly scattered population, it does not work that way. My friends in the official opposition have been spouting the same line about profitability and transportation. If you insist on accomplishing that, you will get a reduction in service and a discrimination against producers of agricultural products and manufactured products. This is as a result of where they are located and their access to the major markets.

We support the resolution. We could have an inquiry, but I do not suppose more inquiries are needed. We would like to see a combination of subsidies and/or equalized freight rates applying to a host of commodities which Canadians are very good at producing. However, faced with competition from central Canada and from outside our borders, they are faced with a very difficult problem in the area of transportation costs.

It would be more appropriate to select modes of transportation most suitable according to distance and the kind of commodity eligible for subsidy. It is wasteful and inefficient to give subsidies to truck transportation hauling heavy bulk commodities for long distances. It is wasteful and inefficient to give subsidies to railroads for small lot shipments over short distances. If we ever reconcile that problem in transportation costs, not only in the Altantic provinces and eastern towships but all over Canada, we will have a much more equitable distribution of our industrial production in this country, both agricultural and non-agricultural.

● (1742)

In any case we support this resolution. We hope the hon. member's friends will agree with him, unless he is moving his motion solely for local consumption in his own riding and in a couple of ridings around it. I am sure his motives are much higher than that, though. He is serious about this and is anxious to obtain the support of members on his side. I trust the motion will be passed, at which point the hon. member will probably want to enter into serious discussion with his hon. friends, including the hon. member who preceded me in this debate, with the Minister of Transport, and with his parliamentary secretary.

[*Translation*]

Mr. Charles Lapointe (Parliamentary Secretary to Minister of Transport): Mr. Speaker, I think each member of the House should meditate on the statements made by my colleague for Compton (Mr. Tessier), in particular when he asks whether our problem is not that the strategies implemented by Canada in regional economic development and job creation, are those of rich towns. We should also meditate the question he put as to whether some people have the right to work when others do not just because they come from remote or less developed regions.

Obviously, Mr. Speaker—and statistics tend to prove it—the government creates every year more jobs than any other industrialized country of the world. As the Minister of Employment and Immigration (Mr. Cullen) announced it, we know that in 1979-80, the employment strategy of the federal government will amount to $715 million against $420 to $425 million this year.

We also know that between $200 million and $300 million will go to job creation for young people of 18 to 30. However, Mr. Speaker, it can be seen that these programs which in principle are valuable—for instance the employment tax credit which brings much benefit to businesses—cannot be easily implemented in ridings like those of the hon. member for Compton and the hon. member for Charlevoix constituencies where there is no industrial base. The millions of dollars which are being invested through that program will not really help the most disadvantaged areas but will rather have the effect of strengthening the urban industrial base.

Extending to the eastern townships the subsidy program which was originally set up for the Atlantic region could benefit the industrial infrastructure of that region. But, Mr. Speaker, a federal-provincial standing committee on transportation matters in Quebec was established four years ago by the Quebec and the Canadian governments. There is a similar committee for Atlantic Canada and another from Ontario and another for the prairies. And this committee's mandate is precisely to make a continuous and permanent review of the efficiency of those assistance programs and make relevant recommendations to concerned political authorities.

Of course, I feel that the issue of freight rates is a major item of any industrial development strategy. That review is already under way, Mr. Speaker, and we will have to make a global review of the whole structure of transport subsidies. And considering the areas whose economic potential is very high and which are very remote, for example the north shore of the St. Lawrence River, and considering the iron ore from the Sept-Îles area we realize that sooner or later the whole north shore of the St. Lawrence will have to be included in an assisted or subsidized area. And in Bill C-20 introduced in the House early in this session, review, Mr. Speaker, which every Canadian province has urged us to make as quickly as possible, I know my colleagues of the opposition are not in full agreement because they want to play politics with those important matters of transportation; they are not too eager to pass Bill C-20 quickly. But, Mr. Speaker, precisely in that bill we tabled in the house, a bill to revise the transport policy, we have enunciated a basic principle, and I quote one of the paragraphs of the preamble of that bill, as follows:

3. (1) It is hereby declared that the objective of the transportation policy for Canada is to achieve a transportation system that serves as an effective instrument of support for the achievement of national and regional social and economic development objectives, is efficient and provides accessibility and equity of treatment for users and it is further declared that the objective of the transportation policy for Canada includes the encouragement and promotion of the integration of services employing the most appropriate modes for each service and that it is the responsibility of governments to attend to the provision of the transportation system.

Further on, Mr. Speaker, still concerning the principles of the legislation, it is said that a decision of the government of Canada or of the Government in Canada and one or more provincial governments requires that the achievement of national or regional social and economic development objectives take precedence over the objective of commercial viability.

Mr. Speaker, we are now very far from the scarecrow raised by the hon. member for Regina-Lake Centre (Mr. Benjamin) to the effect that the government is committed to the principle of profitability and the "user pay" principle.

Mr. Speaker, hopefully, Bill C-20 will be passed rapidly when the government introduces it in the House. To come back to the Atlantic Region Freight Assistance Act, I believe we should go back over the history of this legislation to see why the legislators decided originally in the twenties and again in the sixties to introduce such legislation.

My colleague for South Western Nova (Miss Campbell) has already mentioned these principles, which are quite easy to understand. Following the establishment of the Canadian confederation under the British North America Act, which contained a commitment towards the Atlantic provinces to build a railroad to bring their products to the markets of central Canada, that is Upper and Lower Canada or the regions of Montreal and Toronto, which are the major consuming areas of our country, it was obvious that we had to assist those areas situated far from major Canadian markets through transport subsidies to bring their products to these major consuming centres. A line had to be drawn somewhere, and I believe that this was done around 1923 when the Duncan commission established by the Right Hon. Mackenzie King recommended that this line be drawn at Lévis and then east of the highway. There was no highway at that time, but centres east of highway 23 were included, I believe, in the review made in 1969.

Mr. Tessier: It was not moved far enough.

Mr. Lapointe: Perhaps, as my colleague from Compton says, it was not moved far enough. Of course, I wish too that Charlevoix were included so that our forest products, for instance paper from Clermont, may have access to major markets with more advantageous freight rates but, honestly, Mr. Speaker, I could not say that the distance between Montreal or Toronto and the eastern townships is as considerable as the distance to Charlottetown, Halifax, Gaspé, Rimouski, Rivière-du-Loup or Matane. I do not think it is exactly the same distance.

But the remarks of the hon. member are very interesting and I believe it is essential that, as members of parliament, we make regularly that kind of remarks to enlighten the administrations responsible for the implementation of those programs. For instance, I am assured that the federal-provincial committee responsible for revising all transportation policies concerning Quebec, as a result of the remarks from the hon. member for Compton, will study more carefully transportation subsidies in the eastern townships area.

Mr. Speaker, obviously the eastern townships have a diversified and relatively stable industrial structure. It is also true that this industrial structure is partly based on manufacturing industries that are facing problems, particularly as concerns textile and footwear industries. But before we decide if the intervention of the government in commodities transportation, as proposed by the hon. member for Compton, might have beneficial results, it is essential to study carefully the objectives of the Atlantic Region Freight Assistance Act. Hon. members opposite try to interrupt me by shouting: Question! I do not know exactly what they are saying, Mr. Speaker, I

intend to speak until six o'clock, I have seven minutes left and I am going to use them.

Then, that Atlantic Region Freight Assistance Act was passed in July 1969.

Mr. Speaker, we have to go back further in time to 1927 and consider first the intention of the legislator of the time, that is when the Maritime Freight Rates Act was adopted in 1927. This act that set up to define the selected territory, the members for Compton (Mr. Tessier) would like to see amended in order to include the eastern townships.

Mr. Speaker, I do not mean to give an unduly long historical background. However we have to go back somewhat in time to determine why the need for this legislation was once felt. As I said earlier, the Maritime Freight Rates Act was adopted following the report of the Duncan Royal Commission of Inquiry which sat in 1926. Among other things, the commission outlined the relationship between some obligations laid down in section 145 of the British North America Act and the situation in the maritimes in 1926. Basically this section provided that the federal government committed itself to building a new railway line linking Halifax to the St. Lawrence. This is how the Intercolonial Railway was built and completed in 1876. You will recall that later, in 1923, it became an integral part of the Canadian National Railways. The Intercolonial Railway was designed to achieve a particular purpose which was to guarantee maritime merchants and manufacturers access to the vast markets of the rest of Canada.

Furthermore, at the outset, approximately from 1876 until 1912 Intercolonial Railway freight rates were maintained to a lower level encouraging exchanges between the maritimes and more crowded regions of central Canada.

But between 1912 and 1927 a succession of hikes in transportation rates reduced the advantageous position of maritime manufacturers. This situation triggered off a wave of vehement protests and discontent in the Atlantic provinces and it was in this context that the then prime minister set up the Duncan commission whose mandate was the following, and I quote:

● (1752)

[*English*]

To undertake a task of national importance in inquiring into the maritime province grievances . . . The commission . . . should take every opportunity for the fullest and frankest discussion of the economic difficulties facing this part of the Dominion, the endeavours which have been made to overcome them, the causes of any shortcoming in these endeavours, and the most effective and practicable remedies.

[*Translation*]

Mr. Speaker that is a short historical account of the Atlantic Region Freight Assistance Act, 1927. It is essential to see how at the time the present limits of the chosen territory were set. The Duncan commission recommended a 20 per cent reduction of the rate on rail traffic originating in the Atlantic division of the CNR. At that time, the Atlantic division ended at Rivière-du-Loup, but the Duncan commission recommended—

Mr. Johnston (Okanagan-Kootenay): Question! Question!

Mr. Lapointe: The hon. member has a vocabulary worthy of the most enlightened parrot. If he can say something other that "Question" Mr. Speaker, perhaps he might rise to intervene in the debate. At that time, as I said, the Atlantic division ended at Rivière-du-Loup, but the Duncan commission recommended that it be extended to Diamond Junction and Lévis, since Diamond Junction, on one hand, was the point of intersection of the Transcontinental and the Intercolonial and on the other hand, the construction of the Intercolonial had been extended to Lévis in 1879. The 1927 legislation approved that geographic definition of the chosen territory which still prevails today.

Mr. Speaker, let us skip now to the present to deal with the legislation directly related with the motion of the hon. member for Compton.

Mr. Benjamin: Let us have the question!

Mr. Lapointe: We are discussing the freight assistance legislation. If the hon. member for Regina-Lake Centre (Mr. Benjamin) cared to listen, perhaps he would not need to make that remark because I am talking specifically about the proposed amendment or the motion put by the hon. member for Compton.

Mr. Speaker, until 1969 only freight moved by rail benefitted from reduced rates, as provided for in the act of 1929.

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

The Acting Speaker (Mr. Ethier): Order. It being six o'clock, I do now leave the chair until eight o'clock tonight.

● (2002)

AFTER RECESS

The House resumed at 8 p.m.

GOVERNMENT ORDERS

[*English*]

CANADA NON-PROFIT CORPORATIONS ACT

MEASURE RESPECTING CHARITABLE CORPORATIONS

The House resumed consideration of the motion of the Minister of Consumer and Corporate Affairs (Mr. Allmand), that Bill S-4, respecting Canadian non-profit corporations, be

read the second time and referred to the Standing Committee on Justice and Legal Affairs.

Mr. David Crombie (Rosedale): Mr. Speaker, prior to the dinner break I was dealing with the bill, primarily in connection with two points. First, I indicated that over the next two years we will see an increase in the number of non-profit corporations, particularly as local communities become more and more involved in activities which heretofore governments looked after; and second, as a consequence of that, we will have to make sure that we are clear on the kind of corporate structures we are crafting to carry out those specific purposes.

Of course it would be wise for us to give uniform consideration to corporate structures, but I do not think we can assume that uniformity will serve our need. It will have to be the kind of structure—and perhaps they might vary from one place to another—to fulfil the needs of the different communities. I might say in passing that when I spoke earlier I had not had the opportunity to read the background paper on the bill, and I note that although the minister's speech came to us, we did not have an opportunity to study it. It seems to me to be always more beneficial and helpful in a debate if we all share the same information.

There are two matters which I should like to touch upon. Although this bill deals primarily and almost wholly with structure and form in relation to non-profit corporations, I do not think one has to be around government very long to recognize that structure and form very often determine content. The first thing I would like to mention is to remind those who are interested in the matter that, as we become more and more involved with non-profit corporations, particularly those dealing with charitable works, we must remember that there is a delicate balance between the operation in connection with government as non-profit corporations carry out those services which the government would normally have to deliver, and the right to participation.

I well remember a matter which was before the House and which was being widely discussed by the public last spring. There was a note from the minister on May 17 in which he indicated that the circular which was put out restricted political participation on the part of those who engaged either in obtaining government grants or were involved in the government in some fashion with respect to non-profit corporations. There was a clarifying statement, which was a good statement, which ended by saying that, according to the courts, political activities are not charitable activities. I appreciate that from the point of view of form and structure, but when form and structure determine content we always run into the difficulty that there is a tendency on the part of government to try to use that form and structure to organize content, and therefore, either inadvertently or with abandon, not worrying, when they should properly be worrying, about the right to political participation by non-profit organizations.

The second area I would like to touch upon is that, as more and more non-profit corporations are established to deal with local needs, we should find a way in which we can make sure

[The Acting Speaker (Mr. Ethier).]

that the purposes of those corporations are related to local government.

I do not think members of this House need me to remind them that for a long time municipalities in this country had an enormous difficulty in obtaining funding from the federal government for non-profit corporations to meet local needs. Most of those corporations we are talking about deal with such things as non-profit housing, assistance to the arts, theatre, culture in general, sport, and social services. All of those concern municipalities. As a consequence of having at least three, and sometimes four levels of government which participate financially, I realize it is difficult to organize in such a fashion that it is responsive to local needs. That is the challenge. As we deal with the content of what non-profit corporations will be doing in the fields of housing, art, theatre, sport, social services and other cultural events, it is absolutely essential to realize it is dovetailed and connected with what municipalities do in the country. That is their particular, peculiar responsibility.

● (2012)

Certainly in the last ten years there has been a desire on the part of the federal government to have what has been called the federal presence. I assure the government that federal presence has been known primarily because the government seems to have intruded and to be organizing its affairs in relation to non-profit organizations. Rather than organizing its affairs in relation to the needs of local communities through their municipal councils, the government seems to be acting in defiance of them and confusing them. In relation to the federal government's contribution to local needs stems the provincial government's. Provincial governments have their own concerns. Over the next few years it will be absolutely necessary to work harder in order to ensure that as, the federal government participates, it does so through provincial agreements with municipalities.

If the federal government is looking for a presence by the expenditure of its money, then perhaps it ought to remind itself that it can do so by being known for its good work and not necessarily its advertising. The municipal councils of this country have known too often a federal government which has participated and created confusion. That is something which will be of greater difficulty in the years ahead, as community organizations and non-profit organizations within communities participate in order to serve the needs of communities.

Mr. Bill Kempling (Halton-Wentworth): Mr. Speaker, at the outset of my remarks let me say that we on this side have had a great deal of difficulty compiling information respecting Bill S-4. When we looked around to see what was available, we found the bill. We looked at the committee hearings in the other place from which we gleaned some information. But we lacked an information kit from the department, providing some background information. After a couple of calls to the department, we received at approximately five o'clock a booklet entitled: "Detailed background on the paper for the Canada Non-profit Corporations Bill". I am not cynical enough to

believe that this was withheld on purpose, but it says something.

If one wants a good debate in the House, be sure that there is adequate information. If one wants a shoddy debate which will contribute very little to the legislation, dry up the information. Perhaps that is what will happen as we consider this bill. I hope not, because it is an important piece of legislation. It is not something I can become really emotional about, but it is a piece of legislation which has been needed for some time.

There are approximately 15,000 non-profit corporations in Canada. Some of them come under federal jurisdiction, approximately 3,000. In the past they have been controlled either under the Canada Business Corporations Act or the Boards of Trade Act. The Canada Business Corporations Act was brought down, put together, debated, and finally passed. The section dealing with non-profit corporations was left out on purpose, because the government felt that non-profit corporations should be dealt with separately. I concur with the government's wisdom in that regard.

Non-profit corporations cover a wide range of activities from health matters to sporting and cultural matters which touch all our lives. The scope and range of volunteer organizations are something which has not been explored adequately. They have the power and ability to react rapidly to situations, far faster than governments. If the bill helps to bring their expertise into focus, then we will have accomplished something.

In the town of Dundas where I lived for approximately 45 years, a young gentleman was set upon by persons unknown and very severely beaten, so much so that he could not work for approximately eight months. No sooner was he out of the hospital and able to go back to work, than his house was burned to the ground by persons unknown. There was a hue and cry to help this man. There was no organization available at the time which could step in and do anything for him. The organizations in the town did not have the funds or structures in place to build him a new house. He had ongoing medical bills which had to be looked after, but no steady job.

The town fathers had a meeting and passed a resolution. They went through the town collecting money, virtually door to door, and received a substantial amount. One thing which hindered them was the fact that they could not say to people donating money that they would be provided with receipts in order to deduct their contributions from their income tax. The reason for that was that the letter sent to the Department of National Revenue was lost somewhere in the maze of mail in the department. In fact I made six or seven telephone calls to the department. To this date I have been told the letter has not been received, even though we know for certain it was mailed. The result of the efforts of the town fathers was very limited. Although some funds were collected to help this individual, certainly it was far short of what could have been done.

Generally speaking, the entire matter of charitable foundations is one which should be examined. I welcome some of the provisions in the bill before us, particularly those which dwell upon the reporting of these foundations. I do not mean to say for one moment that there are any instances of fraud. As far as we can ascertain, there has been very little fraud in this field. We can ask anyone in business for the number of organizations requesting donations in the course of a year, and we will see the potential for something going awry. I have experienced this, and like a lot of people in business I received so many requests for assistance that I developed a kind of defence mechanism. Some businesses will put a dollar amount on what they are prepared to give a charitable foundation or a non-profit corporation of one type or another. Others will say, "Write us a letter and we will put it before the committee within our company which will then judge how much we are prepared to give." Others say yes, but when they get off the phone they forget and do not follow through.

● (2022)

We found, as a result of an investigation I undertook with a group of businessmen at one time, that the city where I was doing business was divided into areas and people in fact almost had a franchise to collect funds in those area. No matter what charity was involved, it seemed that different individuals, through some right, and we could never determine just how, collected the funds, and very often the commission rates were as high as 45 per cent.

When I say I welcome the reporting structure contained here, it is because the public donating the funds has a right to know where the funds are going and how they are being dispersed. I might say that the bulk of the sort of thing to which I referred, that is, the general approach to people collecting money on a commission basis, has gone by the boards—at least I hope it has. Nevertheless, that practice was in existence and was very strong over the years.

There have been organized appeals by people who make an outright business of collecting money, and the unfortunate part of it is we do not see very much reporting about where the money actually goes. I think one of the most blatant cases of that in this country took place around World War II times in the form of the "Bundles for Britain" organization across the country. That organization collected millions of dollars, I suppose, and what actually reached the people who needed it amounted to only pennies. The majority of the funds collected was used up on advertising, overhead, travelling expenses to meetings, rallies, and so forth. The actual amount that ended up with the people in Britain who had suffered during World War II was minimal.

We welcome this approach. The ability of charitable foundations to mobilize public interest and gather funds to help research is something of which we are all aware. I have the greatest respect for those who devote their time to the diabetes research group, the heart foundation, the cancer fund, the cystic fibrosis group and other organizations. Those who collect money, including fire departments and various service clubs assist in keeping this research going, with the help of federal and provincial governments. This is a way in which we can express our concern. I know the people in the florist business are unhappy when they see an obituary that says

something like, forget about the flowers and send a cheque to the heart or cancer foundation, but people like to express their feelings in different ways. Many people I know prefer to send a cheque to one of the worth-while charitable foundations that are contributing tremendously to health research, and we should encourage them.

With this inflow of funds there must be a structure in place to see they are handled properly and meted out to the various research organizations which fulfil the functions set forth in their individual charters. From that point of view this measure is good.

I noted in reading the minutes of the proceedings of the other place that the department has a kit it intends to send out to these charitable organizations which report on an annual basis to the Department of Consumer and Corporate Affairs. The minister would be doing us a favour if he were to see that each member of parliament received one of those kits. In carrying out our duties as members of parliament we come into contact with many of these organizations. If you sent out a questionnaire to members of parliament I am sure you would find that most members are directors, honorary members or patrons of one type or another of charitable foundations. We could do a good deal of missionary work by spreading information about this bill and the requirements various organizations will have to adhere to in coming years.

We note there is a five-year compliance period in the legislation and a further period during which an organization which has slipped by for five years can get back in through an appeal to the governor in council. This is a wise provision and a good way to go about handling the measure. People who work with these charitable foundations, non-profit corporations and membership groups, are usually well-intentioned and well-informed and I would not want to see a club held over their heads. By taking this five-year compliance approach we are allowing them to review their charters, their bylaws and regulations, and a sufficient time to review the legislation in order to determine how it fits in with their organizations. This also gives them an opportunity to amend their constitutions, bylaws, charters, whatever the case may be, in order to comply with the provisions of Bill S-4.

Let me return to the matter regarding information given or not given to us. The preparation of this measure has been going on within the department for a number of years. The department has been trying to get a handle on non-profit corporations for five or six years. As the minister mentioned, the department employed Professor Peter Cumming of the Osgoode Law School to carry out a review. He produced a report, and it would have been very helpful if we had received a copy of that report along with the background detail. This would have given us a much more in-depth idea of what is to be required, and would probably have resulted in faster passage of this measure through the House and the committee.

We have no desire to hold this measure up unnecessarily, but we are at a bit of a disadvantage in that it is to be referred to the Standing Committee on Justice and Legal Affairs. The Christmas break is looming and we have the chairman of that committee telling us he would like to have this measure considered and reported back to the House before the Christmas holidays on the twenty-first, yet we really do not have adequate information. My colleagues will do their very best to see that this bill moves along at an appropriate pace. If the information is forthcoming it will be passed, but if the information is not made available it likely will not. That is the size of it.

● (2032)

There are many other aspects of this bill on which I could speak. I assume that when we get into non-profit corporations we touch many organizations somewhat international in scope and that many of our Canadian charitable or non-profit corporations are branches or affiliates of organizations in other countries, particularly in the United States.

One of the difficulties facing our department of tourism today is that these organizations are prohibited from coming to Canada to hold conventions, which means a loss of many tourist dollars. Although both countries say that it has nothing to do with the legislation passed that dealt with *Time* magazine and the closing of the border to American television advertising in Canada, this legislation has caused a good deal of resentment in the United States, and it is one of the reasons that these organizations do not come to Canada. Through an amendment made by the Senate, non-profit corporations and, I suppose, charitable foundations and membership corporations, if they so desire and if I read it correctly, will be allowed to hold their annual meetings outside Canada. I hope that reciprocal regulations will be extended to American non-profit corporations. At least it shows that the government recognizes that there is a fault in this regard.

Another aspect of this bill deals with the closing out of a particular corporation and allowing those three types of organizations to merge. Where there cannot be an equitable agreement on the distribution of any funds remaining, there are provisions for the appropriate organization to apply to the courts to have the distribution made.

We do not make enough use of non-profit organizations and particularly charitable foundations, in this country. Several members of service organizations have spoken to me about this. The president of the Rotary Club in Burlington said to me recently that his club at one time undertook many charitable functions in the course of a year and that it now seemed to him that the government had more or less taken over this sort of activity and did not seem to be too interested in organizations like the Rotary Club, Lions, etc. taking on charitable activities. In my constituency there are many senior citizen accommodations which were made available as a result of the work done by such organizations, and I for one would like to see them taking a more active role again.

These organizations can fill the gap and ease the drain on the public purse. They gather together people with tremendous backgrounds. We have to get more of the public and community spirit back into such acts. I may be old-fashioned to say so, but at one time I got a great deal of pleasure out of giving to charity and not getting a receipt for national revenue

purposes. I enjoyed imagining someone in the organization saying, "I wonder who gave us $100." I enjoyed this more than the approach we have today when someone says, "Will you give us a donation for so and so? It is tax deductible." I realize that we are working on a larger scale today and things are no longer the way they were, but I think a lot of pleasure and real compassion have gone out of charity giving because of this approach. Perhaps getting some of these service organizations back into the field through legislation will help to change this trend.

If this legislation were to provide a framework and guidelines within which such organizations could work, I am sure the pattern of how they operate would be adopted by the provinces which would in turn probably introduce parallel legislation, if they have not already done so.

I hope the minister will listen to our pleadings about inadequate background information, and that the next time he has a piece of legislation to bring into the House he will remember our pleadings and see that we are adequately informed before we enter debate so that it can move along at a good pace and we can make some progress.

Mr. David MacDonald (Egmont): I am not going to speak long in this debate, Mr. Speaker, but I would like to make two or three points which I hope will be useful to the over-all context of the discussion, particularly as the bill goes to committee for more detailed examination. It has struck me that both the debate we are having now with respect to non-profit corporations and the debate we had earlier today on amendments to the Canada Business Corporations Act which, by nature, was primarily a linguistic amendment, more or less hit at the root of the way in which our society operates today.

I can remember hearing a very fascinating speech approximately two years ago, given by a former member of this House and of the present administration, the Hon. Eric Kierans, who talked about the evolution of corporations in the European-North American context, and in which he stated that the whole notion of the corporation and its importance in our society is a relatively recent phenomenon. I would like to talk more about that, because I think it is wise to keep this theory in mind in terms of the major amendment which is before us this evening.

It is important to note at the outset that this particular piece of legislation provides some kind of federal structure for two basic kinds of corporations as defined in the act. As I understand it, we are to have two kinds of membership corporations, one which basically carries on its activities for the benefit of the public, and is therefore defined as a charitable organization, and one which carries on its activities primarily for the benefit of its own members. In either instance these are not commercial enterprises in the true sense of the word. Such corporations—the minister himself has stated that there are some 15,000 of these bodies in existence—are really a recent phenomenon. I do not wish to sound like Methuselah, because when I say recent I am talking about the last century, and in the history of mankind that is not a very long time.

We have become so accustomed to having these institutions around that we have, by and large, taken them for granted. It is stated very clearly in the background notes for Canadian non-profit corporations that basically the bill is cast as a registration statute. The bill states unequivocally that a corporation has the capacity and also the rights, powers and privileges of a natural person. That, I would contend, is a very interesting phenomenon. In a sense we are providing a more up to date framework for a situation where we are creating an artificial person. That is really what a corporation is under the law. It is the creation of an artificial person for the purposes of certain rights, powers and privileges. It is an artificial person in an ultimate sense that there is no individual person who carries responsibility, liability, or who exercises certain privileges. Because of that fact and phenomenon, in a business sense we have seen evolve in our lifetime a whole new category of "persons" which exercise power in our lives, of a very great magnitude.

● (2042)

In our lifetime it is interesting to note that we have corporations which are much larger than even nations themselves. Some of the largest corporations that exist in the world today,—and I am thinking of corporations of the size, say, of General Motors, or I might even use the description of some of the very large religious bodies that exist that have millions of members,—exist for the purposes of this act as persons within our country, and yet they are not persons. I mean that it is possible for them to make decisions which ultimately affect all our lives without any individual being responsible. To me that is a very great responsibility. It is one that we will have to reflect on at greater length as the years go by.

When I realize the particular definition or responsibility that we are talking about this evening has to do with creating more order and hopefully less government regulation or less discrimination with respect to the operation of non-profit corporations, I am somewhat troubled that we have continued to provide a framework or to provide legitimacy, if you like, for corporate activity in our society without ensuring that it is fundamentally responsible to people.

It is quite one thing to provide a framework for either commercial or non-commercial corporations under national law as we do today, but it is quite another to think of the way in which corporations exist which are not covered under domestic law. Certainly that is increasingly the case with a growing number of transnational corporations. I will not take the time of the House this evening to go on at length about the problems that are being encountered in various United Nations forums in trying to deal with this phenomenon. We have only to deal with the problem that we have in our own situation of trying to ensure adequate disclosure.

I am delighted to see, in this particular legislation we have before us, that there will be much more effective disclosure than is presently the case for non-profit organizations. Although I have not studied it, I would assume that some similar forms of disclosure exist for the Canada Corporations

Act. Perhaps that is something we can explore in committee, or maybe the minister may want to set me straight if I have it wrong with respect to the bill that covers the larger area of commercial legislation, that is, the Canada Business Corporations Act.

I think we must be sure that as corporations, whether commercial or non-profit, receive greater privileges and rights in our society, that that comes with an exercise of greater responsibility. Responsibility must ultimately be in the area of disclosure. The right of the public is to know and to exercise some kind of response when corporations obviously trespass on the basic rights the minister refers to when he talks about this bill ensuring corporations that are registered under it will be operating in harmony with the Bill of Rights. I think that is what he said this afternoon.

That in itself struck me as being interesting. I would like to have heard him speak at greater length about that. However, I am pleased to see that he views this legislation, no matter whether there are 3,000 or 5,000 non-profit corporations registered, as insuring that they will in effect operate in conformity with human rights legislation. I would hope that we might ensure that all federal legislation, in terms of both legislation and regulation, would operate in such fashion, although we know that is not always the case. However, I commend the minister in this instance for ensuring that that framework will exist.

Also I believe it is important, as pointed out in this background document, that, as it says, "The bill requires mandatory financial disclosure by a membership corporation to its members and by a charitable corporation to the public." Here the distinction is made between the two types of non-profit corporations, those that basically serve the membership and those that service a wider constituency. This business of public disclosure, as my colleague, the hon. member for Halton-Wentworth (Mr. Kempling) mentioned, is very important. In this day and age when billions of dollars are being raised by charitable organizations, it is important that the general public, as well as the direct membership, be fully assured that these moneys are being raised for legitimate purposes and that the money is being efficiently and responsibly dispensed. So I look forward to the disclosure that is to take place.

May I say that I am particularly concerned about this section because I have attempted to gain, over the last year or two some accurate picture as to the situation in terms of the registration of charitable organizations, as Your Honour is well aware. I have found it most confusing. Perhaps this is because I am not a lawyer and I am unable to understand all of the legal arguments that have been put forward. But as far back as about two years ago, about two ministers, as my colleague from Esquimalt-Saanich says, two ministers of national revenue, I have been trying to find out even the names of those registered as charitable organizations in the country. Quite frankly I have been baffled and I do not think it has ever been properly explained on the floor of this House, and certainly not in any correspondence with me, why it has not been possible for the Department of National Revenue to make available a simple list of those organizations today that have received a charitable tax number and that are in the position of being able to offer charitable tax status or benefits to those who contribute to them.

In most instances individual organizations which solicit support will tell you whether or not they receive that status. This information is required when filing income tax returns, and yet in requests that I have made on the floor of this House and in correspondence to successive ministers, I have never been given an answer. Usually I am told that it would create some such thing as too much paper work or, in the disclosure of this particular information about the specific names, that somehow or other this would be giving information that would be either damaging, dangerous, or a disservice to these particular organizations. I cannot for the life of me understand the kind of rationalization or lack of response in this area. Therefore I register the mild hope that this particular bill will encourage the new Minister of National Revenue (Mr. Abbott) to be forthcoming on this matter.

I think this is a basic right of the people and taxpayers of this country, to know on an annual basis, if you like, those that are registered for purposes of charitable donations. If anything it will be one form of insurance where an individual may—because we have had cases of fraudulent situations reassure himself that the organization he is giving money to at a specific point in time has been registered, or has been registered for a period of years, if he wants to know that there is some continuity of likelihood of that organization being able to carry on and fulfil the objectives set forth in the pursuit of its particular program.

I look forward quite optimistically to having a more regular statement. I do not want to know in a detailed way each and every charitable organization's activities, or the disbursement of its funds. I presume that information will be available to those who want to inquire directly of a specific organization. As I understand it, that will be the law. I do think it is not beyond the range of responsibility and possibility of a government to provide an annual list.

Certainly I will press for that to take place on a regular basis.

● (2052)

There is something else about which I am concerned. This will come as no surprise to members of this House. I refer to the way in which the government treated charitable organizations when they began to raise issues embarrassing or disturbing to the government. This goes back over two or three years.

I recall the first instance when this became an issue. It was about two years ago. A particular religious group was demonstrating about the rights of certain people who were being discriminated against in the Soviet Union because of their religious views. In that instance, a particular group in Canada was advertising that it was going to demonstrate in front of the Soviet Embassy. When officials in Revenue Canada heard that this organization was going to carry on a demonstration against the Soviet Embassy because of what was happening to

some of their confreres in the same religious group in the Soviet Union, Revenue Canada suggested in conversations with this group they would not get their charitable status renewed. Apparently they had suspended it for a period of time and it was not going to be renewed if that group participated in that kind of political activity. There was quite a row raised on the floor of this House about that kind of intimidation. The threat was then withdrawn.

Less than two years later a more recent minister of national revenue issued a set of guidelines, so called, that were circulated to all groups which had this charitable tax status, listing the kinds of proper and improper activity which they could engage in, a kind of setting forth of the guidelines for acceptable political activity.

Putting it the other way, any group that engaged in political activity would, according to the definition of Revenue Canada, soon lose its charitable number. Again this whole position was based on the flimsiest kinds of grounds.

First, it was based on a couple of court cases that were certainly not recent and which showed very little relevance to the present situation. The interpretation that was put on these cases went, from my point of view, away beyond what those particular cases in effect decided. I thought it entered very much into the situation of departmental officials, if not ministers, beginning to intimidate or to some degree limit the freedom of action of charitable organizations of this country. From the number of groups I heard from—church groups, service clubs, voluntary organizations of one kind or another—this did not go down well. It did have the effect of raising some very real fears among these groups as to whether the government might be able to cut off their charitable tax status. We still have not resolved that issue. As the Prime Minister (Mr. Trudeau) said, the government finally suspended or withdrew the particular memo. However, he very much implied in the answers he gave in this House that the basis on which those regulations were set out still stood. There has been no substantial clarification or clearing of the air on this very contentious matter.

We are left in a real dilemma as to what are the criteria, the acceptable role if you like, of charitable organizations. We are also left with the question of who really decides what those criteria should be. Unfortunately, the danger still exists in terms of the kinds of intimidation that can occur, even in this legislation.

On the first page of the background papers, there is this intriguing and somewhat disturbing statement, and I quote:

—the bill, although it applies specifically to non-profit corporations seeks to achieve the same general goals as does the CBCA; that is, to set out a legal system that is clear, comprehensive, and practical:—

No one will disagree with that.

—to minimize the scope of the administrative discretion exercised by department officials;—

That is to be commended. Here is the important part:

—to relegate to the regulations the detailed rules, particularly the financial disclosure rules; and to simplify all statutory formalities with a view to increasing operational efficiency in the respective offices of the corporations,—

It is still implied very clearly that there will be a section for regulations or, as it states, detailed rules, not just the ones having to do with financial disclosure but perhaps other interpretations that some zealous official might put on what is a properly constituted activity of a non-profit organization in the charitable field.

It is becoming increasingly clear that we must have a good airing of this matter. We must have a thorough public examination of the role of charitable organizations in our society today. The more I have thought about this whole debate and the issue of contention that has existed here with successive ministers of national revenue and their officials, the more I have become concerned about some of the attitudes or philosophic assumptions on which some of this debate has been based.

There has been almost an automatic assumption that somehow or other the activity of charitable organizations and political issues are mutually and totally exclusive of one another. Quite frankly, that is extremely superficial. If one thinks about the very nature of charitable organizations, the reason for which a great many of them are brought into existence, one realizes in many instances they have been brought into existence to deal with issues with which the government or elected authorities have not come to terms.

Certainly most of the major social changes and improvements with regard to governmental responsibility over the lives of people very often began with voluntary associations or charitable groups. If we think of improvements in the situation with respect to people's housing, the provision of various social services, the whole issue of medical care and health services, many of these began with groups and associations that were purely in the charitable field.

Mr. Munro (Esquimalt-Saanich): Yes, and anti-slavery.

Mr. MacDonald (Egmont): And anti-slavery, as the hon. member for Esquimalt-Saanich (Mr. Munro) reminds me. Many began in a voluntary way. It was only a few years down the road that governments decided to exercise their responsibility on behalf of all of society.

If a very strict interpretation had been put on this from the beginning, if at the outset officials had narrowly defined the issue of political activity as that famous circular did earlier this year, where would we be now in terms of responsive and responsible society? We would be in a very sorry state. That is why I am quite alarmed and very much concerned that a government minister or an official would think that somehow or other we could separate this into the kind of watertight compartments envisioned in that regulation.

If a charitable organization is being responsible, it will from time to time likely be involved in issues, sometimes of controversy, and sometimes of criticism of those in positions of authority. If we are going to have a narrow definition, if we are going to have regulations that prohibit the expression of opinion, even to lobbying from time to time on specific issues, we will not only do a disservice to charitable organizations and

the basis on which they exist today, but we will do a major disservice to ourselves and our society.

Therefore, I simply argue at this point in the context of this bill that we not begin to envision regulations or begin to have narrowing definitions that really take the life, heart and some of the purpose out of what has been of primary importance in the activities of charitable organizations. As the minister knows, there are only 45,000 to 50,000 of these, and only a small number are registered for these purposes under this kind of legislation. Many would never seek nor in fact need this kind of national registration. What happens, of course, is that the major ones come under this kind of law. Therefore, any change they make will set the style, pace, and direction which many of the others will follow.

I hope in committee there will be more opportunity to explore this area. It is of very great concern, particularly having seen the many instances in the last year or so when officials who are either overly sensitive or overly narrow in their definition, or simply not realistic, impose the kinds of restrictions that do nothing but harm to voluntary and charitable activity in our country.

● (2102)

Mr. Stanley Knowles (Winnipeg North Centre): Mr. Speaker, this may not be the occasion of a very exciting debate but I should like to register the opinion that some very important things have been said by all those who have taken part in this discussion. That goes for the Minister of Consumer and Corporate Affairs (Mr. Allmand) and for all my friends to the right who have spoken.

I should like to underline some of the things which have been said, and perhaps add two or three words. First, may I refer to the comments which have just been made by the hon. member for Egmont (Mr. MacDonald) about the relationship between work done by voluntary, non-profit organizations and the services which are provided by the state through various agencies. I subscribe to the views he has expressed in that connection. I go on to say, as I have done many times in the House, that the thing of which I am most proud about the public life of this country in the last few decades is the fact that we have greatly improved the services which are available to our people. Those services include not only maintenance of income but a whole range of health programs which are available through the various health centres. I think of areas such as rehabilitation and assistance to handicapped people in many ways. There just is no comparison between what was available two or three decades ago and what is available now. However, I did not rise to make that speech—members have heard it made a few times before.

I simply want to say that as one who is most excited about the gains we have made in the public sector, I join with all those who have spoken in saying that a very important sector in our society is occupied by voluntary and non-profit organizations. The hon. member for Halton-Wentworth (Mr. Kempling) mentioned some of them, and other organizations have also been mentioned. I think of groups that work with crippled people, associations which are interested in paraplegics or multiple sclerosis patients.

[Mr. MacDonald (Egmont).]

We all know our own constituencies best, and in my own constituency I think of organizations like the Ellen Douglass Association which works with the staff and teachers of the Ellen Douglass School caring for crippled and handicapped children. I think, too, of the work done by the Manitoba Association for Crippled Children and Adults. Such organizations do a tremendous amount of good work. They are pioneering in efforts the state may yet take over, and they are doing a tremendous service. They deserve recognition. They deserve this bill—I wonder whether many members have gone right through it to determine whether its substance matches its volume.

I think of various groups working with youth, with women, with boys and girls. There was an organization known, not long ago, as the Boys Clubs of Canada; in keeping with the times it has become the Boys and Girls Clubs of Canada. Then there are the veterans organizations. Today, a number of them work not only with veterans, disabled and otherwise, but are branching out to render services to civilians who suffer from disabilities of which they have experience. War Amputations of Canada is an outstanding example of this. And, of course, there is the Sir Arthur Pearson Association for the War Blinded.

We do well to take these few minutes today to pay tribute to the voluntary organizations, the non-profit groups that do this kind of work. I know that when I visit a place like the Ellen Douglass School in my own constituency I am impressed not only by the kind of service which is given but by the patience and the warm, human touch of those who teach and care for these disabled and handicapped persons. They deserve whatever praise it is to have their work mentioned in the House of Commons.

Having joined in that rhetoric—it is part of this debate and I regard it as important rhetoric—I want to support as strongly as I can one other theme which has been mentioned by previous speakers. The theme I wish to support has to do with the income tax regulations. I listened with interest to the hon. member for Halton-Wentworth saying it used to be more exciting to give for the sake of giving than to give because you get an income tax rebate. But today that is part of the way in which our society works, and many organizations of a voluntary character depend upon the contributions they are able to get because income tax deductibility is available to those who make those contributions.

I found it quite disturbing a year or so ago when the Department of National Revenue put out guidelines or a circular which seemed to warn some of these voluntary organizations that they had better not get mixed up with anything which might sound to the department as if it were political, or that they had better not be critical or caught saying anything which might be embarrassing to the government, if they wanted to keep their tax status. Surely, groups of people who are working for the good of their fellow human beings on a voluntary basis ought not to be looked upon with suspicion by

the government as though they were trying to get income tax deductions they did not deserve. I am not satisfied that the matter has been fully straightened out even yet. The previous minister did not get it straightened out in this chamber, nor did he do so in the other chamber. And since then he has lost that job. Of course, members of the other place go on and on—

Mr. MacDonald (Egmont): For ever.

Mr. Knowles (Winnipeg North Centre): Not really. They are only allowed to go on until they reach the age of 75. Fortunately, that is not the case in this chamber. At any rate, I am glad two or three hon. members have made this point tonight and I hope the government will take it seriously.

There is one other thing I want to say. I find it rather strange that the government should have brought in this bill at the very time we have learned that as part of the program of cutbacks the Department of Supply and Services has instructed its publications centre to cut down drastically the amount of government informational material it makes available to libraries generally, and to university libraries in particular.

• (2112)

Like many other hon. members around here I have been waiting for several days to participate in the question period in connection with this matter. When one waits several days and does not get into the question period, he falls back on Standing Order 43. That is why I moved the motion under Standing Order 43 I did today to make the point. I am sorry that the new Minister of Supply and Services (Mr. De Bané) was not here to hear my motion, but I shall see that he knows about the proceedings both this afternoon and this evening. For a government which is talking about wanting people to have greater access to government documents and government publications to be cutting down on the extent to which it is prepared to make those publications available to the libraries of this country, and to be imposing particular restrictions on university libraries, I think is a very sad mistake.

It is perfectly true that we are getting letters about this matter. I am glad we are, and I hope the letters are coming not only to us who are private members in this House but also to the government. I know that every time we stand up in this House and say "This is a cutback which ought not to be made," the government says, "Well, we have to cut somewhere." Mind you, the government cannot say to us the things it says to my friends to my right as to which way they are going. We just happen to think that involving government in the life of this country is an important way to advance the cause of civilization. We do not advance the cause of civilization when we cut back on the material which is made available both to libraries which are open to the general public and to our university libraries.

I hope that the Minister of Consumer and Corporate Affairs, who is here for this debate and who, I hope, is following it, will take that message to his colleague, the new Minister of Supply and Services. I understand that some of the ministers who have taken over departments they did not have before are wrestling a bit with some of the decisions they are expected to implement. I hope the Minister of Supply and Services will see fit to reverse the decision about supplying government publications to libraries generally, and to university libraries in particular.

Those are the few thoughts I wanted to add to this discussion. This debate may not reach the crescendo of excitement we sometimes get around here, but I believe we are talking about something which is very important in Canadian life.

Mr. Donald W. Munro (Esquimalt-Saanich): Mr. Speaker, remembering the remarks which have just been made by my friend, the hon. member for Winnipeg North Centre (Mr. Knowles), to the effect that we are talking about something important this evening, I am frequently puzzled by the priorities assigned by this government to the legislation it brings before this House. I just happened to look at Friday's *Hansard*, and I noticed on page 1941 that the order of business as set forth by the Deputy Prime Minister (Mr. MacEachen) was, first, Bill S-4, legislation respecting non-profit corporations, and then Bill S-5, Canada Business Corporations Act amendments. The order in which we have dealt with those two bills today has been reversed. Then came Bill C-13, amendments to the Electricity Inspection Act and the Gas Inspection Act. Then came legislation dealing with the Canada-France trade agreement, which is facetiously described as the champagne bill. In the present state of Canada's economy these are considered by this government to be the bits of legislation we should be studying.

True, we have dealt with a number of quite important bills since we came back here in October. We have dealt with the family allowances bill, the old age security bill, and the unemployment insurance bill. Some of these bills have gone through, and some are still in committee. We dealt with a borrowing authority bill. The government had to backtrack on that one. It had to move back from $17 billion to $7 billion. It had to lop off $10 billion because it could not tell us where it was going to spend it.

This afternoon and this evening we have been dealing with two bills, Bill S-4 and Bill S-5, which by their dimensions at least are important. The bill we are considering now is 150 pages in length and contains 242 provisions. I would like to come back to that in a moment. However, as I say, I am puzzled by the priorities this government set for its legislation. Where, for example, are measures which would deal with the key problems of unemployment, inflation, and business uncertainty, which are facing our country today? Where are the ways and means provisions which flow from the budget? Where are the changes to the Income Tax Act which are required? Where are the changes in the excise tax law and in the customs tariff law which are required? We are still waiting for them. The country is waiting for them. Business is waiting for them.

We have before us Bill S-4 and Bill S-5, which set up elaborate paraphernalia and structures to create and to put

corporations in place, be they non-profit corporations or otherwise.

I did not have an opportunity to be present at the hearings regarding this bill which took place in the Senate. We learned on Friday last that this bill was to be before us today. I have not had a chance to see what representations were made to the Senate by non-profit organizations, about their concerns regarding the complexities of the structures which are set out.

I wonder if those who drafted this legislation ever considered such small charitable or non-profit organizations—*à buts non-lucratifs*, as it is aptly put in the French language—as the organization which is set up to ensure that the leg-hold trap will be abolished in Canada. That is a small group. It gathers dollars and fifty cent pieces from school children and adults all over Canada, but in order to quality as a non-profit organization this group has to subscribe to this bill comprising 150 pages and 242 clauses. This organization will have to have a lawyer. It will have to pay subscription for lawyer's fees in order to make sure that they are operating within the law. It seems to me that a non-profit organization is a non-profit organization is a non-profit organization. I cannot see why we have to use 150 pages to define one. There are some—they are specified separately here—which have a somewhat different nature. I refer to chambers of commerce and the like, but what about voting powers, proxies, and that sort of thing? I am sure those provisions are not needed for all non-profit organizations in Canada.

My friend, the hon. member for Egmont (Mr. MacDonald), mentioned the number of non-profit or charitable organizations there are. I recall putting a question on the order paper about three or four years ago. I received an answer saying that there would be so much work involved in producing this kind of information that it would not be economically feasible. As my friend was speaking, it occurred to me that there is one way of doing this. There must be a list somewhere, there must be a list in Revenue Canada, otherwise there would not be a little X, Y, Z number. Maybe they have the SIN too, I am not sure. If they do not have one, they can invent one, as my colleague, the hon. member for Kingston and the Islands (Miss MacDonald) said, because that is the new system. If you do not have one, you invent one and you proceed in that way.

● (2122)

There must be a list of the organizations which are given the right to issue receipts for income tax purposes. Where is it? I would say it is with Revenue Canada. Why is it not available? Why is there not just a copy of it available? Let us have just one copy in the Library of Parliament. That is one place where it could be. I see no reason why it should not be there. It must be a public document. Those of us who want it or need it would then know whether this or that organization was entitled to issue receipts for income tax purposes, and because of the inter-library loan system, that document would be available for consultation in any library in Canada. Thank goodness we do have that inter-library loan system. I think if there were specific titles of groups mentioned on the list, they could be looked up in the copy which would be in the library and, I suggest, in the Public Archives of Canada. It could be changed from time to time, but there is a loose-leaf system for making amendments to government regulations.

I wonder whether there is a swimming pool incorporated, for example, that is on a charitable organization's list so that those who build swimming pools for prominent people can obtain their income tax deductions that way.

Mr. Hnatyshyn: Be more specific.

Mr. Munro (Esquimalt-Saanich): I do not think there is any need to be any more specific. What I have in mind is fairly evident.

Mr. Knowles (Winnipeg North Centre): Take the plunge.

Mr. Munro (Esquimalt-Saanich): I will take a dive at it.

I am also a little concerned about the matter which was raised by the hon. member for Egmont. He stole some of my thunder, but I think it is worth going over the matter again. I can remember when, in the month of May this year, those regulations came out and the furor that was raised about what they meant, about who was going to bite the bullet and who was going to continue engaging in the activities in which they had been involved. You will remember, Mr. Speaker, that there was an information circular dated February 27, 1978, No. 3. I think it is worth putting it on the record in part. It reads:

> The purpose of this circular is to explain to registered charities and to charities seeking registration the consequences of having objects and carrying on activities that are political in nature.

I well remember that my friend, the hon. member for Kingston and the Islands, raised the question on May 1 and I raised the question on May 3, and during two or three weeks in May the government was balancing from one foot to the other, saying that the circular was not really an instruction but was merely an accumulation of the jurisprudence on this matter. There is no jurisprudence in this document. These are threats, plain threats.

Then, toward the end of the discussion in the House—because I do not think the discussion is fully ended since this was left very vague—the Prime Minister said in a pet, "All right, I will rescind it for you, if that is what you want." Do you rescind information circulars? Surely you can cancel them. I do not think rescinding was quite the word to use. You can withdraw them, which I think would have been the proper word to use. Rescinding has a somewhat different meaning. I have not looked it up recently in the dictionary, but it does not bear quite the same meaning of permanence that cancellation or withdrawal has, to my way of thinking.

I should like to go on and cite one other piece from this information circular. The second paragraph begins:

> It is well established at law that an organization whose purpose is the attainment of a political object is not organized for a charitable purpose.

When the hon. member for Egmont was listing some of the activities of organizations, I mentioned the anti-slavery organi-

zation in the eighteenth century. What about the organization to change the penal laws in the nineteenth century? That was political acitivity. They did not get deductions for income tax purposes in those days, I am sure of that. But today there is the John Howard Society and the Elizabeth Fry Society. These societies are formed for the sole purpose of making sure that the penal system of this country is run in a humanitarian way, and when there are any regulations or any pieces of the law which, in their view, do not correspond to their definition of what is humanitarian, they are not mute and, God bless them, they should not be. They should stand on their hind legs and scream, and they should not be penalized for it either. The same applies, as I was saying, to those who are showing their opposition to the leghold trap. They became involved in political activities; they wrote to their members of parliament. It says here in the circular, "An object normally is said to be 'political' if its ultimate intention is to influence the policy making process." It speaks here about writing to members of parliament and so on.

I find that sort of circular issued to organizations which are fulfilling a very important role in our society an abomination. They are fulfilling a role that no government in any democratic country will ever be able to fulfil or should fulfil. These channels should be open to our citizens to express themselves, and to influence legislation and legislators. This particular information circular is an abomination. When we were asking these questions we could not say too much in our preambles, but "abomination" is the only word I can think of to describe that document. I would like to think that it will be definitely withdrawn, as in some other unfortunate incidents in which this government has been involved.

Mr. Knowles (Winnipeg North Centre): That is a long list too.

Mr. Munro (Esquimalt-Saanich): Yes, it might cover even more pages than this bill covers. I think that this particular information bulletin might go along with many others.

As I mentioned, I was rather staggered to see the size and complexity of this bill and the detail into which it has gone for the proper constitution of organizations that are designed to fulfil charitable purposes or of those who wish to come together on a voluntary basis to further a legitimate social cause. I do not know why they have to go any further than that—that is a simple definition, I should think. I suppose it could be refined a little more. But I do not see the necessity of going to this length to define that type of organization.

● (2132)

The booklet outlining the detailed background of this particular bill is a fair number of pages in length and is in fine print. At page 11 it reads as follows:

As a result, the bill, although it applies specifically to non-profit corporations, seeks to achieve the same general goals as does the Canada Business Corporations Act—

It continues:

—to relegate to the regulations the detailed rules, particularly the financial disclosure rules; and to simplify all statutory formalities—

Goodness gracious, there are 150 pages of detailed description, and there will be regulations in addition to that. How will associations out to ban the leghold trap fit into that system? How will those seeking amendments to the Criminal Code or other federal statutes, such as those affecting the gun laws, fit into that system? They have a legitimate right to stand up, complain, and make a corporate joint approach to government on pieces of legislation to which they object. They want to be within the law. They do not like the law as it is, and they want to see it changed. What about those concerned with the death penalty, prison reform, and abortion?

This bill is 150 pages long and contains 242 clauses, in addition to regulations. It defies the imagination of one who feels we ought to be thinking in simpler terms about our legislation and not in more detailed terms. I doubt that people with causes to further will be able to get from the beginning to the end of this bill without going to sleep. They will go to sleep and not understand more than the first two or three pages, if that. Yet, they will have to subscribe to it.

Therefore, among the comments the minister will make as he closes this debate, I hope he will address himself particularly to the status of this information bulletin. It is not a bulletin which emanated from his department. It belongs to the Department of National Revenue. If he does not make some comment about it, I am sure the matter will be brought up again in committee. That dreadful document should disappear because it is a shadow over all charitable organizations. They want to know exactly where they stand and where it stands with regard to them. If the minister is not able to say anything about that particular regulation, I hope he prevails upon the Minister of National Revenue (Mr. Abbott) to come before the committee and make the appropriate statement.

Miss Flora MacDonald (Kingston and the Islands): Mr. Speaker, I should like to say a few words before the minister closes the debate. Bill S-4 is a very weighty tome respecting Canadian non-profit organizations. Supposedly it will have the effect of lessening the possibility that moneys donated to and expended by charitable organizations and membership corporations will not be used for the purposes for which they were intended, and that occurrences of abuse or fraudulent behaviour will be reduced.

The bill is a vehicle to expedite the work of the volunteer sector of our society. For that reason I applaud its objectives. But sometimes I think that we would do a lot more to encourage volunteers if a bill of this complexity could be written in plain English so that those to whom it applies would find it more comprehensible. As it stands, probably it necessitates the services of a corporate lawyer for days and even weeks to read, understand, and transmit its intricacies to the voluntary sector.

Because I have a very healthy respect for what volunteer organizations contribute to our society, and because I have a

belief that they could do even more if they were not so hampered by bureaucratic red tape, I attempted to plough my way through this particular bill to see if it made reference to a matter which has been raised on a number of occasions this evening. It is a matter in which I am particularly interested and which I and others have raised in the House on a number of occasions. I am referring to the information circular which was noted by the hon. member for Egmont (Mr. MacDonald) and the hon. member for Esquimalt-Saanich (Mr. Munro).

This circular was issued by Revenue Canada last spring. It dealt with charitable organizations and political activity. But search as I would through the 242 clauses of the bill, I could find no reference to that particular aspect of the role of volunteer organizations. One might say this is not surprising, since the matter should more rightly be dealt with by the Minister of National Revenue (Mr. Abbott) or the Minister of Finance (Mr. Chrétien). That is true after a fashion, but since the government has promised for many years to do something about updating the rules and regulations concerning the activities of volunteer organizations, particularly as they pertain to disclosure, I thought possibly this bill would be used for the purposes of clarification. I am referring to clarification as far as the guidelines of last spring were concerned. Those guidelines issued by Revenue Canada, far from recognizing the contemporary role of volunteer and charitable organizations, had the effect of restricting their activities considerably.

When I stopped to consider this promise by the government to attempt to make the rules and regulations covering charitable organizations more applicable to contemporary society, I found I had to go back eight years, to the time when the promise was first made in the budget speech of Edgar Benson. At that time, in 1970, he said that a review of the tax laws, as they relate to charitable organizations, would be undertaken. As far as I can find out, that is when the promise was first made. But in 1977 the government's advisory council on volunteerism recommended a series of measures to safeguard citizen groups from political pressures. Even that more recent advice to the government has not been heeded.

Did the government consider proceeding with reform of outdated rules and regulations? Did it consider getting on with the work of clarifying these vague laws? No, that was not the manner in which the government proceeded. It did not decide to clarify and set out what could be considered contemporary legislation regarding charitable organizations. Instead, last April it circulated to charitable organizations across Canada this circular 78-3.

● (2142)

As has been stated by my colleagues, this circular warned churches and charities that they risked losing their tax exempt status if they engaged in so-called political activity. Political activity was defined in the circular as any activity that has as its objective the changing of any legislation or even the maintenance of existing legislation. It included seeking support for their objectives from members of parliament or from the general public by means of the media. That may have been acceptable to the then minister of national revenue, and it may have been acceptable to his colleague, but to those of us on this side of the House, sir, not only did that approach seem to be very punitive, it also had the effect, as far as we were concerned, of stultifying rather than encouraging the work of the volunteer sector of our society.

At that time an editorial in the Toronto *Star* responded to the activities of the government and to the circular put forward with regard to charitable organizations. In that editorial of April 18 it referred to the way in which the Trudeau government was trying to muzzle volunteer organizations. It said:

> This is outrageous. It's based on National Revenue's interpretation of a body of law that goes back to Britain 300 years ago and which takes the narrow view that while charities can directly aid the needy, for example, they can't advocate changes in public policy that might benefit the needy.

It pointed out the incongruity of that approach.

As a result of that there was a series of questions asked in the House by a number of us on this side, members who were very concerned that this particular circular represented a very dangerous intrusion into the democratic right of free speech. At that time questions were raised in the House, in the committee, and during exchanges between this chamber and the other place where the minister was then sitting, and he replied to my colleague, the hon. member for St. John's East (Mr. McGrath) by a letter, explaining that the charitable status of organizations "would not be prejudiced by limited attempts to promote the interests of those organizations at the political level". At this point the minister introduced a new note to the discussion for debate. This issue became compounded by that of limits or the lack of limits of ministerial discretion.

I asked the minister at that time in what way he was able to sit in judgment on the activities of churches or charities, as to whether their attempts or interests should be limited in any way and, if so, how he would define those limits and where he got his authority to do so.

As has been noted, under heavy attack in this House the government finally agreed to withdraw the circular. The victory was a very uncertain one, because government spokesmen insisted that they would continue to enforce the law according to their interpretation of it, circular or no circular. As a result of that, Canada's charitable organizations were left with the threat hanging over them, that if they did not conform and if they did not curtail their political activities, they might face punitive action by Revenue Canada. That, of course, is what happened, and has happened on a number of occasions since.

When I look back over my records I find it was on May 3, the then minister of national revenue wrote to inform me that he had decided to withdraw circular 78-3, for review by his officials. Having received that kind of communication from the minister, one might have gathered that the intimidation which was connotated in the circular would also have been withdrawn. Yet, sir, on June 11 of this year it came to light that a women's group, the Brampton Women's Centre, had been forced to sign a statement that it would take no part in

political activities if it were to receive or qualify for its standing as a charitable organization and receive charitable status for purposes of tax deductions. The president of that particular group admitted she had signed only under pressure, because without the charitable status that was to be accorded her organization, the organization would not be able to continue or exist. I ask you, sir, is this an example of government action which is directed at promoting voluntary activity in our society?

At that time I referred to the incident regarding the Brampton Women's Centre as a danger to our entire political system, and a failure to keep a promise to redraft the circular. A little over a month after the minister had assured me that the bulletin was being withdrawn and reviewed, his department was proceeding to threaten organizations such as this one, the Brampton Women's Centre, because it was felt that they would engage in political activity of a nature relating to women's interests. It strikes me as rather ironic, sir, that if Agnes MacPhail and Nellie McClung, in their fight for women's rights in this country, had been forced to withdraw from their activities by governments of the day under that kind of intimidation, probably I would not be in a position to stand in the House of Commons this evening.

As a result of that incident regarding the Brampton Women's Centre questions were raised in the House of Commons as to the intent of the government in respect of volunteer organizations. Once again I heard from the then minister of national revenue. Having promised that the circular would be withdrawn for review and clarification, he apologetically explained to me that what was involved was a specific paragraph in the Income Tax Act, and that he had no authority to withdraw that. He went on to include this paragraph in his letter of May 24:

> It may well be that the legislation is too restrictive ... that it has not kept up with the time. For that reason I have asked my colleague, Hon. Jean Chrétien, Minister of Finance, to review the applicable provisions of the Income Tax Act. Meanwhile, however, my officials must administer the act in accordance with its present provisions. I assure you, nevertheless, that the department's practice is not to be unduly restrictive with charities.

What kind of language is that with regard to charitable organizations in this country?

Earlier I mentioned correspondence which I had from the minister that referred to limiting attempts of charitable organizations. Subsequently he wrote that he would not be unduly restrictive regarding charitable organizations. How can we assure that charitable organizations in this country will carry out work on a voluntary basis, work that we desire them to carry on, if they are to be threatened, or their activities curtailed by implication that the government will not be unduly restrictive? What does this really mean? What does it mean?

• (2152)

We have already seen in the case of the Brampton Women's Centre that they would not have received their funding had they not given a commitment that they would not take part in any political expression. How many other organizations across Canada since that time have received similar threats or have been similarly intimidated, and about which we do not know? How many charitable organizations which might have been functioning, refused to place themselves in a situation where they felt that their freedom of speech was being curtailed or their activities limited? How much of this has gone on of which we are unaware?

There are some things we do know for certain. We know that the Department of National Revenue has not yet got around to involving voluntary organizations in any redrafting of circular 78-3, or even to seeking their opinions on redefining what their role should be in the 1980s and the 1990s. It is a very different role from that of the 1930s or the 1950s and whatever prehistoric legislation upon which the government bases its circular 78-3. We know that the Minister of Finance has not got around to revising the restrictive clauses of the Income Tax Act which curtail the activities of voluntary organizations very significantly at the present time.

I note in this Bill S-4 that a non-profit charitable organization will still have to apply to the Department of National Revenue for a number in order to qualify for tax deductible status. In this bill we are presented with rules and regulations as to the number of directors, the meetings of these directors, the practices of quorum, the use of proxy, the role of the auditor. How much better this bill could have been had the minister urged his colleague, the Minister of Finance, or the Minister of National Revenue, or both of them, to do what Mr. Benson promised in this House eight years ago, to review and to update the tax laws as they relate to charitable organizations so that no one would feel pressured or intimidated, and no charitable activities would be restricted or organizations' work curtailed by the heavy handed government interfering with the true goals of voluntary activity in our society. I hope that the minister takes that message to his colleagues.

Mr. Leonard C. Jones (Moncton): A person should not have to speak on a bill like this, Mr. Speaker, but sometimes it becomes necessary because of the very poor drafting. We have here some 150 pages, plus another number of pages with schedules, which mean absolutely nothing to the ordinary person who actually makes up the majority of memberships of non-profit and charitable organizations in this country. Its purpose is to set up another bureaucratic empire for this government to take further taxes from this country.

Bill S-4 is for the formulation of the Canada Non-Profits Corporations Act. Nowhere in the definition section, however, is the word non-profit defined. It seems to me that if we are going to have an act with 150 pages defining what it is, at least the word non-profit should be clearly defined. The definition for charitable organizations is very general, and upon reading other parts of this bill I wonder what is the real principle. I believe that the real principle behind the bill is to set up another bureaucracy to take away the powers of voluntary or service club organizations. Nowhere in the definition section are the words "religion" or "philanthropic", words which are used in most non-profit corporation acts in our country. It is

just another empire or bureaucracy, with more taxes and waste.

I wonder, too, if this bill, S-4, is really *inter vires* this House of Commons. It came from the Senate, but does its object really come within the powers of this parliament? It may for raising money, but that is not what it purports to be, an act to provide for the incorporation of charities or non-profit corporations.

What of those companies which have already been incorporated by provincial statute? Many of the non-profit, charitable and voluntary organizations across this country have in fact been incorporated under provincial statute, under a reasonably fair set-up, with little cost to them for set-up, and with very few forms to fill out. With this bill an organization will have to hire not just a plain lawyer to incorporate but a Philadelphia lawyer to decipher it.

As one reads through this bill, clause after clause, the general principles are, "as prescribed by legislation or as the ministry decides," but then that happens all the time in this House.

Shall I call it ten o'clock?

* * *

BUSINESS OF THE HOUSE

Mr. Knowles (Winnipeg North Centre): Mr. Speaker, could the Parliamentary Secretary to the President of Privy Council tell us what the bill of fare is for tomorrow?

Mr. Pinard: Mr. Speaker, tomorrow we will be dealing with Bill C-9, an act respecting public referendums in Canada on questions relating to the Constitution of Canada.

PROCEEDINGS ON ADJOURNMENT MOTION

[*English*]

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

COMMUNICATIONS—TELEVISING OF HOUSE PROCEEDINGS

Mr. Jim Fleming (York West): Mr. Speaker, I appreciate this opportunity to place on the record some of my concerns as a result of a response made to a question I posed to the Minister of Communications (Mrs. Sauvé) last December 1. I might say at the outset that my concern does not rest on the competence or the sincerity of the parliamentary secretary, but rather with the spirit of the response, which I do not think adequately replies to the concerns which I dealt with at that time.

[Mr. Jones.]

What has happened is that in metropolitan Toronto an organization called Rogers Cable Television has been presenting on their community cable channel the House of Commons question period live each day, and, as well, on one of their upper band channels reached by a converter they have been playing question period and, I believe, some other House of Commons programming. The regulations of the CRTC say that when a company has House of Commons programming on an available channel other than the so-called community channel, then you should not use the community channel for House of Commons programming. I termed this situation, in my original question, as regulation wise, common sense foolish.

In the course of a conversation on other matters a few weeks ago between an officer of Rogers Cable Television and an officer of the CRTC, the question was posed by Rogers as to whether there was any difficulty, because of existing regulations, with their playing question period live on that regular community channel which is readily available to anyone with cable television in the Rogers subscribing area. It was indicated in that conversation, as I understand it, that if a company had House of Commons material on another available channel, then it should not, according to that regulation, be broadcasting it on a community channel. Perhaps the principle behind the regulation is to prevent interference with community channel programming. It is a very wise-sounding and equitable regulation. The problem is that not all cable subscribers have converters, and thus in one fell swoop, a result of that interpretation and that telephone call, Rogers Cable felt it would be wise not to be in contravention and withdrew question period from their community channel.

● (2202)

I understand from a conversation with someone from Rogers Cable this afternoon that they have 200,000 units in homes in Toronto. They have sold about 30,000 converter units to some of those homes. Another 30,000 people have rented units, for a total of 60,000 out of 200,000, which would leave 140,000 homes, not people—there are many more people—who all of a sudden because of that regulation wise, common sense foolish decision no longer had available to them the proceedings of the House of Commons of Canada, the focal point of activities at the federal level. To me this seems to be an absurd development.

It may well be there are fewer than 140,000 people lost this service, because one could purchase a converter in any store. But, at best, at least half of those people, or 100,000 homes in Toronto, could receive question period live until a week or so ago. Today they cannot. Surely if we want people to understand better the operations of government and the concerns expressed by representatives from various parts of our country, that kind of silliness is unnecessary.

I understand there are very serious negotiations under way with regard to bringing the proceedings of the House of Commons to Canadians across the country, and I gather this problem will be resolved in the not too distant future. I do appreciate the principle that one channel on the main band

using cable is intended for community programming. I also understand there were no serious disruptions and that the few changes that were made to accommodate question period on that community channel via Rogers Cable in Toronto were made with no difficulty and no complaints. Meanwhile, I argue further, what could be more important or considered of more, community interest than the proceedings of this House, especially daily focal point which makes evident what is troubling people across Canada, what the points of confrontation are, and the differences among the various parties?

I know that my hon. friend, the parliamentary secretary, being a wise and reasonable man and a former broadcaster, who represents a great community, one of the most beautiful areas of Canada, one well known to me, will probably say in a moment or two that this silly business has been resolved.

If he does not, I will forgive him, but I count on him, because of my confidence in his ability, to go back and urge his minister to address this issue to the CRTC. Hopefully we can have a good common sense resolution and bring back the proceedings during the question period to at least those 100,000 homes in Toronto, a good many of which are in my constituency.

Mr. C. Douglas (Parliamentary Secretary to Minister of Communications): Mr. Speaker, I certainly want to thank the hon. member for York West (Mr. Fleming) for the kind things he said. I wish I could give him a more complete assurance than I am able to tonight concerning the problem he has put before the House. I must be quite honest, however, and tell him that according to the information I have received the problem has not been solved up to this point. But I am sure the CRTC, knowing the importance of broadcasting proceedings of the House of Commons to all citizens of Canada, not only to those in the city of Toronto and in the riding of York West, will be endeavouring as early as possible, as is the committee of the House of Commons itself concerned with the broadcasting of the proceedings, to provide the citizens of Canada with the best coverage of the House that is available.

● (2207)

One of the prime considerations we have to look at is the definition of a community channel. The purpose of a community channel is to represent and involve the community in a particular licensed area. The hon. member for York West made the eloquent plea that broadcasting of the proceedings of the House of Commons, in particular the question period, in that prime area would be of community interest. I agree that the happenings here in the House of Commons are of community interest to a large majority of the population, but is it community programming? We can probably get into quite a debate on that.

The view put forth by the CRTC is that it must involve participation of the people of the community that it serves to qualify as community programming.

Mr. Dinsdale: What about the MP?

Mr. Douglas (Bruce-Grey): The hon. member asks about the MP. We would be making quite an exception to the rule, not only in the city of Toronto but all across the country. We must realize there are areas outside the city of Toronto that are unable to receive the types of programming and broadcasting, particularly the cable service, which is available to viewers in that fine city on the shore of Lake Ontario.

I believe, because of the participatory role, the community itself should contribute to programming on the community channel. Therefore in this case, with a few members of the House of Commons, most of them from Ontario, the proceedings of the House do not fall within the parameters laid down by the CRTC as community programming. While the House proceedings do, without question, have a wide community interest, they clearly do not and cannot be construed as Toronto programming.

I do not say that broadcasting of the House proceedings should not have wide national distribution. I would put forth the idea that proceedings of parliament should be available to as many Canadians as possible. One way of achieving that would be to make the question period available as part of the national broadcasting service through the CBC. This would mean that approximately 98 per cent of all Canadians, not just those in Toronto, would receive the question period, which, as the hon. member said, involves members all across this country. The full proceedings of the House could then be carried over cable, but not on the community channel.

This is a very fine definition. I do not believe the community channel is the answer to providing wider access to the broadcasting of proceedings of this House. It should and must be done through our national broadcasting system.

AIR TRANSPORT—JET SERVICE TO WESTERN MANITOBA AND EASTERN SASKATCHEWAN

Hon. W. G. Dinsdale (Brandon-Souris): Mr. Speaker, I want to deal tonight with the perennial subject of air service to western Manitoba and eastern Saskatchewan. I do so because it has become critical. The Canada Winter Games open in Brandon on February 12. Air service is essential to the success of the games.

There have been repeated promises that air service would be available. However, the way things are proceeding at the moment, we will not have the required air service. Let me repeat the promises that have been made over a long period of time. On May 23, 1974, on a special trip to Winnipeg during the election campaign, the Prime Minister (Mr. Trudeau) announced as follows:

> The undertaking I am announcing on behalf of the government is as follows: we have asked Air Canada to work with each provincial government to determine what action is necessary to put in place in each province a third-level air carrier system that will provide high quality local air service, promote industry, reduce isolation and provide jobs. Air Canada will then co-operate with the existing carriers in each province to put in place this service. Air Canada will if necessary, either directly or through a subsidiary, provide that service.

Later in the statement the Prime Minister was more specific, and I quote:

● (2212)

In another area of air service, air policy, industrial development and job creation, I would like to announce the following: approval in principle has been given by the government for the provision of air services linking Winnipeg, Brandon, Dauphin, Yorkton and Saskatoon as a test of possible new third level air policies, the ones I talked about earlier. This will be air services linking these western cities.

That is a definite promise—an election promise, it is true, but election promises should be fulfilled.

After a series of questions in the House and after various delays, the Minister of Transport (Mr. Lang), in a news release dated January 31, 1977, made the following announcement:

The government will make contributions to operating deficits not exceeding the amounts indicated below for either jet and/or non-jet type services over the following possible routes: for jet services Regina-Brandon-Toronto, $1.1 million . . . for non-jet services, Winnipeg-Yorkton-Saskatoon, $.5 million—

This is another specific promise made by the Minister of Transport. Transair, the regional carrier, applied to provide these services. They were taken over by Pacific Western Airlines. Great Lakes Airlines applied for the rights that would be abandoned by Transair and made an offer to buy out Nordair so that it would have sufficient equipment. Instead of agreeing to the proposal of Great Lakes Airlines, which is a reasonable regional carrier in this part of Canada, the ATC not only denied the sale but the government itself decided to buy Nordair. This was described by Mr. Geoffrey Stevens in the *Globe and Mail* of November 8 as "a weird decision". He wrote:

Its the weirdest decision to come out of the Government of Canada in many, many moons. Just as the airline industry was losing hope that the cabinet would ever make up its mind, Transport Minister Otto Lang announced late yesterday afternoon that the cabinet had reached a decision on Air Canada's proposed purchase of Montreal-based Nordair.

Well, we were back to square one, because Nordair refused to provide air service to the western Manitoba and eastern Saskatchewan area which represents a population of some 200,000. They are willing to provide jet service to Dryden, Ontario, but not this important area of western Manitoba and eastern Saskatchewan.

I was in touch with the Minister of Transport and he explained that, in these circumstances, there seemed to be no financially practical way of providing Brandon with air service to the east and west, desirable though that would be. This was in a letter dated October 11, 1978. Yet in the House the other day, in reply to a question by the hon. member for St. John's West (Mr. Crosbie), the minister came up with a new theory. He stated:

I continue to support the right and wisdom of ministers making judgments on the basis of social needs as well as economic needs and I am glad to stand here and say so on behalf of my predecessors and myself.

Later, he added:

It is also my impression that I fully answered the hon. member and told him why it is that sometimes, on a non-economic basis, a minister will make decisions and recommend situations to government on the basis of what is good for a province, region or development, not necessarily justified on economics alone. I said that and I said it very fully.

[Mr. Dinsdale.]

That contradicts the response he made to me that western Manitoba could not be provided with jet service on the grounds that it was not economically feasible.

The minister has received petitions from large numbers of people. The government of Manitoba has made a special appeal to the federal cabinet. The deadline for making a decision on these matters is almost due with respect to the winter games, and I urge the Minister of Transport—I am sorry he is not with us tonight for this important discussion—to authorize Air Canada to provide this service. Air Canada flies over the area several times a day. The only difficulty is that it is hard to reach it at an altitude of 30,000 feet. Air Canada is the one carrier which is now able to provide this service. In 1974 the Prime Minister promised that Air Canada would be authorized, if necessary, to provide this service, and I trust that whoever speaks for the government in reply on this matter will indicate that there will be air service in time for the winter games, which commence on February 12 of next year.

● (2217)

[*Translation*]

Mr. Charles Lapointe (Parliamentary Secretary to Minister of Transport): Mr. Speaker, there is still some misunderstanding surrounding the matter of the provision of jet service to western Manitoba and eastern Saskatchewan on time for the opening of the Canada Games in Brandon in February. I would like to take the opportunity to try to shed some light on that matter.

It is already established that the airlines decided themselves not to provide that service to Brandon or Yorkton after the Minister of Transport (Mr. Lang) invited them to do so. It should be specified immediately that no airline made a request to provide a jet service to Yorkton and that only Transair made such a request for Brandon but withdrew it afterwards.

It has also been suggested that if Great Lakes were now the owner of Nordair they would provide that service to Brandon. I feel there is nothing less sure. Great Lakes, as all other carriers asked to submit an application, have reviewed the financial implications of a service to Brandon and have found that they would incur very heavy financial losses. It should not be concluded that the possibility of a jet service to those locations has been definitely discarded. The air carriers have considered the service and have merely decided that at present it would not be profitable. In addition, if the carriers find that the demand for an air service is sufficient, they could then submit an application to the Canadian Transport Commission to obtain the necessary permit.

I am sure that my colleagues know that the Minister of Transport cannot ask Air Canada to provide that service to Brandon as long as a regional carrier cannot do so, as requested by the hon. member, even if Air Canada aircraft fly over that area several times a day. I should point out that in such a case it is proper to let airlines decide what services they will

provide and file an application with the Canadian Transport Commission.

[*English*]

I think that the government lived up to its promise when it announced financial assistance for Prairie Air Services on January 31, 1977 and provided for a contribution of up to $1.1 million for jet service between Regina, Brandon and Toronto, and a contribution of up to $0.9 million for jet services between Winnipeg, Yorkton and Saskatoon. I have already stated that the result of this effort was that no carrier applied to service Yorkton, and only one offered to service Brandon, an offer which was later withdrawn.

The Minister of Transport has had continuing discussions with the airlines to encourage some interest on their part in coming forward with an application. The government has done all it could on the matter to this time. The carriers have indicated that this service to western cities would be a non-economic venture at this time unless a greater demand could be shown.

The Minister of Transport still stands ready to provide whatever help is required to make that kind of application work.

Mr. Dinsdale: Get rid of Nordair and let Great Lakes do the job.

● (2222)

LABOUR CONDITIONS—OCCUPATIONAL HEALTH AND SAFETY OF WORKERS EXPOSED TO ASBESTOS HAZARDS

Mr. Derek Blackburn (Brant): Mr. Speaker, on November 23 I addressed a question to the Minister of National Health and Welfare (Miss Bégin), who is responsible for protecting and maintaining the health of Canadians. At that time I asked the minister to investigate claims arising from a U.S. court case that Canadian asbestos companies were aware of the potentially fatal health hazards to which their employees were exposed but that these companies took no action to inform their workers.

In fact, one of the documents introduced in the case against the asbestos giant, Johns-Manville, indicated that although the company took steps to warn Americans of the asbestos danger as early as in 1964, it did not do the same in Canada until 1968.

It is a sad fact that thousands of Canadian workers may have had their lives put in jeopardy because information regarding asbestos dangers was suppressed. I asked the minister to look into the matter and to discuss with the provinces what action might be necessary. The minister expressed some reluctance to do this. She stated that she did not want to create "unnecessary panic in the public", and those are her exact words. I also do not wish to create panic, but it is certainly time to express more concern than the government has demonstrated so far.

I am not so much interested this time in assessing individual corporate guilt or innocence in this matter, although that certainly bears further investigation. For the most part, the damage has been done, but I am interested in determining what is being done for the victims, or for those who will soon be recognized as victims, since asbestos-related diseases usually strike 20 to 30 years after exposure. In the United States, the health secretary has already warned that as many as half of the workers who worked with asbestos during and after the second world war might be afflicted with lung cancer or other asbestos related diseases, such as asbestosis. Some medical experts are worried that we may soon have an epidemic of asbestos-related diseases on our hands.

Only this morning it was reported that five workers who were employed during the Second World War in a Defence Research Board plant which processed asbestos filled gas masks have died as a result of a disease associated with exposure to asbestos. Others who worked in this plant are undoubtedly at risk.

Clearly it is now incumbent upon the government to set up procedures to identify all the employees of its wartime defence plants who suffered similar exposure to asbestos. It must be determined if they have developed asbestos-related diseases and, if so, they and their families must be compensated for the suffering involved. The government should set an example for the asbestos companies, if the companies themselves refuse to take any action. This would be one small step in the right direction.

There is now sufficient medical evidence, and a sufficient number of cases have been made public, to suggest that immediate action should be taken to determine how many Canadians have been affected, and what can be done to assist them. To this end, it is imperative that the Department of Labour's new Centre of Occupational Health and Safety enter into discussions with the provinces and develop a co-ordinated plan of action.

When I made this suggestion to the then acting minister of labour last month, he informed me that there have indeed been consultations on this subject. I would like to ask the new minister or his parliamentary secretary what was the result of those consultations. Were they aimed at determining what persons have been affected, what medical attention is appropriate, or what government involvement will be required.

This problem has been ignored by the government and by the asbestos companies for far too long. It has developed into a series of horror stories of hardship and suffering on the part of innocent people who worked in the asbestos industries, ten, 15, 20 and 30 years ago, not knowing that they were constantly exposing themselves to health hazards. I feel it is only fitting, as a result of what we have found subsequently—and indeed there have been some asbestos-related diseases that were discovered and documented as early as 1903 and during the 1920s, 1930s and 1940s—and that it is incumbent upon the federal government, in concert with the provincial governments, where asbestos companies are operating, to provide ways and means, financial if necessary, for the victims of asbestos-related diseases not to go the compensation route, which is not nearly enough, but to provide them with financial assistance, where necessary, in order to bring civil actions in a

court of law, against the companies if the companies refuse to compensate them themselves.

● (2227)

It has been proven that companies have been derelict in their duty to inform workers or personnel concerning the dangers of working close to asbestos, and therefore exposing themselves to asbestos-related diseases. If the companies refused to inform the workers, then the workers should have the right to sue their employers if they have contacted asbestos-related diseases, which are practically always terminal in nature. If workers died as a result of exposure to asbestos, then their children and wives should have the right to sue the companies. Workmen's compensation is simply a cheap way for companies to get off the hook and put it back on taxpayers, government funds, and contributions made by the companies to workmen's compensation.

I ask the government to take action on this and to provide financial means where necessary, so that these persons who have contacted asbestos-related diseases from working in asbestos mines, even if they have been retired for several years, will be able to bring actions in a civil court of law against their employers or former employers.

Mr. Dennis Dawson (Parliamentary Secretary to Minister of Labour): Mr. Speaker, on November 23 the hon. member for Brant (Mr. Blackburn) asked the now Minister of Public Works (Mr. Ouellet) if discussions were taking place between the provinces and the Canadian Centre for Occupational Health and Safety concerning the health effects of asbestos on persons working with or exposed to it.

The act authorizing the establishment of this new centre was proclaimed on October 1. Since then further action has been taken to bring it into operation at an early date. Members of the governing council of the centre, drawn from labour, management, and provincial and federal departments, are in the process of being appointed. The inaugural meeting of the council is being planned for mid-January.

I appreciate the concern of the hon. member regarding this serious occupational hazard. I know his concern is shared by many members in the House. Certainly I will bring this question to the attention of the council for its early consideration. However, I should mention that in 1975 the Department of National Health and Welfare completed a study of asbestos in the work place. It recommended that all jurisdictions adopt a more stringent standard, namely, two fibres per cubic metre. This reduction of exposure limits from five fibres to two fibres was promptly made applicable to all industries operating under federal jurisdiction and subject to the dangerous substances regulations pursuant to part IV of the Canada Labour Code. I understand a number of the provinces have taken the same action.

The seriousness and complexity of this hazard, both in its occupational and environmental aspects, are widely recognized, nationally and internationally. It is my hope that the centre, by fostering collaboration among all jurisdictions and facilitating joint action, can bring about real progress in providing more effective protection to those whose work exposes them to asbestos in its various forms and usages.

Also I am aware of the recent report of health problems of employees of the defence research plant which made mask languid asbestos. The Department of Labour will investigate this situation. We will attempt to identify any persons whose health has been adversely affected by virtue of this contact with asbestos. We are prepared to apply provisions of the Government Employees Compensation Act if appropriate. I will inform the hon. member later with more specifics.

Mr. Deputy Speaker: The motion to adjourn the House is now deemed to have been adopted. Accordingly, this House stands adjourned until two o'clock p.m. tomorrow.

Motion agreed to and the House adjourned at 10.31 p.m., without question put, pursuant to Standing Order.

HOUSE OF COMMONS

Tuesday, December 12, 1978

The House met at 2 p.m.

● (1407)

ROUTINE PROCEEDINGS

[*English*]

SOCIAL INSURANCE

EXTENDED USE OF SOCIAL INSURANCE NUMBERS—MOTION UNDER S.O. 43

Mr. Ray Hnatyshyn (Saskatoon-Biggar): Mr. Speaker, I rise on a matter of urgent and pressing necessity under the provisions of Standing Order 43.

In view of the expressed intention of Canadian General Electric to use the social insurance number as part of an identification badge system in its Peterborough plant, and considering the opposition of union officials and workers who regard this use of the social insurance number as unfounded and a threat to their personal privacy, I ask leave to move, seconded by 419-582-028, commonly known as the hon. member for St. John's East (Mr. McGrath):

That this government and the present Minister of Employment and Immigration cease their apathetic and indifferent attitude toward the expansion of the social insurance number in the public and private sectors, and introduce immediately legislation giving individuals the right to refuse the use of their social insurance number to any organization which does not have specific authority provided by federal statute, and making it obligatory for any organization which wants to make the social insurance number an employee identification number to have the informed consent of the individual.

Mr. Speaker: Under the provisions of Standing Order 43, a motion can be presented only with the unanimous consent of the House. Is there unanimous consent?

Some hon. Members: Agreed.

Some hon. Members: No.

LEGISLATION TO CONTROL USE AND ABUSE OF SOCIAL INSURANCE NUMBERS

Mr. Stuart Leggatt (New Westminster): Mr. Speaker, I rise, under the provisions of Standing Order 43, to deal with a similar matter: I think this indicates the urgency of the problem.

In view of the report today that Canadian General Electric requires its Peterborough employees to wear their social insurance numbers on outside ID badges, and in view of the grave potential for the invasion of privacy and employee intimidation arising from the improper use of SIN information, I would move, seconded by the hon. member for Winnipeg North Centre (Mr. Knowles):

That the government forthwith bring forward legislation controlling the use and abuse of the social insurance number.

Mr. Speaker: Hon. members have heard the motion. Unanimous consent is necessary before it can be put. Is there unanimous consent?

Some hon. Members: Agreed.

Some hon. Members: No.

* * *

EMPLOYMENT

CRITICISM OF REMARKS OF MINISTER—MOTION UNDER S.O. 43

Mr. John Rodriguez (Nickel Belt): Mr. Speaker, under the provisions of Standing Order 43, I seek the unanimous consent of the House to deal with a matter of urgent and pressing necessity.

In view of the fact that the Minister of Employment and Immigration stated in the labour committee on Thursday night last that the young people of Canada were prepared to be spoonfed and would, if given a chance, "sit at home, suck their thumbs and wait for the unemployment insurance just to pour in", since this has been proven not to be the case by studies done by the Department of Employment and Immigration which show that young people want to work, and by other studies which show that young people actually under-use the unemployment insurance program in relation to their actual percentage of unemployment, and since the National Union of Students has demanded an apology for this gratuitous insult to all of Canada's young people, I ask leave to move, seconded by the hon. member for Broadview (Mr. Rae):

That this House call upon the Minister of Employment and Immigration to apologize for his intemperate statements.

Mr. Speaker: Unanimous consent is required before the motion can be presented. Is there unanimous consent?

Some hon. Members: Agreed.

Some hon. Members: No.

S.O. 43

CULTURAL AFFAIRS

FINANCIAL ASSISTANCE REQUESTED BY SCOTTISH SOCIETIES ASSN. OF NOVA SCOTIA—MOTION UNDER S.O. 43

Mr. Howard Crosby (Halifax-East Hants): Mr. Speaker, I rise, under the provisions of Standing Order 43, on a matter of urgent and pressing necessity.

The Scottish Societies Association of Nova Scotia is promoting the international gathering of the clans of Scotland for the summer of 1979 and requires limited financial assistance to assure its success. Since the gathering of the clans interests people of Scottish ancestry around the world and will attract thousands of visitors to Nova Scotia and millions of tourist dollars for Canada, I would move, seconded by the hon. member for Halifax (Mr. Stanfield):

That the government consider aiding the international gathering of the clans in Nova Scotia by taking action to arrange the limited financial assistance requested by the Scottish Societies Association of Nova Scotia.

Mr. Speaker: Such a motion, under the provisions of Standing Order 43, can be put forward for debate only by unanimous consent. Is there unanimous consent?

Some hon. Members: Agreed.

Some hon. Members: No.

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HOUSE OF COMMONS

ACCEPTANCE OF FREE AIR TRAVEL PASSES BY CERTAIN MEMBERS—MOTION UNDER S.O. 43

Mr. Lorne Nystrom (Yorkton-Melville): Mr. Speaker, I rise under the provisions of Standing Order 43.

It was revealed this morning that at least three Progressive Conservative MPs, namely the hon. member for Egmont (Mr. MacDonald), the hon. member for Hillsborough (Mr. Macquarrie) and the hon. member for St. John's West (Mr. Crosbie), have accepted free passes from Eastern Provincial Airways for members of their staff. Accordingly, I would move, seconded by my hon. friend from Winnipeg North Centre (Mr. Knowles):

That this House refer the possible conflict of interest arising from the acceptance of these passes to the committee on privileges and elections for investigation and report.

Mr. Speaker: Introduction of such a motion can be made only by unanimous consent. Is there unanimous consent?

Some hon. Members: Agreed.

Some hon. Members: No.

[Mr. Speaker.]

• (1412)

NATIONAL DEFENCE

ENTERTAINMENT OF MILITARY PERSONNEL—MOTION UNDER S.O. 43

Mr. Mike Landers (Saint John-Lancaster): Mr. Speaker, I rise under the provisions of Standing Order 43.

In view of the fact that Canadian military personnel serving in the Middle East in isolation postings are being entertained with third-rate movies and poor quality canned television, I move, seconded by the hon. member for Restigouche (Mr. Harquail):

That this House urges the Minister of National Defence to review his entertainment policy.

Mr. Speaker: The presentation of such a motion would require unanimous consent. Is there unanimous consent?

Some hon. Members: Agreed.

Some hon. Members: No.

ORAL QUESTION PERIOD

[*English*]

SOCIAL INSURANCE

LEGISLATION TO CONTROL USE AND ABUSE OF SOCIAL INSURANCE NUMBERS

Right Hon. J. G. Diefenbaker (Prince Albert): Mr. Speaker—

Some hon. Members: Hear, hear!

Mr. Diefenbaker: I am always appreciative of applause, particularly when it comes from York East. I thank the hon. member for his applause, but there will not be any applause for him after the election.

The question I should like to raise is very difficult, having regard to the fact that on Friday the debate on this question came to an end by effluxion of time. My question has to do with social insurance numbers. This matter is causing a revolt in the thinking of people in general across this country.

My question is directed to the Minister of Employment and Immigration. Everywhere there is widespread condemnation of what is taking place in this connection. Wholesale frauds are being committed through the use of the SIN. I cannot go into particulars in my question, but I could give full information.

Will the minister bring before the House immediately legislation in this regard? I hope he will be able to induce the government to agree that such legislation should be subject to diminution in so far as its comprehensiveness is concerned. The social insurance number should be used in connection only with social security and income tax matters. Why not bring in such an amendment to do away with what can only lead to the

erosion of individual rights and the privacy of individuals in this country?

Hon. Bud Cullen (Minister of Employment and Immigration): Mr. Speaker, I was sorry that the right hon. gentleman did not have an opportunity to participate in the debate on Friday. I know he was here but that he had other responsibilities. As a matter of fact, I indicated that I would have been quite prepared to yield my time in order to hear what he had to say on this subject.

The right hon. gentleman and others from his party, as well as mine, are right in expressing concern about the use of the social insurance number. The fact is that many people who use the social insurance number or who agree to having their social insurance numbers used do so because they feel it is beneficial and in their best interests.

I noted the motions which were proposed today. I do not want to usurp the role of unions. I think they have taken appropriate action in the Peterborough case. I think they will meet their responsibilities and indicate that there is no requirement on them to give that particular number, nor to agree to it. I think they will resolve that in-house.

I am somewhat apprehensive, however, about bringing in legislation which might very well operate to the detriment of many hundreds of thousands of people across this country who in fact want their numbers to be used in order to make certain that benefits which should go to them will, in fact, reach them and not go to some third person.

Mr. Diefenbaker: Mr. Speaker, that is the nearest approach to an alibi I have heard in a long time. That is what you call "cullenization".

Some hon. Members: Oh, oh!

Mr. Diefenbaker: The minister said that there are advantages, but I wonder whether he has read about a number of cases across Canada in which up to the present time crimes have been committed because of the SIN. If he has not, I place before him the evidence of RCMP Assistant Commissioner Hank Jensen who, in giving evidence of June of this year, pointed out that this number is being used fraudulently. He gave examples. I will cite only two so that the minister will be in a position to answer.

• (1417)

Let me illustrate this with the case of a Calgary man—I do not like to mention Calgary in this way—who had 109 social insurance cards, 59 UIC claims, and a monthly income of $33,000.

Some hon. Members: Oh, oh!

Mr. Diefenbaker: Could the hon. gentleman identify himself? I would like to know what constituency he represents.

Then there was the Montreal case.

Some hon. Members: Order.

An hon. Member: That is a whole speech.

Mr. Diefenbaker: Two men had 60 social insurance cards over a period of two months.

Some hon. Members: Order.

Mr. Diefenbaker: Oh, so you don't want the truth? They defrauded UIC of $33,000. Another group in Montreal defrauded UIC of $32,800. In other words, these cards are being used fraudulently, not protectively. Again I impress upon the minister that when he says there are hundreds of thousands who approve of it, they are not the ones who are being heard across this country. I think there are less than 1,000 people who are in favour of social insurance numbers, in spite of what the minister says.

Will he not reconsider this matter and give parliament a chance? He realizes this is wrong, in part, because he says he will give some guidelines. Let parliament make the guidelines and put an end to this practice in so far as it goes beyond social security.

Mr. Cullen: I thank the right hon. gentleman for perhaps putting me in the history books in a vicarious way when he referred to "cullenization". I am sure that years from now, when I read that, I will laugh. I am not laughing now.

An hon. Member: You will not for a while, either.

Mr. Cullen: I am certain that any system brought into play will be used in a fraudulent manner. What the right hon. gentleman is pointing out is the success of the department and of the RCMP in nailing those who have used these numbers in a particular way. Because of the widespread abuse, we introduced very recently additional requirements for individuals to secure their social insurance numbers and we were criticized by hon. members opposite because we decided it was appropriate to take this additional step and require people to identify themselves.

I think, also, the protection of the human rights legislation is singularly important in this instance. As I indicated in the debate, the information which we have would only be detrimental in effect, and in fact the right hon. gentleman has maintained from time to time that the use of social insurance numbers—which the hon. member for St. John's East gave freely and voluntarily in seconding his colleague's motion—causes very little damage, if there is no tie-in or connecting-up of data banks or of computer terminals.

Mr. Diefenbaker: Then I would ask the minister this: will he not remove the requirement for the use of social insurance numbers from the armed forces? Mail today is being returned because it does not bear the social insurance number. Why should the forces of our country be penalized in this way?

Mr. Cullen: I must say that I, too, was surprised when mail which did not have the number on it was returned. It may be that the address was imperfect. But, on the other hand, it may be that the Canadian men and women in the armed forces

think that this is an appropriate use of the number to make sure they get their mail, because they are serving this country in many parts of the world and doing it very well.

USE OF SOCIAL INSURANCE NUMBERS AT CGE PLANT

Mr. Ray Hnatyshyn (Saskatoon-Biggar): Mr. Speaker, on the basis of the answers on this topic given thus far, the minister and his colleagues are looking more and more like the Keystone cops.

Does the minister not understand that in the case of Peterborough, unless workers in the Canadian General Electric plant provide their social insurance numbers, they will be denied access to the grounds and to work? Does he not think that, under these circumstances, it is only fair and reasonable that the social insurance number devised by this government should be limited to the point where no sanctions can be imposed against the workers for simply refusing to give this private information? Does he not think the government could go at least that far?

Hon. Bud Cullen (Minister of Employment and Immigration): This would be piecemeal legislation to deal with "this" and "that" particular situation. As I indicated, I do not propose to usurp the role of union members. They indicated the company is wrong in this instance. In fact, they filed a grievance and I am satisfied it will probably be dealt with in the appropriate fashion by the people who have that responsibility.

● (1422)

Mr. Hnatyshyn: Mr. Speaker, the minister and the government are clearly insensitive to what is going on in the country today. Nesbitt Thomson, investment counsellors, now are advising their people in the field to obtain social insurance numbers on the basis that they will be required for all financial transactions. The British Columbia Automobile Association requires social insurance numbers for their charter flights. There are other instances. The Lions Club in my town, for Open House Canada, under the Secretary of State, the seatmate of the minister, required social insurance numbers for the purpose of participating in programs sponsored by the government for travel in Canada. Even the insurance industry now requires them.

Does the minister not have a semblance of feeling for Canadians who are being inconvenienced? Does he not think the least the government can do is to take the recommendations of its own task force and the many studies done on social insurance numbers and have parliament consider this matter before there is an extension of the use of social insurance numbers?

Mr. Cullen: Mr. Speaker, there is something to be balanced here. Individuals are voluntarily giving their social insurance numbers.

Some hon. Members: Oh, oh!

[Mr. Cullen.]

Mr. Cullen: Whether it is in the interests of seconding a motion in the House of Commons or picking up—

Mr. Hnatyshyn: They do not get the service.

Mr. Cullen: It was done voluntarily by the hon. member's colleague in the House today. He did not seem to think there was too much to concern him in that regard. In the interest of picking up a prize in a lottery, people are quite prepared to do it.

In the case recited by the hon. member, in the case where companies require social insurance numbers, I suggest that there is no requirement on individuals to give them and that the union will ensure that their rights in this regard are respected.

* * *

CONSUMER AFFAIRS

INCREASE IN FOOD PRICES—ACTION TO CURB PROFITEERING

Mr. Edward Broadbent (Oshawa-Whitby): Mr. Speaker, my question is directed to the Minister of Consumer and Corporate Affairs. Yesterday, a spokesman for the Department of Agriculture predicted that food prices in the coming year would increase another 10 per cent, such increase taking place after the products left the farm gate, that is to say, at the retailing and processing level.

Has the minister had an opportunity to investigate the report of the Economic Council of Canada which I brought to his attention over a week ago? It shows that profits in the food industry have increased some 63 per cent in the past year. What will the minister do to ensure that this level of profiteering will not continue into 1979?

Hon. Warren Allmand (Minister of Consumer and Corporate Affairs): Mr. Speaker, I have looked into the report referred to by the hon. member, the report put out by CSIP. To begin with, I must say that parts of that report were misunderstood and were not read in conjunction with other parts. On the other hand, I think the report was misleading in certain parts and also is subject to criticism in some parts. I should point out that the CSIP report dealt with both food and liquor, including beer, wine and hard liquors, whereas the AIB report dealt with only food.

The CSIP report dealt with only 20 firms in its survey. It had no information about those firms, whether they were large or small, whether they had been on strike, or whatever. On the other hand, the AIB report dealt with 81 processing firms and 14 retailing firms making up two-thirds of the food business. The CSIP report compared the first quarter of 1977 with the third quarter of 1978. That is a very unusual procedure because of seasonal differences in the food business. The AIB report compared the first half of 1977 with the first half of 1978.

Finally, the unit of measurement used in the CSIP report was profits per unit of output, which is not used on a regular

basis as a comparative measure. The AIB report used gross profits before taxes as a percentage of revenue. On the whole, I and many others feel the CSIP report did not give an accurate assessment of profits in the food industry. We are still concerned about increases in food prices next year. A report I have indicates that increases of approximately 14 per cent this year will decline to approximately 9 per cent next year.

● (1427)

Mr. Broadbent: Mr. Speaker, I would direct my supplementary question to the same minister, who did not deal with the second part of my first question. The same agricultural spokesman to whom I referred in my question also said yesterday—it is presumably the view of the Department of Agriculture—that current food profits, if they are not up 63 per cent, are at least substantial and quite adequate in terms of giving a reasonable return to the industry.

In light of that, could the minister outline for us what steps he is taking to ensure that the increases that have been forecast to take place, another 10 per cent next year on top of the 15 per cent in the past year, do not involve profiteering in the industry?

Mr. Allmand: Mr. Speaker, I think I should point out, as well, that the major food processing and retailing industries remain under the AIB until the end of this year and they have earned only 70 per cent of allowable profits under AIB guidelines.

In respect of the second question of the hon. member, my information is that price increases in food will moderate in the coming year. Of course, there are variations with different industries in the food business. I intend to continue to explore measures to keep food prices down. I cannot announce those measures now, but I will be making further proposals to my cabinet colleagues.

Mr. Broadbent: Mr. Speaker, I wish members of the cabinet would get their act together. The Department of Agriculture is predicting a 10 per cent increase in food prices, and this minister is saying they are going to go down. I hope in the next few days one of these sources will clarify the situation and indicate what, if anything, is the coherent view of the government.

Since the Minister of Agriculture has said that the removal of the bread subsidy would result in only a 3.5-cent increase in the price of a loaf of bread, which is contradictory to what the Bakery Council has said, that the price should go up by some 12 cents, in response to which the Minister of Agriculture said that was ridiculous, will the minister assure the people of Canada that the price of bread will go up by only 3.5 cents? Will the minister also tell us how he is going to enforce that assurance?

Mr. Allmand: Mr. Speaker, on the first point, I think the hon. member misunderstood what I said. I said that food prices had gone up this year about 14 per cent over last year, and that my information is that next year they will go up by about 9 per cent—not that they would go down, but the rate of increase would decline.

In respect of the second point, about bread, Mr. Speaker, I think both the Minister of Agriculture and myself have stated the increase would be about five cents to seven cents a loaf, but the Bakery Council has said it will be about 12 cents.

An hon. Member: They said another 6 cents.

Mr. Allmand: My information is that the increase in the price of a loaf of bread as a result of the removal of the subsidy would be about five cents. The Bakery Council said it would go up by about 12 cents. I have already spoken to some people in the industry asking for an explanation of this. They said that the price would go up anyway by about six cents and when you add on the result of the removal of the subsidy it amounts to about 12 cents. I am not quite satisfied with that answer and I intend to pursue it further.

* * *

[*Translation*]

REGIONAL ECONOMIC EXPANSION

INQUIRY WHETHER $1.2 MILLION WILL BE ALLOTTED TO CITY OF NORANDA

Mr. Gilles Caouette (Témiscamingue): Mr. Speaker, my question is directed to the Minister of Regional Economic Expansion. Following the $34,876,000 subsidiary agreement on public equipment reached in May, 1978, between Quebec and Ottawa, each project was identified by its location when the agreement was signed, except an amount of $1.2 million which was earmarked for the Abitibi-Témiscamingue area. My question is as follows: Since that amount specifically represents the value of a project suggested by Noranda and since that town was the only municipality from northwest Quebec to submit a project when the agreement was concluded, could the minister say whether the 1.2 million will be granted to Noranda or as according to a recent report, whether it will be granted to the Val d'Or municipality?

Hon. Marcel Lessard (Minister of Regional Economic Expansion): Mr. Speaker, indeed when the agreement was signed last May, an amount had been earmarked for a project in northwest Quebec and the town of Rouyn-Noranda had indeed tabled a file. On the other hand, since the signature of that agreement, the Quebec government, more especially the municipal affairs department, has reviewed its position about the application of Rouyn-Noranda with the result that the funds had not till very recently been definitely committed to support the Rouyn-Noranda project because another project was submitted afterward by Val d'Or. According to my latest information, the discussion is going on between the municipal affairs department and the industry and commerce department in Quebec.

Mr. Caouette (Témiscamingue): Mr. Speaker, I would like to ask a supplementary question. Could the minister tell us whether it is normal under these agreements when funds are being allocated to specific projects such as the one presented by the city of Noranda, whether it is the usual policy to allow other municipalities to come up afterwards with projects, and then to try to match the project to know which municipality is going to get it?

Mr. Lessard: To a certain extent, Mr. Speaker, some flexibility is indeed provided for in the agreements that we sign. The same kind of flexibility which under the provisions of another previous agreement—namely that of industrial infrastructures—is responsible for the development of the industrial park in Rouyn-Noranda and Val d'Or. The same principle applies in this specific case. And when the municipal affairs department—which under these circumstances is also the prime contractor—decides that the project under consideration can no longer be carried out, it is obvious then that they must resort to other projects and eventually the decision is left to them since municipal affairs are under their jurisdiction.

* * *

● (1432)

[*English*]

IMMIGRATION

POSSIBILITY OF CHARGING VIETNAMESE REFUGEES FOR AIR PASSAGE TO CANADA

Mr. David MacDonald (Egmont): Mr. Speaker, my question is for the Minister of Employment and Immigration. It relates to a disturbing report made last night, which I am sure the minister would want to clarify, concerning possibly charging refugees coming from Vietnam the cost of their transportation by Canadian aircraft to this country.

Since this may mean a cost in excess of $1,000 for each refugee, most of whom have come here with little or none of the wherewithal to cover this basic cost, could the minister clarify this unusual situation and, hopefully, incorrect report?

Hon. Bud Cullen (Minister of Employment and Immigration): Mr. Speaker, the report is correct. It is normal policy to require payment to be made. In the past, most immigrants once established have willingly paid this amount. If they are not able to do so, the Crown invariably wipes out the loan. But many immigrants like to repay the loan. There is a revolving fund available to help people in this particular category, and those who have been helped often want to repay. That is the basis upon which the transportation cost is collected: it is normal policy.

Mr. MacDonald (Egmont): Mr. Speaker, would the minister indicate whether that has always been the case, particularly for those who have literally had to flee for their lives, with no resources, and whether or not this is a procedure which has been clarified with the United Nations High Commission on Refugees?

Also, would the minister indicate whether there have been any further requests, in view of the continuing serious situation in that country, for a further grouping of these people who might be in desperate straits in trying to find a country of refuge?

Mr. Cullen: Mr. Speaker, yes, it has been applied in other cases. For example, many of the people from Czechoslovakia literally left their country with no assets other than what they had travelling as tourists. Many of them, obviously, could not become established and were not required to repay the money.

Concerning representations to take more people, as the hon. member knows, there is a meeting taking place at the present time in Geneva—I believe some 32 nations are participating—to determine how to deal with the problem on a long-term basis rather than the ad hoc method we have used to date. There has been no specific request to take more refugees other than general suggestions that Canada should take more.

Mr. MacDonald (Egmont): Mr. Speaker, in connection with another proposed refugee movement from Argentina, I think the minister is well aware of a recent communication from myself, the hon. member for Montmorency and the hon. member for Greenwood, concerning the situation of 100 political prisoners. The authorities in Argentina agreed to release these people if they could be guaranteed sanctuary in a country. After direct representations by the three of us to the officials in Argentina some time ago, it was indicated that Argentina would be quite happy to release these people.

Since there seems to be some difficulty in having any of these people released, even though some interviews have taken place, I wonder if the minister could indicate what steps are being taken with the Argentinian authorities in order that they may act in good faith with respect to the very serious plight, with prolonged detention and in some instances torture, of the people presently being held in Argentina.

Mr. Cullen: Mr. Speaker, representations have been received and we have made representations to the Argentine authorities concerning 68 people who are being detained. In some instances the officials will not concede that these people are in prison, and in other cases they have indicated that where another country has expressed an interest in an individual, they will not give us access to that particular person in jail.

We have now interviewed two people. One person has already been admitted to Canada in a quiet way so as to protect his anonymity. Argentina has now indicated that we will be permitted to interview, I believe another 12 people, but has yet to concede that the total number of names we have submitted are in fact of individuals in prison there. However, we are pressing on with a very difficult situation.

PUBLIC SERVICE

INTER-OFFICE TRANSFERS—PURCHASE OF EMPLOYEES' HOMES

Mr. Bob Brisco (Kootenay West): Mr. Speaker, my question is to the President of the Treasury Board. Before the Standing Committee on Health, Welfare and Social Affairs, the president of CMHC indicated that it was their departmental policy to purchase the home of an employee on an inter-office transfer. The president did not explain whether or not there were losses to the government in the subsequent sale of these homes.

Could the minister advise the House whether such purchase of employees' homes by CMHC is government policy in terms of its departments or any of its Crown corporations?

Hon. Judd Buchanan (President of the Treasury Board): Mr. Speaker, it is my understanding that there is a policy relating to the covering of real estate costs, sales costs and things of that nature. It is not my understanding, as the hon. member suggests, that it actually covers a loss in the selling price. I would assume that is related to appraisals or something of that nature. However, I believe real estate costs, legal costs, and so on, are in fact covered when an employee is moved.

Mr. Brisco: Mr. Speaker, for the benefit of every minister perhaps it could be best summarized in one sentence. The president of CMHC said:

> Then, having acquired title of the home, we will attempt to dispose of it directly.

My concern is that in the disposal there may be a loss at the expense of the taxpayer. Again I would ask, is this just a policy of CMHC or does it also apply to other government departments and Crown corporations? If the minister does not know the answer, would he inquire and report back to the House?

Mr. Buchanan: Mr. Speaker, I will be happy to inquire for the hon. member. As I say, I know that a portion of the loss attributed to real estate fees and legal costs is in fact covered, but whether or not any additional loss is covered I am not certain.

DISPOSITION OF PUBLIC SERVICE RETIREMENT BILL

Mr. Walter Baker (Grenville-Carleton): Mr. Speaker, I should like to direct a question to the President of the Treasury Board with respect to the government's proposals dealing with Bill C-12, the public service retirement bill which is before the House with respect to which a specific invitation was addressed to members by the government House leader. This bill, according to the government House leader, will not be reached by the end of the year or by the time we recess. Would the President of the Treasury Board tell the House his plans in 1979 with respect to Bill C-12?

Hon. Judd Buchanan (President of the Treasury Board): Mr. Speaker, I am happy to have an opportunity to indicate my plans to the House. As the President of Privy Council indicated at the end of last week, in view of the large number of groups which have indicated they would like to comment on this bill and make their representations before the committee we came to the conclusion that it would not be possible to have the bill in place before the end of the calendar year. Therefore, it is our intention to proceed with it early next year.

The provisions relating to indexation, in which I think the hon. member is particularly interested, would not come into effect on January 1, 1979. In fact, we would have a one-year hoist and the three-year tranche would run for the calendar years 1980, 1981 and 1982. We do not anticipate there being a retroactivity clause in the bill.

The provision dealing with prorating for new pensioners who retire during the calendar year 1979 would become operative at the time the bill was proclaimed. The provision relating to moving from age 55 to 60 for indexation would become operative at the time the bill was proclaimed. Also, I think a couple of technical provisions other than the ones relating to air traffic controllers would become operative.

● (1442)

I want to assure retired pensioners and the House that persons who are actually retired, or will be retiring during this year prior to the enactment of the legislation, will not be affected in any way retroactively by the bill.

Mr. Baker (Grenville-Carleton): Mr. Speaker, I thank the minister for that complete answer. Could he inform the House whether he will be tabling a document, or making a statement to the House before we rise with respect to the actual figures contemplated by the government for the triennial period? If he could do so today, that would be quite satisfactory; but if not, could he undertake to give the House, by way of a statement or tabling a document, an indication of the plans with respect to the actual figures, so that people who are appearing before the committee and are interested in the bill can have as much information as possible to assist them in their preparation?

Mr. Buchanan: I will be happy to consider that request, Mr. Speaker. The only comment I have is that, in a sense, when these figures become operative they would be substantially out of date: they would be a year hence, for some time in November next year when the decision would be made on the amount of indexation for the succeeding three years.

It may well be useful to the groups making representations, but I would be a little concerned that the figures might be misleading in the sense that they could have another year's accumulation before they would have to be analysed and a decision taken on the precise amount of the indexation.

Oral Questions

AIRPORTS

TORONTO INTERNATIONAL—EMERGENCY MEDICAL SERVICE

Mr. W. Kenneth Robinson (Parliamentary Secretary to Minister of National Health and Welfare): Mr. Speaker, I should like to address a question to the Minister of Transport.

In view of the fact that cutting back emergency medical service at Toronto international airport could save some bucks but cost some lives, as pointed out in an article in the Toronto *Sun* dated December 5, 1978, and in view of the fact that present facilities at the airport provide emergency service for about 800 airport staff, travellers and visitors per month, will the minister consider reinstating the services of St. John Ambulance at Toronto international airport, terminals 1 and 2, that were discontinued some two years ago?

Mr. Speaker: Order, please. I regret to interrupt, but something I had overlooked has been brought to my attention. I had mistakenly put the hon. member on the list when he is, in fact, a parliamentary secretary.

* * *

LABOUR CONDITIONS

MONITORING OF AND COMPENSATION FOR WORKERS EXPOSED TO ASBESTOS HAZARDS

Mr. Derek Blackburn (Brant): Mr. Speaker, I have a couple of questions for the Minister of Labour who is responsible for the new centre for occupational health and safety.

Many persons who worked with asbestos during the Second World War in a Defence Research Board plant at Ottawa have been afflicted with serious asbestos-related diseases. I believe four people have died in recent years. In view of this situation, I would like to ask the minister if he is considering setting up procedures to identify all the employees of wartime defence plants who may be similarly at risk from asbestos exposure, to determine if they have developed asbestos-related diseases and to compensate them and their families for the suffering involved.

Hon. Martin O'Connell (Minister of Labour): Mr. Speaker, that question arose in the "late show" last night and we gave a preliminary answer to the hon. member. I have asked my department to try to determine what we can do, as the Department of Labour, to assist these people in this matter. The responsibilities may be shared among several departments, but we do have it under consideration. I hope to give a more complete answer at a later date.

Mr. Blackburn: Mr. Speaker, a supplementary question. It has been documented in court cases now under way in the United States that Canadian asbestos companies were aware as early as 1949 of the potentially fatal health hazards to which their employees were exposed, but they still took no action to inform their workers.

[Mr. Buchanan.]

I would like to ask the minister if he would consider setting up a government fund for victims of asbestos-related diseases, in order to assist them to bring civil actions against companies and corporations which knowingly failed to alert workers to the danger of working with asbestos.

Mr. O'Connell: Mr. Speaker, I will certainly consider that representation. And so that no one will be under any misunderstanding, I should point out that most of the health and safety in enterprises in Canada fall within provincial jurisdiction.

I do not want to give an answer this afternoon that will leave the impression that the federal government intends to intrude into provincial jurisdictions. However, where there is a federal establishment where persons may have worked with asbestos in the past, we will accept our responsibility. In fact, we have the equivalent of a workmen's compensation fund at the level of the federal government: it is known as the Government Employees Compensation fund. Moneys are set aside to compensate injured workers or those whose health has been damaged, so long as they fall within the limits of federal jurisdiction.

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VETERANS AFFAIRS

TRANSFER OF HOSPITALS TO JURISDICTION OF PROVINCES—EFFECT ON VETERANS

Mr. Dan McKenzie (Winnipeg South Centre): Mr. Speaker, my question is for the Minister of Veterans Affairs. My colleagues and I have received complaints with reference to veterans gaining entry to former veterans' hospitals which have been transferred to the provinces. There have also been several recent news articles dealing with this subject.

Two recent cases are causing concern, one at Sunnybrook and the other in Victoria at Memorial Pavilion, where veterans were refused access and by the time they gained entry to another hospital the opportunity for possible effective care had passed and they died shortly after. Is the minister aware of these cases, and what action is he taking to see that this does not occur again?

Hon. Daniel J. MacDonald (Minister of Veterans Affairs): Mr. Speaker, I am not aware of the case at Sunnybrook, but I am aware of the one in British Columbia. We have priority beds for veterans in those hospitals. The system is working very successfully.

There was some misunderstanding in the case in British Columbia. The request for a bed was not made properly, through some misunderstanding between the patient's people and his private doctor. I was in Toronto just recently, but I have no knowledge of the Sunnybrook case. This is an ongoing situation and I keep in close touch with it every day.

Further to the case in British Columbia, I want to make it clear that this particular bed was never asked for and I am prepared to refute the remarks which appeared in the press article.

Mr. McKenzie: A supplementary question, Mr. Speaker. The information respecting the Sunnybrook incident is on its way to the minister's office. Is the minister satisfied that his officials have properly explained to veterans' organizations and, through them, to veterans just what responsibilities his department has to veterans after these hospitals are transferred to the jurisdiction of the provinces?

Mr. MacDonald (Cardigan): Mr. Speaker, this has certainly been fully explained. As the hon. member knows, when people are admitted to hospital for the first time, they are in a new process. This process has been fully explained to veterans' organizations. I might say that in most cases it has been in operation for 12 years, but some cases are fairly recent. I have nothing but praise for the provinces and for the institutions to which our hospitals were transferred: things are working out extremely well.

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INDUSTRY

GOVERNMENT ASSISTANCE TO IMPROVE DOCK FACILITIES

Mr. John C. Crosbie (St. John's West): Mr. Speaker, may I put a question to the Minister of Industry, Trade and Commerce? On January 4 this year, the minister announced assistance for the docks at Esquimalt, Vancouver, Les Méchins and Lauzon. At the same time, he said he would be working with Newfoundland to examine the opportunity to expand ship repair facilities in St. John's and to provide additional capacity for the federally-owned drydock there.

The minister has had an application from that dockyard since March, 1978, for an $8 million loan to put in a synchrolift so that they can handle 60 Russian ships per year and do additional work and create 200 more jobs in the dockyard. Where is that now, and when is the minister going to carry out his promise of last January?

Hon. Jack H. Horner (Minister of Industry, Trade and Commerce): Mr. Speaker, I hope to do that very, very soon. We will be announcing a number of contracts with regard to drydocks very shortly. The problem arises from the severe cuts the government has made and the cuts necessary in the transfer payments to the provinces. If we succeed in getting some of that money out of the transfer payments through the provinces, then we can go ahead with some of the capital projects we would like to see developed.

● (1452)

Mr. Crosbie: Mr. Speaker, I have a supplementary question for the President of the Board of Economic Development Ministers. The Prime Minister stated on November 28 that $445 million of new money had been reallocated by the government to provide new support for the shipbuilding industry. On November 24 he said that the minister's board would be concerned with improvement in the delivery of federal programs. The minister said he will help cut through red tape. He stated it will be an action board, not a talkfest.

My question is this: will the minister now act to cut through the red tape in connection with expanding employment in the dockyard in St. John's, Newfoundland, for which the Prime Minister said there is $400 million in additional moneys available, and there is supposed to be $75 million specifically available for Industry, Trade and Commerce for this purpose? Will the minister do this and create 200 new jobs in this area of terrible unemployment by taking some action and showing how this board will function?

Hon. Robert K. Andras (President of the Board of Economic Development Ministers): I note the representation with sympathy, Mr. Speaker.

* * *

RAILWAYS

POLICY RESPECTING RAILWAY CROSSINGS—LEVEL OF GOVERNMENT BEARING RESPONSIBILITY

Mr. Chas. L. Caccia (Davenport): Thank you for recognizing me, Mr. Speaker: it is one more reason to be grateful for not being a parliamentary secretary.

Some hon. Members: Hear, hear!

Mr. Caccia: My question is to the Minister of Transport: it flows from recent accusations in the press aimed at the federal government whereby Ottawa is alleged to be responsible for lives lost at specific railway crossings in Ontario.

Will the minister inform the House which level of government is presently responsible for delays in the implementation of this policy?

Hon. Otto E. Lang (Minister of Transport): Mr. Speaker, I would first like to make it clear that the recent cost-cutting exercise has not removed any of the funds which have been committed to the Urban Transportation Assistance Program and, therefore, for grade separations. There has been some phasing of the way in which that money will be paid.

In looking at the particular case of Ontario, we as a federal government had approved some 26 grade separations and projects under the Urban Transportation Assistance Program. To our surprise, the province rearranged some of its priorities and slowed down the progress they will be making on grade separations, even though we were satisfied that the flow of funds we had made available to them would allow them to complete their original program. In addition to the two crossings mentioned in the article in question, we have approved, specifically, some five additional crossings, such as at Runnymede Road, Main Street and Osler, Erin Mills Parkway and at least one other.

Oral Questions

REGIONAL ECONOMIC EXPANSION

REFINANCING AND MODERNIZATION OF SYDNEY, N.S., STEEL PLANT

Mr. Robert Muir (Cape Breton-The Sydneys): Mr. Speaker, I have a question for my colleague from Cape Breton, the Deputy Prime Minister. What progress is being made in assessing the proposal filed by the Sydney Steel Corporation in connection with refinancing and modernization of the Sydney steel plant?

Hon. Allan J. MacEachen (Deputy Prime Minister and President of Privy Council): Mr. Speaker, as my hon. friend knows, the proposal was made some weeks ago by Premier Buchanan, and earlier by the former government of Nova Scotia. No response has yet been given to this proposal. Certainly, it will be considered very carefully. It is under consideration.

As I stated outside the House, it is unlikely it will be possible to give a final answer on this proposal before the end of the year, because of the very large stakes involved and the complexity of the problem. Certainly, this proposal will be considered sympathetically by the government.

Mr. Muir: I thank the minister for his answer. The second question is based largely on what he referred to. In view of the fact that the Tree Island Steel Company contract is apparently dependent on the upgrading of the billet mill, will the government be prepared to provide that portion of financial assistance, rather than the whole amount required, by December 31 in order to finalize the contract? I ask this question realizing that the Minister of Regional Economic Expansion stated that he only recently learned of this stipulation in the contract as was reported in the last few weeks.

[*Translation*]

Hon. Marcel Lessard (Minister of Regional Economic Expansion): Mr. Speaker, I rise to reply to this part of the hon. member's question because I feel it is specifically directed to me. We are indeed considering this element of the agreement, but we were advised of the terms of the contract between SYSCO and the Tree Island Steel Company only these past few weeks. We are also considering most attentively that part of the contract which requires a firm commitment from SYSCO to invest in the modernization of the mill, so that it can produce the required steel billets. But as the Deputy Prime Minister indicated, it would be very difficult to render a final decision before the end of the year, as we have had this issue under review only a few weeks. However, an interim decision could be made to meet this contract stipulation.

[*English*]

SPORTS

SAFETY REGULATIONS FOR HELICOPTER SKIING

Mr. Howard Johnston (Okanagan-Kootenay): Mr. Speaker, my question is to the Minister of Transport: it arises out of a question I asked last February following a helicopter crash north of Revelstoke, B.C.

The minister indicated at that time there would be a review of safety regulations related to the sport of helicopter skiing, and that would come following investigation of the crash. Has that investigation been completed? Was any public report made? Has there been a review of the regulations?

Hon. Otto E. Lang (Minister of Transport): Mr. Speaker, the investigation has not been completed. The safety bureau did release for the public three pages of material in relation to the analysis of the accident. While the report is being developed with regard to a specific accident, the Department of Transport has been reviewing helicopter regulations both with regard to regulation as such and with regard to safety. That work is now moving forward.

Mr. Johnston (Okanagan-Kootenay): Mr. Speaker, I will direct my supplementary question to the Minister of State (Fitness and Amateur Sport).

In light of the fatalities that have occurred in the new but rapidly growing sport of glacier skiing, is the minister considering publishing guidelines on the training of glacier skiing guides in order to improve the safety record of that exciting sport?

Hon. Iona Campagnolo (Minister of State (Fitness and Amateur Sport)): Mr. Speaker, I thank the hon. member for providing me with notice of his question. We have made appropriate representations to the sport governing body involved. In addition, we have made contributions to the protective and safety area of this sport governing body, to the Alpine Club of Canada and the Canada Ski Patrol Association in the amount of $28,768 and $66,157 respectively. Over-all, in skiing, the people of Canada are contributing this year $776,000, of which $422,000 was extremely well spent in developing our alpine ski team which members on the other side have seen fit to congratulate with us.

* * *

ADMINISTRATION OF JUSTICE

MONITORING OF ACTIVITIES OF RELIGIOUS CULTS

Mr. Allan Lawrence (Northumberland-Durham): Mr. Speaker, my question is for the Minister of Justice: it arises out of two specific circumstances affecting people in my constituency in relation to so-called, far-out religious cults.

My question is this: has there been any survey of the number of these so-called religious cults or communes operating in Canada? Is there any estimate of the number of

individuals directly involved as being members in Canada? Is there any federal government monitoring of their activities, their fund-raising methods, what they do with their money, how they invest it and, finally, generally speaking is this a matter of provincial or federal jurisdiction?

Hon. Marc Lalonde (Minister of Justice): Mr. Speaker, in the latter part of the hon. member's question he asked for a legal opinion. The hon. member knows very well that the Canadian Charter of Human Rights guarantees religious freedom in this country. Therefore, I know of no surveys or inquiries being done on a continuous basis with regard to religious organizations in Canada.

If the hon. member has in mind some particular groups which he has reason to believe are not obeying the laws of Canada and acting as genuine religious groups, I would be happy to have that information. I will try to get him the information about such groups, or get that done through the appropriate department.

Mr. Lawrence: This is just generally speaking, Mr. Speaker; I am not now referring to any specific group. Generally, is the minister aware of any monitoring whatsoever by the federal government in relation to the activities or even the question of membership in these groups?

Mr. Lalonde: No, Mr. Speaker. I am not aware of any such monitoring of religious groups by any organization at the present time.

* * *

BUSINESS OF THE HOUSE

Mr. Baker (Grenville-Carleton): Mr. Speaker, I rise on a point of order. I wonder whether the House knows that last night the government announced through the Parliamentary Secretary to the President of Privy Council (Mr. Pinard) that the order of business that we discussed last week had been changed. I understand today the government intends to call Bill C-9, dealing with referenda on constitutional matters.

● (1502)

In view of that change, and having regard to the time which is left to us, I wonder whether the President of Privy Council (Mr. MacEachen) could tell us today what he plans with respect to Bill C-9. When are we likely to be returning to the bill governing Canadian non-profit corporations and the order of business we discussed earlier? Certain arrangements have been made on the assumption the government would remain firm in its legislative program. The Prime Minister (Mr. Trudeau) is returning from France on Wednesday. When does the Deputy Prime Minister propose to call the motion in the right hon. gentleman's name dealing with the new ministry of state? Perhaps he could clarify the intentions of the government with respect to the order of business because we would appreciate it very much if these matters could be settled.

Mr. MacEachen: I would disagree slightly with the hon. member for Grenville-Carleton (Mr. Baker). On Friday I did give a very strong signal that we would be dealing with the referendum bill on Tuesday, depending on the progress which had been made on the four items I listed ahead of that measure. I propose to call the referendum bill today and probably tomorrow, except that if the Prime Minister returns early in the day he might be prepared to proceed with the measure in his name creating the ministry of economic development. That must remain indefinite until his return, though I would hope to be able to advise the hon. member of our intentions tomorrow.

In addition to the items I have already mentioned I should like to advise the hon. member that I am awaiting with great interest the reporting of the unemployment insurance bill. When that bill comes out of the committee it would get priority over all the other items to which I have referred.

Mr. Baker (Grenville-Carleton): We would like to be firm about this. If the Prime Minister is back in time, I take it the Deputy Prime Minister intends to have the motion put in his name tomorrow. If not, do I understand he will be dealing with that matter on Thursday rather than on Wednesday, depending on the time of the right hon. gentleman's return; that we would be dealing with that matter, then, either on Wednesday or on Thursday? Is that the intention of the government? It is important there should be some certainty with regard to this. After all, the proposal has been hanging around for some time.

Mr. MacEachen: That is the intention as I look at the clock at 3.07 today, but that could change depending on the availability of the Prime Minister. But it is my intention to call the referendum bill tomorrow if the Prime Minister is not prepared to proceed with the legislation setting up the ministry of economic development, and to proceed with that item on Thursday also. In the meantime, if the unemployment insurance bill is reported I would give that bill priority over all other matters.

* * *

SOCIAL INSURANCE

USE OF SIN—TABLING OF REPLY TO QUESTION FROM LEADER OF THE OPPOSITION

Hon. Jean Chrétien (Minister of Finance): Mr. Speaker, yesterday the Leader of the Opposition (Mr. Clark) asked me about a letter signed by the Minister of National Revenue on November 22. I undertook to report very quickly to the House and I am now ready to report. I have here a rather lengthy explanation. There was a little bit of exaggeration in the letter—even Senator Joe Guay can make a little mistake—so I should like permission to table the reply.

Mr. Speaker: Does the minister have the leave of the House to table the document?

Some hon. Members: Agreed.

Order Paper Questions

[*Translation*]

POINT OF ORDER

MR. LAMBERT (BELLECHASSE)—REQUEST FOR INFORMATION ON 5 PER CENT TAX ON BUILDING MATERIALS

Mr. Adrien Lambert (Bellechasse): Mr. Speaker, I rise on a question of privilege. Yesterday I put a question to the Minister of Finance on an extremely important matter, namely the 5 per cent tax on building materials, more particularly storm doors and windows, and at his invitation I sent him documents which he required to answer my question. Mr. Speaker, I would like to ask the minister whether he has read these documents and whether he is in a position to clear up this fundamental matter because if manufacturers of doors and windows do not inform their customers properly, it is the consumers who will pay the price. I would therefore like to know, through you, Mr. Speaker, whether the minister is in a position to inform us on this subject.

Hon. Jean Chrétien (Minister of Finance): Mr. Speaker, as the hon. member had required, I met my deputy minister yesterday afternoon and I gave him the documents the hon. member had sent me. I also asked him to contact the hon. member directly to answer him. He was to do that this morning. I will therefore inquire on the matter. I want to inform the hon. member that the person who sent him these documents could have gotten all the information he or she wanted by simply checking with the local office of Revenue Canada.

ROUTINE PROCEEDINGS

[*Translation*]

NATIONAL HOUSING ACT

MEASURE TO AMEND

Hon. André Ouellet (Minister of Public Works and Minister of State for Urban Affairs) moved for leave to introduce Bill C-29, to amend the National Housing Act and the Central Mortgage and Housing Corporation Act and to make other related amendments.

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

* * *

QUESTIONS ON THE ORDER PAPER

(Questions answered orally are indicated by an asterisk.)

[Mr. Speaker.]

Mr. Roger Young (Parliamentary Secretary to Solicitor General): Mr. Speaker, the following questions will be answered today: Nos. 70, 154, 193, 255 and 481.

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

[*Text*]

RELOCATION OF DSS SUPERANNUATION BRANCH IN MONCTON

Question No. 70—**Mr. Jones:**

1. Is it the intention of the Superannuation Branch of the Department of Supply and Services to establish its operation in the facilities leased from Multileaseholders Ltd., Moncton, New Brunswick and, if so, on what date?

2. What is the exact location of the offices for such a facility?

3. What is the square footage and the rent for the premises?

4. Is such decentralization a temporary or permanent arrangement?

5. (a) How many employees are to be employed (b) what are the entrance requirements for such employment (i) linguistically (ii) meritwise (iii) in all other respects?

6. What (a) will be the total payroll in such a branch (b) is the classification and salary for each employee, already employed or to be employed?

7. How many (a) employees are re-locating to the Moncton Constituency with this arrangement from outside the Constituency (b) will be from the Constituency?

Hon. Pierre De Bané (Minister of Supply and Services): 1. The superannuation division of the Department of Supply and Services commenced initial operations in the Moncton area, in facilities leased from Multi-Leaseholds Ltd. The commencement of operations was May 15, 1978.

2. Building No. 4 Parkview Plaza in Moncton's Industrial Park at 310 Baig Blvd.

3. Office space—44,163 square feet at $7.97 per square foot per year in four phases:

(1) 26,367 square feet in May, 1978,

(2) 6,635 square feet in October, 1978,

(3) 7,168 square feet in April, 1979,

(4) 3,993 square feet in October, 1979.

Storage space—800 square feet at $3 per square foot per year.

4. The superannuation division has relocated temporarily to the facilities rented from Multi-Leaseholds until appropriate permanent facilities are available.

5. (a) Eventually, approximately 400 over the next four years.

(b) (i) Either bilingual in the two official languages, or English or French identification will be accorded to the various positions.

(ii) Appointments to within the superannuation division shall be in relation to the relevant selection standards, and within the context of the Public Service Employment Act.

(iii) Nil.

6. (a) Approximately $5 million at full strength.

(b) Following is a breakdown by group and level showing anticipated establishment and salary range accorded to each of the positions.

Group/Level	Number	Salary Range
AS-8	1	$29,700—36,700
AS-7	2	$29,200—32,500
AS-6	4	$26,489—29,576
AS-5	3	$22,778—25,404
AS-4	20	$19,469—21,665
AS-3	1	$17,835—19,845
AS-2	27	$16,734—18,645
AS-1	1	$15,031—17,414
PE-3	1	$18,500—26,700
PE-2	1	$16,300—23,400
CR-6	21	$14,701—16,088
CR-5	84	$13,654—14,933
CR-4	25	$12,031—13,154
CR-3	109	$10,837—11,843
CR-2	46	$ 9,083— 9,856
CR-1	1	$ 8,721— 9,635
ST-SCY-3	1	$13,263—14,056
ST-SCY-2	3	$11,635—12,722
ST-SCY-1	5	$ 8,043—11,456
ST-OCE-2	10	$10,403—11,346
ST-TYP-2	7	$ 8,455— 9,168
FI-2	1	$16,674—18,697
FI-3	1	$18,268—20,490
DA-PRO-5	1	$15,648—17,129
DA-PRO-4	1	$14,067—15,394
DA-PRO-3	3	$12,633—13,821
DA-PRO-2	4	$11,294—12,347
DA-CON-5	1	$14,624—16,002
DA-CON-3	3	$11,109—12,140
DA-CON-2	12	$ 9,585—11,069

7. Present indications are that about

(a) 67;

(b) the balance will be selected and appointed according to the Public Service Employment Act.

PUBLIC WORKS—ABITIBI

Question No. 154—**Mr. Laprise:**

1. In 1977-78, did the Department of Public Works undertake any projects in the constituency of Abitibi and, if so, what were they?

2. Is the department planning to undertake any projects in the constituency of Abitibi in 1978-79 and, if so, what are they?

Hon. André Ouellet (Minister of Public Works and Minister of State for Urban Affairs): 1. Public Works Canada undertook the following project over $5,000 in the Constituency of Abitibi in 1977-78:

Val-d'Or GOCB—Interior fitting-up for Health and Welfare

2. The following projects in excess of $5,000 are planned for 1978-79

La Sarre—Install furnaces, 221 Main Street

Referenda

Great Whale River—New Post Office, warehouse only

Radisson (Baie James)—Fitting-up Post Office

CONSUMER ELECTRONIC PRODUCTS

Question No. 193—**Mr. Howie:**

Approximately what percentage of the Canadian market for consumer electronic products was served by imports in (a) 1972 (b) 1974 (c) 1976 (d) 1977?

Mr. Bernard Loiselle (Parliamentary Secretary to Minister of Industry, Trade and Commerce): Statistics Canada reports that the percentage of the Canadian market for consumer electronic products, served by imports was as follows: 1972, 29.6 per cent; 1974, 38.6 per cent; 1976, 44.5 per cent; 1977, not available.

TREASURY BOARD—LAWYERS IN PROVENCHER

Question No. 255—**Mr. Epp:**

From June 1, 1974 to date, what lawyers in the constituency of Provencher were given work by the Treasury Board and what amount was each paid per year?

Mr. Claude-André Lachance (Parliamentary Secretary to Minister of Justice): In so far as the legal agents of the Minister of Justice are concerned: None.

CRTC—LAWYERS AND LAW FIRMS—VICTORIA

Question No. 481—**Mr. McKinnon:**

What were the names and addresses of all lawyers and law firms in the constituency of Victoria who performed services for the Canadian Radio-Television and Telecommunications Commission during 1977 and, in each case, what was the total amount paid?

Mr. C. Douglas (Parliamentary Secretary to Minister of Communications): In so far as the Canadian Radio-Television and Telecommunications Commission is concerned, the answer to the above question is as follows: None.

[*Translation*]

Mr. Speaker: The questions enumerated by the parliamentary secretary have been answered. Shall the remaining questions be allowed to stand?

Some hon. Members: Agreed.

GOVERNMENT ORDERS

[*English*]

CANADA REFERENDUM ACT

MEASURE TO PROVIDE FOR HOLDING OF REFERENDUMS ON CONSTITUTION

Hon. Marc Lalonde (for the Minister of State for Federal-Provincial Relations) moved that Bill C-9, respecting public

referendums in Canada on questions relating to the Constitution of Canada, be read the second time and referred to the Standing Committee on Justice and Legal Affairs.

He said: Mr. Speaker, I am very pleased to move second reading of Bill C-9, the referendums bill. This bill is being introduces by the government at a critical time in Canada's history. I am sure all hon. members recognize its potential importance. The bill provides the framework which would permit parliament to approve that referenda be held on questions relating to the Constitution of Canada, where that includes all the conventions and enactments of the constitution as well as the political and judicial processes of Canada.

● (1512)

I want to deal with three themes in my remarks today: first, the need for the bill; second, its implications for parliamentary democracy and for federal-provincial relations; and third, the principles underlying it as the framework for a democratic procedure.

[*Translation*]

Canada has clearly entered the decisive stage of the constitutional debate which has been active since the early 1960s, but which goes back to the 1920s—if not beyond—and the first attempts to deal with the problem of an amending formula. The debate is exciting and it is necessary. Canada today is radically different from the four colonies which drafted the British North America Act 111 years ago. Where then there were four provinces and three million Canadians, during the past 111 last years, Canada has been transformed from a rural frontier society into a strong and sophisticated industrial state.

Where then—that is in 1867—we came almost exclusively from British, French and native ancestry, now we include an important fourth stream—that 30 per cent of Canadians who come from continental Europe, from Asia, and the other continents. While in 1867, it took months to travel from the Gulf of the St. Lawrence to Vancouver Island, now we can do it in hours, and our messages and images can do it instantly.

Where then the state played a relatively marginal role in most people's lives, today it has grown to absorb 40 per cent of our gross national income and to touch our lives in ways never then dreamed of.

Given these enormous changes, we must have the greatest respect for the Fathers of Confederation who drafted our constitution. It has served us well and provided the framework for extraordinary accomplishments. But it is necessary that Canadians look carefully at this constitutional legislation to ask whether, after over a century, the time has not come to renew our most basic law.

And this, of course, is exactly what is happening. The government has worked actively to promote this review: first, with the white paper "A Time for Action" last June; secondly, with Bill C-60 setting out possible changes; and, most recently, in late October, with its recent offer to discuss a number of questions relating to the division of powers.

The recent constitutional conference was a success, I do not hesitate to say so. It is now being followed by intensive discussions by the federal and provincial governments on a number of significant items. The justice ministers and the ministers of federal-provincial affairs or intergovernmental affairs have already held a three-day meeting.

Another one is scheduled for tomorrow night or rather for Thursday morning. It will be held in Toronto and will last for three days, ending after next Saturday's meeting. This conference will allow us to further examine the constitutional proposals which have been discussed during the recent first ministers' conference in late October and early November. But whatever the prospects for agreement on these constitutional issues may be, I for one am confident that real progress will be made during the conferences and discussions which will take place in the coming weeks.

So whatever the prospects for some agreement on some questions, it is clear that the Canadian public is not yet directly involved in the process of constitutional change. I believe there may be circumstances when such direct involvement could be of the utmost importance. For instance: It could serve to acquaint the large majority of our citizens with the importance and character of proposals for constitutional changes and permit the people to express themselves directly on these proposals. Even if the proposals were supported by the great majority of federal and provincial governments and by the important political parties, such public participation on the process of constitutional change could be very valuable.

This involvement of the public in the constitutional reform could directly demonstrate the legitimacy of the constitution and help transform this legal document—which is out of necessity somewhat dry—into a people's statement of their basic principles which would guide them over many decades. Direct public involvement could also serve to guide the federal and provincial governments, should the process of constitutional revision ever become blocked. Obviously, a referendum in these circumstances would not be entered into lightly. As well, any federal government would be aware of the great risks of defeat in a referendum if it asked parliament to approve a question with important provincial governments or parties ranged against it.

The referendum bill before us, Mr. Speaker, would do nothing to minimize those risks for the federal government. As a matter of fact, under this act, the federal party would not get more than 20 per cent of the television time allowed by the CRTC to the various political parties. And provincial parties generally would get as much television time as federal parties. These and other measures ensure that no federal government would ever be in a position to manipulate the result of a federal referendum over the opposition of the provincial governments or opposition parties. But the federal government

would be able to ask parliament to approve a referendum question if it was confident that a public vote on the question would clarify the desires of the population in regard to constitutional reform.

These are two circumstances, and I could quote others, when a federal referendum may prove very useful in constitutional reform. There is another reason for this bill, Mr. Speaker, and it relates to the particular challenge to the country posed by the present government of Quebec. The Parti Québécois, as is known, is committed to holding a referendum on the constitutional future of that province. I do not know what the question will be and nobody at present seems to know, not even the government itself which is eventually supposed to ask the question. I honestly hope that both the question and the Parti Québécois' option will be clear so that the Quebec referendum will serve to clarify the desires of Quebeckers. But whatever the precise question and option, I think it is beyond question that the Quebec government is committed to an end to a federal Canada, that is an end to Canada based on two orders of government, each directly elected and having real powers to tax and to spend within its competence. Given these goals of the Quebec government and given that it has equipped itself to hold a referendum on the future of Quebec, the Government of Canada believes it is incumbent on itself and on parliament to ensure that we are equally equipped to consult with the people of Quebec, or of the other provinces, or all Canadian citizens at the some time, if need be.

● (1522)

[*English*]

Canada is a federation, and a federation requires a careful balance between the central and provincial governments. Canada and its provinces have parliamentary systems of government with well established principles and traditions for the political process. Some Canadians, and I respect their views, are worried that a law which would enable parliament to approve referendum questions on constitutional matters may have serious implications for either our federal system or our parliamentary democracy. Are they right to be worried?

Let us first consider the question of our federal system. It is basic to the present bill that referenda be consultative only. They would not be binding on parliament. This means that a federal referendum would not serve to replace the present procedures for constitutional amendment. This is clear in the bill, it is quite clearly spelled out, and it was clear in the bill which was introduced in the last parliament. This position is maintained in the present bill. It is therefore not a substitute for parliament, not a substitute for our present rules of constitutional amendment, but it is an addition to the present procedures, an addition which might provide extra relevance or legitimacy or which might help to move the federal and provincial governments closer to agreement.

What is more, as I indicated in the House in April, the government believes it is clear that if a question which had implications for one or more provinces was posed, then consultations would be held with those provinces relative to that question. Finally, the procedures set down in the bill for the referendum campaign are designed to put the federal and provincial governments and federal and provincial political parties on a completely equal footing in such a debate. Thus, the rules of a referendum campaign would preserve the balance in our federal system.

Let me go to the second question or the second area of concern which some Canadians feel, and that is the concern for our parliamentary democratic system. Here I think three points are critical. First of all, referenda would be consultative in nature. Second, they would only be held on the authority of parliament; and third, they would be restricted to subject matters having to do with constitutional questions.

First, the consultative nature of referenda would ensure that parliament was still responsible in every way, as it is at the present time, for the actual approval of any constitutional amendments. Because referenda would be consultative, it would also be possible to distinguish between the form of referendum questions and that of constitutional amendments. There may be occasions when it would be appropriate to ask the public to pronounce on broad constitutional principles or on the general characteristics of political structures without becoming involved in all the details which characterize the legal description of these. Thus parliament and the provincial legislatures would continue to be concerned with the detailed examination of legal texts, but they might do so after a public expression on the larger question; and it would always be possible for parliament or a legislature to reject the views expressed in the referendum were its members ready to answer for this in a general election when their turn comes. That is how the democratic system functions.

I hear some hon. members on the other side laughing. Let me remind them—although perhaps this is not a good example to quote to them—that Mr. Lévesque has said quite clearly that he would not consider himself bound by the answer he would receive in the next referendum and certainly would not intend to resign; but quite clearly in such a case he would be called upon to account for his decision before the electorate at the next provincial election, which would also be the case for any other government, provincial or federal, in a similar situation.

Therefore, I repeat that nothing would be changed in terms of our present system of proceeding with constitutional amendments. Referenda would provide parliament and the legislatures with the benefit of the views of the Canadian people expressed in a specific way on a specific subject at a specific time.

Second, only parliament itself can approve referendum questions. This is the most basic protection of the parliamentary system because members of the House would never permit our system to be eroded by the reckless use of referenda. It is worth noting that those countries which make extensive use of referenda, especially Switzerland and some American states, have procedures for citizens to initiate referenda by petition,

and it is these petitions which are largely responsible for the frequent use of referenda. These referenda take place at the initiative of a certain number of citizens, as provided for either by the state constitution, in the case of the American states, or by the national constitution, in the case of Switzerland. However, in country after country where there is no right of initiative by petition arising out of a group of citizens, the use of referenda has been extremely limited.

● (1532)

Finally referenda would be restricted to constitutional questions. This type of restriction is found in many countries with parliamentary systems. There is no evidence that the possibility of constitutional referenda is the thin edge of the wedge which leads ineluctably to referenda on other questions. Even the Mother of Parliaments, the parliament of Great Britain in Westminster, has held two referenda in recent years; one in Northern Ireland and another one throughout the country concerning the entry of Great Britain into the European Common Market.

An hon. Member: Both divisive.

Mr. Lalonde: Those referenda were held on constitutional questions. Moreover, the Mother of Parliaments recently approved two more referenda on the constitutional future of Wales and Scotland.

Also, I might draw the attention of the House to the fact that Australia, Denmark, France, Ireland, New Zealand and Norway are all parliamentary democracies which hold occasional referenda but which restrict their subject matter solely or almost entirely to constitutional questions. I have not included in this list other democratic countries which use the technique of referenda on various subjects over and above constitutional questions. The most obvious ones which come to mind readily are the United States and Switzerland.

Of course, there is a logic to restricting referenda to constitutional questions. The constitution is the basic law of a country. It establishes the structure of the state and the sovereign relations between parliament, people and the different orders of government. In some countries, sovereignty is deemed to flow directy from the people. In those cases it is entirely natural, through constitutional referenda, that people should determine the institutional form which sovereignty should take.

In Canada we consider parliament is sovereign within its domain. But even here, most would recognize that people are the most important source of sovereignty. Consultative referenda permit the population to express itself on questions of sovereignty without violating the legal sovereignty of parliament or of the legislatures.

[*Translation*]

Finally, Mr. Speaker, I would like to describe the principles on which the government has based the proposed procedures for referendum campaigns and voting. But in doing so, I want to avoid entering into details, for the nature of this bill is necessarily complex and, obviously, it would be better to get into them at the committee stage of debate. The government has based the bill on certain broad principles, which it hopes make the bill a model for referenda in a federal state. Besides, we have had consultations with opposition parties when the legislation was first presented during last session. However, the government recognizes that a bill of this type—like the electoral law—should as much as possible represent the views of all parties on proper procedures for a political contest. I want to underline, therefore, that we approach the debate on this bill with an open mind, Mr. Speaker, and we hope to work in as close co-operation as possible with all parties to ensure the procedures are widely acceptable as the best possible. In this regard, I think our debate at this stage is especially important because it gives us the opportunity to examine the principles underlying the bill before entering into details.

Of course, Mr. Speaker, I am sure that members opposite will recognize that in some cases no procedure could be devised which fully satisfied all our principles. We had to make difficult choices between principles to which we all believe in this House. I am confident the opposition will recognize these difficulties and that in its criticisms it will show full regard for such difficulties. So these are the major principles underlying this bill. First, the procedures governing a referendum should be fully consistent with all those political rights normally respected in Canada, especially freedom of expression and freedom of association. Secondly, the procedure should impose financial controls which encourage a fair and open debate.

● (1542)

I want to discuss these two principles together, Mr. Speaker, because they are so closely related in the provisions of the bill. If we had been concerned only to ensure freedom of association and freedom of expression without any financial controls our task would have been greatly simplified. In fact, it is the combination of this freedom of association and of expression with the need to exercise some financial controls on the other hand which is so challenging. Our analysis led us to conclude that it would be impossible to satisfy both principles by trying to impose over-all financial controls on the "yes" and "no" campaigns within a referendum campaign.

The Quebec government, in its referendum legislation, has decided to impose such over-all financial controls on the two opposing sides in a referendum. An in-depth study of this bill has convinced us that the approach and the policy adopted by the Quebec government necessarily leads to infringements of the freedoms of expression and association.

Hon. members of this House will certainly want to voice their opinion on this matter—this is a very serious issue—and they will indicate how, by legislatively forcing people to join umbrella organizations representing each side of the question, the freedoms of expression and association of these same people are necessarily reduced and restricted. One can even suppose that, since only two unbrella groups are recognized, some people could be excluded from the referendum debate because they would be rejected, for political reasons by one or the other option or umbrella group. That has indeed happened in other countries. We have seen this in Norway, in particular, during the referendum debate concerning the country's entry into the common market. There have indeed been cases where two major organizations were created—they were not established by law—for and against the proposal, and for purely political reasons, certain groups could not join either one of these organizations, which believed that politically it would not serve their purpose to have some small group, considered marginal for example, join them lest it would discredit the opinion of the majority. We have therefore concluded that this requirement set out in the Quebec legislation to have all citizens join either one of the two umbrella organizations is a serious infringement on the freedom of association and even on the freedom of expression. That is why we have rejected that alternative, but only after due consideration, we have studied it with a great deal of interest and attention. We have examined foreign experiences in this respect and we must note that that philosophy, though it may be inspired by apparently defensible motivations prompting toward control over expenditures made by the two opposing groups, results in an undue and unecessary limitation of the freedom of association and the freedom of expression which must be the two basic freedoms in any self-respecting democratic system.

So what did we do? Barring, an over-all financial control over the two groups in question we found another solution. And the solution we found is that which is contained in the bill which we think is an acceptable way of dealing with the problem of financial control by limiting the expenditures and contributions of individuals and legal persons, as opposed to the "yes" and "no" campaigns; in other words, what we are going to control is the contribution from each individual or legal person. Thus, there will be a maximum contribution so that no one will be able in the referendum debate to exert undue pressure as a result of his wealth as his contribution will be subject to a maximum set out in the legislation, but we are not preventing anyone from contributing and particularly not from joining one of the tens of hundreds of groups that can form in a debate like that.

In short, this procedure avoids the situation where citizens are simply forced to join either one of the two camps and being practically prevented from participating freely in the referendum debate outside those two camps. Modern democratic views require that the public be informed of the provenance and object of political funds and that there be limits on the use of these funds. The Canada Elections Act limits the amount which individual parties and candidates can spend, but does not limit the size of contributions. And that is rather easy because there is a limited number of political parties. There are now four parties in the House and at election time there are always a few more, some that do not even manage to have one member elected to this House, but one must admit that the number of political parties is relatively limited. But if we are talking about a referendum debate for example on constitutional matters, obviously the question will have to be answered by a yes or no, but each political party, each group, each association, might want to decide pro or against such or such thesis, for entirely different reasons; some groups, I repeat, might prefer not to be associated with others in such a political debate or democratic debate.

Because we were not prepared to force the creation of "yes" and "no" groups which would be subject to total expenditure limits, we chose to put a limit of $5,000 on the amount that an individual or legal person can spend or contribute. No person, no corporation, no union could make a contribution exceeding $5,000 during the referendum campaign. That sum seems sufficient to permit anyone a natural extension of one's freedom of expression while it also ensures that no one or no group can have an unfair advantage because of private wealth or because of a special position which they might have, as corporations, unions, non-profit associations of any kind which would have access to special funds.

Mr. Speaker, the procedures in this bill recognize federal and provincial parties as basic actors in our political process, but they facilitate the creation of groups or even unbrella groups, should parties or individuals want this. But they do not make it compulsory, this must be emphasized. They also permit individuals to act alone, should they so wish, with absolutely no need to register or report on their activities. Thus, they preserve freedom of expression, subject only to the limit of $5,000 which applies to contributions or expenditures.

[*English*]

Mr. Speaker, I have taken some time to elaborate on the first two principles that guide us in this bill, and that is that first and above all we should respect freedom of expression and freedom of association in the referendum debate; and, second, there should be some financial control on the powers that may be exercised by those who are contributing financially.

There are two other principles I should like to talk about which we find in this bill. The third principle is that the procedures should ensure the probity of the referendum process at the same high level as the probity of the electoral process. The fourth principle is that procedures should be as simple and as familiar as possible. Thus, the bill before us uses the procedures of the Canada Elections Act wherever possible. When adaptation has been necessary because it is impossible

just to prescribe the Canada Elections Act, we have tried to make it as consistent as possible with electoral practice.

One example is the introduction of representatives of provincial parties or of referendum committees into the revision of electoral lists and scrutiny of the vote. Another example is in basing the allocation of television time to parties on the procedures established for elections.

This practice for the allocation of television time involves a difficult choice because there is a counter principle whereby time would be allocated equally to the yes and no groups. We decided against this partly because we could not devise a satisfactory procedure for the equal allocation of broadcasting time without forcing the creation of umbrella groups and violating the freedom of association and the freedom of expression about which I spoke earlier.

● (1552)

More fundamentally, we believe that broadcasting time should be allocated to recognized spokesmen for the population in relation to their established support in reference to provincial and federal political parties. If those parties wish to reallocate their time to outside groups, to divide it with other supporters, they would be free to do so, but the total allowable broadcasting time would be divided between federal and provincial political parties. Adopting the procedure from elections and from the elections act seems to do this perfectly.

The final and fifth underlying principle is that the procedures should respect the federal nature of Canada and not favour parties or groups active at the federal level over those active at the provincial level. I have already touched on this principle in discussing the implications of referenda for our federal system. Again, the government's bill is a marked contrast in this regard with the referenda act approved earlier this year by the Quebec National Assembly. While the federal bill gives full rights to provincial parties to participate in a federal referendum, the Quebec bill gives absolutely no rights whatever to federal parties to participate in a Quebec referendum. At best members of the federal parties, and I mean here members of this House, will only be able to participate as a privilege, if they are accepted by the referenda committees, the umbrella committees, set up by members of the National Assembly.

In any event, this bill would ensure that any referendum question was given a full and fair debate by all federal and provincial parties and any other interested groups. It ensures that there will be no bias in favour of the so-called "Ottawa point of view" against that found in provincial capitals.

[*Translation*]

Mr. Speaker, to conclude let me say that this bill seems to me necessary and important, that it is a positive addition to our federal system and is fully consistent with our parliamentary system. It is based on democratic principles which are largely endorsed both in this House and beyond, particularly by provincial legislatures. Therefore, I invite opposition members to approach this bill in a positive spirit of critical examination, so that together we may try to improve its provisions and prepare Canada for the decisive phase of its constitutional development. I would like to thank hon. members from this side of the House as well as the other side who in recent months have expressed their views and thoughts on that very important issue. Once again, as I said early in my speech, not only has the federal parliament a right to get an instrument as proposed in this legislation, but in the present circumstances I think the government would be irresponsible if it failed to propose to parliament a legislation such as the one before the House today and which, I am sure, will be discussed positively by all parties.

[*English*]

Mr. Brewin: Mr. Speaker, would the minister permit a question?

Mr. Lalonde: Certainly.

Mr. Brewin: Would the minister tell the House whether in this bill—and I have read Bill C-9 through very carefully—there is any provision which provides, after the referendum has been completed, for any option to be taken? Or is it that the opinion secured by the referendum is purely advisory, and it would still be left to parliament and legislatures to exercise the same jurisdictions they now have?

Mr. Lalonde: Mr. Speaker, the interpretation in the latter part of the hon. member's question is the proper one. The referenda under this bill will be purely consultative, and there is no action required by parliament or by any legislature following any particular result of any referendum.

Mr. Baker (Grenville-Carleton): Or by the government.

Mr. Lalonde: Or by the government; obviously by the government. If there is, for instance, an overwhelmingly positive answer to a positive question in a particular referendum and the government does not proceed to do anything about it, surely the people of Canada would ask themselves why they had to go through that exercise in the first place. That would be the responsibility of the government of the day, vis-à-vis the citizens of Canada after having expressed their views.

I reiterate that it is clearly a consultative process. There is nothing in the Constitution of Canada at the present time that could make the result of a referendum binding on the government, parliament or any particular legislature. I can assure the hon. member that the rights of parliament, the legislatures and particularly our responsibilities as parliamentarians vis-à-vis the amendment of the Canadian constitution continue to lie completely and wholly within the legislatures and the federal parliament.

Miss Flora MacDonald (Kingston and the Islands): I rise, Mr. Speaker, to take part in debate on this bill on behalf of my party. Bill C-9 is:

An act respecting public referendums in Canada on questions relating to the Constitution of Canada.

I note that the bill stands in the name of the Minister of State for Federal-Provincial Relations (Mr. Reid). I can only presume that he is not speaking in this debate. He is not even in the House, though he was earlier.

Mr. Lalonde: He will be.

Miss MacDonald: Perhaps he was not quite prepared due to the speed with which the government brought in this particular piece of legislation, and therefore is not leading off on a bill in his name. However, we shall be glad to welcome his participation at any time during the debate, and we will ask of course who is responsible for this piece of legislation. Is it the Minister of State for Federal-Provincial Relations or is it the Minister of Justice (Mr. Lalonde)?

Mr. Lalonde: Jointly and severally.

Miss MacDonald: Perhaps at some point we will have that matter clarified.

● (1602)

This is one of the most important, one of the most major, bills ever to come before the Canadian parliament, because by its very nature it has tremendous bearing on our established political process. This bill gives to the governor in council, the cabinet, the executive, power to initiate referenda on constitutional matters. Nothing could be more substantive or more serious. It is serious not just because of its constitutional aspects, with which I shall deal in a few minutes, but it is doubly serious because a referendum of any kind at the national level is a serious matter in itself.

We have not had much experience with national referenda in this country, one reason being that the whole concept is alien to the spirit of the Canadian parliamentary system; but the experience that we have had has shown that, far from being a mechanism of unity for Canada, the referendum has had the opposite effect. I say that sorrowfully, Mr. Speaker. The referendum of 1898 on prohibition and the referendum of 1942 on conscription were divisive and left their mark on this country.

In both cases the province of Quebec voted one way and the rest of the country voted the other. No one who knows even a fragment of Canadian history can be unaware of the incredibly divisive effects of the conscription referendum of 1942. The wound has not healed to this day and is, in fact, one of the major historical events which underlies much of the current disunity. Whatever reasons one can cite for favouring referenda, the healing of wounds is not one of them. Referenda serve to set neighbour against neighbour, family member against family member, and the cleavage remains long after the content of the referendum has been forgotten. We must bear this fact in mind if we are looking to national unity as a factor in this bill.

The last thing we want at this time is to further rend the fragile fabric of confederation at a time when it is being subjected to greater strain than ever before in our history. Being aware of its potential for divisiveness we must, if we are to consider referenda as an integral part of the political system, arrive at that decision only after careful thought, only after thorough examination of its effects on our parliamentary system; and, above all, we must arrive at it with the utmost honesty.

I do not find this legislation before us today to be in that spirit of honesty and forthrightness which this difficult subject demands. I see this legislation as being devious, dangerous and even deceptive. It purports to be an act respecting public referendums in Canada on questions relating to the Constitution of Canada. It is, instead, a blatant attempt to subvert and undermine the responsibilities and duties of the Canadian system of responsible government.

Mr. Lalonde: You must be kidding!

Miss MacDonald: The minister laughs.

Mr. Lalonde: You have got to be kidding!

Miss MacDonald: If this bill were merely dangerous, our course would be clear. We would simply vote against this nonsense and have nothing more to do with it.

Mr. Lalonde: But devious?

Miss MacDonald: It is devious, as the minister has said, and deceptive as well. The government has undertaken to dress up this bill in attractive and worthy clothing of direct democracy, constitutional change and even national unity. We must not let this disguise deceive us for it conceals a fraud, the chief result of which would be to bring about not simply constitutional change—because we are all interested in that—but a constitutional revolution by stealth.

Of course, it would be done in the name of simply giving the Government of Canada powers equal to those which the Parti Québécois government has given itself. That is not fighting fire with fire, as the Prime Minister (Mr. Trudeau) would have it and as the Minister of Justice would have it. That is trying to fight fire with gasoline, with the result of burning down your own house and of spreading the fire much further—to fires of disunity.

I want to discuss the real significance of this bill because it demonstrates once again that this government either does not know what it is doing, where it is heading, or it does not want the rest of the country to find out. The bill has many defects and there are a number of ways in which we might deal with these.

Some time ago the separatist government of the province of Quebec began preparations for a referendum on the future of the status of that province in Canada's confederation. All of us watched with considerable concern as the arrangements were announced, piece by piece, by which the separatists would try to take our country apart, piece by piece. We watched that process with concern and alarm. We know that the people of Quebec will be called upon to express their wishes on this country's future. On this side of the House we are confident, even if the government is not, that the people of Quebec will

reject any attempt to trick their country away from them by a misleading plebiscite or any other illegitimate means.

Our greatest concern is not that the people of Quebec will fail to see through the propaganda of the separatists, but that the government opposite will continue in its blind, wilful and divisive ways to the point where it discredits the federal system in the eyes of all Canadians.

Sir, the government says that it needs this legislation, that it must have as much power to consult the people of Quebec as have the Péquistes. On the surface that appears to be a very reasonable argument. If that were what this bill meant and all that it meant, we on this side could accept it fairly willingly. We would have no problem with that kind of legislation if that is what it were. All of us are concerned that the Quebec referendum be conducted in a fair way. But already it is quite clear that the Péquistes are loading the dice as well as stacking the decks.

The existence at the federal level of a clear set of rules to assure the utmost freedom of speech and the utmost in full debate prior to holding any referendum in the province of Quebec is very important. If nothing else, it will constitute a clear warning to the Péquiste government that it must play more fairly than it intends at that time.

Establishing these rules well in advance of the actual asking of such a question by either Quebec or the federal government is also important, for then parliament can concentrate its attention on the precise questions to be asked and the circumstances in which they will be asked without being distracted by debate over procedures. That is also good. We do not argue those points because, as I say, they are good.

● (1612)

However, what is not good, what is devious and deceptive, is the scope of this legislation. What is not acceptable is the attempt once more to sneak into the hands of this most untrustworthy government, and to seek to do it unilaterally, even more power to manipulate and abuse this parliament and the people of Canada than it already has.

Hon. members will recall that last Tuesday, on the initiative of the hon. member for Yukon (Mr. Nielsen), this House engaged in a debate which demonstrated the extent to which the government has gone in undermining the Canadian parliamentary system of responsible government. That debate showed how this government had rejected and refused to put into play those rules and practices which would enable us in the House to have real parliamentary democracy. This government persistently rejects the basic constitutional principles of holding itself responsible to and properly accountable to members of the House of Commons.

If this bill should pass in its present form, it would give the present government even more opportunity and more incentives through abuse of the referendum process to evade proper accountability in this House. Today, under the pretence of meeting the Péquistes' power with equal power, the government opposite proposes a constitutional revolution. That is what this bill is all about.

We on this side are always willing to discuss and advocate, long before the government was prepared to do anything about it, discussion on constitutional evolution. However, revolution of this scope? Where on earth is this government leading us?

An hon. Member: Perdition.

Miss MacDonald: The terms of this bill are far too wide. Let me read that part of clause 2, the interpretation section, where the scope of this bill is effectively defined. It sets out what the government would see as falling within its power at the national level. In dealing with referendums on the constitution, it defines the constitution, that area where the government could conduct referenda. It states that the Constitution of Canada includes, and I quote:

—without limiting the meaning of that expression,

(*a*) the customs, conventions and enactments that comprise the Constitution of Canada, and

(*b*) the political and judicial institutions and processes of Canada;

If the bill had stopped after (a), despite my reservations on the "without limiting" phrase, that might have been acceptable. However, the inclusion of (b) opens up the question almost to the four winds. Canada has a great many political institutions, political processes, judicial institutions and judicial processes. A great many of those political institutions, political processes, judicial institutions and judicial processes are not now, ought not now or ought ever to be, under the authority and jurisdiction of the central government. They are under the jurisdiction of the provinces and rightly so.

That is what our constitution asked for. That is why we have a federal system. That is why we have a federal constitution, despite this government's constant attempts to subvert and centralize all power in Ottawa as far as it can. This is another indication of that tendency toward centralization which this government has exhibited year after year. We can see that tendency coming to the fore.

Clause 3, dealing with proclamation of a referendum, reads as follows:

Where it appears to the governor in council that any question relating to the Constitution of Canada or relating to or arising out of a proposed or possible change in the Constitution of Canada is of sufficient importance to warrant obtaining the opinion of electors on that question, the governor in council may, by proclamation, direct that the opinion of electors be obtained on that question by putting the question to the electors of Canada or of one or more provinces specified in the proclamation at a referendum called for that purpose.

That is a referendum called on any constitutional question by the Government of Canada. That wording in clause 3 encompasses any constitutional question that the Government of Canada might want to ask. That is how wide the scope of this bill is.

In his remarks the minister said that questions put on a referendum are restricted to matters of a constitutional nature. What kind of a restriction is that, given the scope of constitutional matters in our federal system?

A myriad of concerns come to the fore, concerns which all of us as parliamentarians, representatives of the people, feel deeply about. Who is going to determine whether or not an

issue is constitutional? Can the federal government call a referendum on constitutional issues that might or would have a bearing on provincial or concurrent jurisdictions without the approval of the provinces? What about a referendum on controversial constitutional matters that have not yet been assigned to either provincial or federal jurisdictions, such as offshore resources?

If it wishes, a majority government could use its majority power to see that referendum results would be carried into law. The minister said this would only be a consultative mechanism. However, in the explanation that accompanied the Canada referendum bill, the section on page 5 dealing with the legal character states: "Referenda would be advisory or consultative in nature. Such referenda may, of course, be morally binding if the government indicates its intention to be so bound."

What would happen if a majority government decided to use its majority power to push a referendum through? In the case of offshore resources, for example, could the government effect a decision of this issue by means of a referendum, using the results as a directive to the government and thus do an end run around the courts? Is that the kind of thing the government has in mind with this legislation?

A general provision for referenda on constitutional matters is in itself a constitutional change of some magnitude. Some it is a constitutional innovation. Since it is something new that is coming before us, a matter of great magnitude with regard to constitutional change, should it not be included as part of an over-all package of constitutional reform? Is that not where this bill belongs? Is that not where this suggestion or innovation belongs?

If that kind of general power is what the government wants, then let it deal with it in the proper place and at the proper time. In the meantime, however, there is nothing to prevent the government holding a plebiscite on a particular subject as it did with conscription, or as the United Kingdom did in the case of the common market or on Northern Ireland. Contrary to the impression the minister tried to leave before the House, those matters were dealt with as specific bills coming before the parliament at Westminster in order to deal with a specific question at a specific time. That has been done before in this House, and it can be done at any time.

My greatest concern is that the present government is moving away from past experience where a referendum or plebiscite was held on a specific matter arising at a given point in time. They are moving away from that practice. They are now arrogating unto themselves a general power to hold referenda on constitutional matters. They are now using the Quebec situation to create a new and formidable weapon for the Government of Canada.

● (1622)

Now, sir, it could be argued that it would be appropriate for us to introduce the general concept of referenda into our political system. That is a legitimate argument. There might be arguments in favour of such a course but there are no arguments for doing it this way, trying to slip it in through an underhand method, nor can there be. The method being used by way of this bill is an extension of the government's penchant for attempting to change our federal system unilaterally, something which we have seen so much evidence of in recent months. It is before us once again.

I wish to draw attention to what has gone on in recent months. You will remember, Mr. Speaker, that last spring the House and the country were given a white paper on constitutional change. It was called "A Time for Change". That white paper was designed to encourage public discussion and input into the whole process of constitutional change. But no sooner was the ink dry on that white paper than we were handed a finalized formula in the form of Bill C-60, the constitutional amendment bill. Before the people could even receive copies of the white paper we were presented with that bill.

Mr. Lalonde: Not at all.

Miss MacDonald: All the minister has to do is look at the dates on which those two documents were presented and he will find that this was the method which was used. Of course, the government was quick to tell us that the legislation itself was open to discussion, that none of it was immune to change. However, in its usual way of saying one thing and doing another, the government's subsequent actions put the lie to those dubious assurances. I say this because the Prime Minister in his most recent utterances has made it clear that his intent remains to meet his deadline for constitutional change regardless of opposition, regardless of the opposition of the provinces, regardless of the damage to the federal system.

A parliamentary committee, after much study, recommended the wholesale redrafting of Bill C-60, the government's proposals for constitutional change, but with the admonitions of that committee still ringing in his ears the Prime Minister met the provincial premiers to discuss the whole spectrum of constitutional questions at the first ministers' conference in the latter part of October.

The outcome of that conference, one which the Minister of Justice attended, was the establishment of a top level federal-provincial committee under the chairmanship, I believe, of the Minister of Justice to work in such areas as amending formulae, the division of powers, institutions, the whole field of constitutional change. That is why the committee was set up—to deal with matters such as the very one we are debating today. While that committee was working in this area thinking it would really have some influence on constitutional change, the government House leader introduced a major piece of legislation, one with great constitutional ramifications, which gives it and it alone the power to hold referenda on any question related to the constitution including, if the remarks of the Prime Minister are any indication, questions with which that federal-provincial committee is dealing at the present time.

I just want to quote, at this point, from the proceedings at a press conference given by the Prime Minister on October 21 of this year. He was asked what specific question or questions he

would like to put to the Canadian people in a referendum. In response, the Prime Minister had this to say:

I indicated that the questions could have to do with as simple a thing as patriation of the constitution, or repatriation of the constitution; they could have to do with the will of the country to remain united, and they could have to do with anything in between.

"Anything in between"—anything of a constitutional nature. If there really is a reason for changing our system to accommodate referenda—and that may well be an arguable case—why is this concept not part of the federal-provincial discussions presently under way? How often is the government going to break faith in matters of federal-provincial relations? What is the minister going to say to his counterparts when he meets them on Thursday to explain why he is doing something unilaterally in the House of Commons which he will not discuss with them?

Mr. Lalonde: I would say you are talking nonsense.

Mr. Grafftey: Try to be more intelligent than that.

Miss MacDonald: How much longer does the government intend to continue its history of unilateral action on major constitutional matters without input from the provinces? What hon. gentlemen opposite must recognize is that the constitution does not belong to one particular government at one particular time. Nor do our institutions or the judicial processes. The government must give up the idea that it holds all the power and that it can impose its will upon Canadians for all time. I say this to the minister very seriously: it is not the prerogative of a dying government to extend its constitutional will long into the future.

We have heard a lot of talk recently from ministers and from the Prime Minister himself about direct democracy. Does the government really believe in direct democracy? I have the impression that it does not. The Prime Minister and the Minister of Transport (Mr. Lang) have spoken about ways in which direct democracy might be practised and the idea has been put forward by any number of people in the Liberal Party. They have persisted in talking about consulting the people on every important or emotional issue that comes up. They talk about it, but when this legislation comes before us we find they have not dealt with the essence of what they were seeking to convey to the public.

● (1632)

This bill is not about direct democracy in the manner in which the Prime Minister and the Minister of Transport have spoken about it. This bill uses that broad concept, but it is applied only to constitutional matters. Either we should be speaking about specific legislation tied to a specific object, the Quebec referendum question, or we should be talking about the introduction of direct democracy on a grand scale.

Either one of those is a legitimate issue to be discussing, but we on this side would be willing to discuss the specific legislation to which I have just referred which would address itself to the Quebec referendum question. If that is what the government judges to be necessary, we want to make it perfectly clear that we would be willing to discuss that kind of legislation. What we object to is the potential to have any and all fundamental changes to our constitution brought about in this fashion, and that is what this bill would do.

As it stands, this bill would constitute very significant constitutional change. We on this side have always said that in the debate about constitutional change other participants from all levels must be brought into the discussion. I am talking about the other partners in confederation as well as the people of Canada. They must be brought into the discussion of any proposals for constitutional change, of which this bill is a very major one.

Evidently the government does not plan to do that. It does not plan to consult any of the other legitimate expressions of Canadian thought and feeling on this major constitutional change.

Mr. Lalonde: It has been out for six months.

Miss MacDonald: This legislation may or may not be wholly within the power of parliament to pass. I am not sure of that, especially when I consider the way in which provincial powers would likely be trampled on if this government were given the wide ranging power it is asking for through this bill. With this bill in the hands of an unscrupulous government, that government is given greater potential for seizing power than it is given by the Emergency Powers Act or any other piece of legislation presently on the statute books. That is what this bill does.

Of course, the government—and I know the way it approaches these things—will probably say this bill is within its legal power, and well it might be because that is the course the government took with its previous constitutional bill, Bill C-60. We know the objections to that approach which were raised by constitutional experts, by the provinces and by people all across the country. We know that that line of unilateral action which this government has always put forward has been rejected time and again.

The government should try to decide what it wants to do with this bill. If it wants fundamental constitutional change of the kind envisaged in this bill, it must bring the whole debate out into the open and into a much wider sphere of discussion. It must consult the premiers, the provinces, the public and other constitutional specialists outside government. If, however, the government is serious in its intent about wanting only to deal adequately with the Quebec referendum question, then this bill should be amended to do that job—

Mr. Lalonde: You have not been doing your homework.

Miss MacDonald: —and to do it without giving the government even more wide ranging and arbitrary powers than it already has. What the government should not be doing in any case is trying to do the first of these jobs under the guise of the second. That is what we have in this bill.

The government is trying to use the Quebec situation to delegate to itself much greater constitutional powers. What we

need in this case is a special committee on constitutional matters. We need that committee to be set up in this House and to look at this bill. The committee should be given this bill so that it can get the terms and the mechanics of referendum legislation and referendum questions settled to everyone's satisfaction as quickly as possible. Then the committee could get down to the business of establishing once and for all the proper scope of questions which might be asked of the people of Canada.

That is the nub of this bill: What is the scope of questions which one level of government can put to the people of Canada? What is the power that the federal government is seeking to usurp? Before a committee of this kind we could look at this question and hear witnesses who are able to advise not just the government but all members of parliament on constitutional matters. Then we could see precisely what devious objectives the government has in mind and deal appropriately with them.

Either we live in a federal system and respect the basic tenets of that federal system, or we do not. Either we work out our constitutional renewal jointly with the provinces, or we repudiate our system of government. Either we encourage both levels of government to work together to build this great country of ours, or we engage in an ever greater proliferation of legislation directed against all provincial governments—not just one—which could prove divisive and destructive not just to our political system but to our whole country. The broad scope and powers embodied in this bill could do just that.

In a situation like this, and in the escalating confrontation with the provinces which this government seems determined to bring about, who speaks for Canada?

Some hon. Members: We do.

Miss MacDonald: Who speaks for our beloved country? The answer to that question is "Not this government."

Some hon. Members: Hear, hear!

Mr. Edward Broadbent (Oshawa-Whitby): Mr. Speaker, as both the minister and the hon. member for Kingston and the Islands (Miss MacDonald) have already said, this bill is important, and it certainly is related to a fundamentally important part of the history of our country. There is no doubt in my mind—nor I am sure in the mind of any member of parliament—that we would not now be debating a measure to provide the Government of Canada with the right to have a referendum on constitutional matters if we were not already faced with the hypothetical possibility that one province, namely, Quebec, will take steps which could lead to the breaking up of our country and to the independence of that province.

In addressing ourselves to the question of a referendum we must consider not simply the general principles involved in parliamentary democracy and the general question of referenda, which are important in constitutional matters and in other matters, but it is very important that we consider, as always in politics, the historic context in which a particular proposal is being dealt with, whether at the federal level or any other level.

● (1642)

I say with all respect to the person who has just spoken that I have rarely heard a more contradictory speech in all my life—

Some hon. Members: Hear, hear!

Mr. Broadbent: —in terms of facing the political reality in Canada. It is certainly my view in general that in a parliamentary democracy, or in any other kind of democracy, the referenda idea is not a good one, as a general principle, to deal with all kinds of matters. I hope hon. members opposite will listen to the debate because I will support the bill in just a minute and give reasons for doing so.

Some hon. Members: Hear, hear!

Mr. Broadbent: As a general proposition, men and women throughout history, whether you consider Greece at the time of Pericles, or England at the time of John Stuart Mill, or Canada and the rest of the modern world today, most responsible democrats, in my view, have argued that it is the role of elected people to make decisions, that it is our responsibility to face immensely complicated issues and to work out answers and compromises, because that is essential in a democracy, and normally referenda do not provide for compromise. Normally they divide a community on an issue, and frequently they are inappropriately used because they are used on matters which should be questions of personal morality. So in the view of my party, referenda on a whole range of questions are not something that a democracy should be concerned with. Democracy should be concerned with electing men and women to study issues seriously, to recognize the complexity of most problems and to work out a fair solution.

Now I want to come to the bill before us and to put it in its historical context. I wonder where the Conservative party is in its thinking, and I say that seriously. We will have a serious debate on this issue. The province of Quebec has elected a government honestly and democratically made up, from their perspective, of decent, honest and good citizens. I will not denigrate them because I happen to differ profoundly with them about the future of our country and indeed about the future of their province. But the historical reality is that, for the first time in the history of our country, we are confronted with a government which was elected in part, so they interpret it, on a mandate to divide the country. So it is not the present Government of Canada but they who were the first historically to present us with a bill that will provide in one province the right to decide.

I say frankly that if we recognize—be it in Canada, in Ireland, in Pakistan or in other parts of the world—two distinctly different cultural and linguistic entities like those we have in Canada, which have existed so far with some real tensions—and most of us hope we can work them out and

continue with a united Canada—or if a society is divided on religious grounds, as it is in other parts of the world, we will have to resolve the issues at some point by having a vote.

No one can pretend that a referendum will be a permanent solution or the only solution; but if you do not believe in violence, if you do not believe in oppression, then surely the people have to be given the right to decide if the possibility of the survival of the country is at stake. That is why I for one agree in principle with the means of the Parti Québécois, which is a democratic means, of establishing a referendum, although I oppose the party with all the energy, intellectual, moral and physical, within the law, that I can muster on their objective.

I happen to agree with the hon. member for Kingston and the Islands—although I was astounded to hear her say it in the context of her argument—when she said that, in general, the rules for the Quebec referendum have "stacked the deck and loaded the dice." She said it, I did not. I think that is the case. I do not think the rules as set out, when you think of freedom of association, freedom of opinion and so on, and a whole lot of details which I could go into, are reasonably drawn for the referendum framework in the province of Quebec.

If that is the reality, I ask the House: What is the Government of Canada to do?

Miss MacDonald: Bring in the bill.

Mr. Broadbent: We have a bill. I say to the hon. member that she attacked it for what seemed to me to be palpably absurd grounds, comparing it with the War Measures Act, if I heard her argument correctly.

The government is bringing in a bill which seems to me to enable the people of Canada to decide, within the democratic context. We will come to some of the provisions in this bill, and if the circumstances require it to the question of a vote to be taken, whether in Quebec or somewhere else. But we are not in a fantasy world. We will be living within the framework of this bill for five years only. My understanding—I would be surprised if anyone sees it any differently—is that if it happens that the question in the province of Quebec is put unfairly—we have to leave that open as a possibility surely, because the Parti Québécois is a partisan government, just as partisan as my party, as the Conservatives or as the Liberals, and I will not put it any more strongly than that—the question they will put to the electorate can be a loaded one. To use the hon. member's words, not only will they be loading the dice and stacking the deck in terms of the rules for the referendum, but they might even do it in terms of the way they phrase the question.

How are we to respond? Normally I am not in agreement with the basic principle of a bill coming from the government, but I and my caucus colleagues have thought through this question of a referendum on constitutional matters. This bill, for a limited period of time, will enable us as Canadians to do what the hon. member raises rhetorically, that is, to speak for Canada if the showdown comes, if we are confronted with an unfair question in the Quebec referendum and an unfair interpretation of the results.

The hon. member for Kingston and the Islands spoke about our turning the parliamentary system upside down. I would remind her that her colleague, the hon. member for Northumberland-Durham (Mr. Lawrence), has brought in Bill C-220 dealing with a referendum on capital punishment. There were Tory candidates all over this country in the by-elections who were saying we should have a referendum on capital punishment. Some of us have had the determination to say that is our responsibility if we are elected. I am saying that you cannot have it both ways. I do not know who speaks for the Conservative party. Is it the hon. member for Northumberland-Durham or the hon. member for Kingston and the Islands? They are taking very different positions. We take a consistent position on this bill.

Some hon. Members: Oh, oh!

Mr. Hnatyshyn: Then get to it.

Mr. Broadbent: The hon. member is a little embarrassed perhaps because of the contradictory positions his party has taken. I want to remind the hon. member for Saskatoon-Biggar (Mr. Hnatyshyn) that it was his leader who said that, on the basis of the result of a referendum in the province of Quebec, which will be conducted under rules which the hon. member for Kingston and the Islands described as loading the dice and stacking the deck, if the results come out 60 per cent in favour of sovereignty association, he would be prepared to negotiate for such association.

Some hon. Members: Shame.

Mr. Broadbent: We would not be prepared to negotiate sovereignty association conducted under rules which the hon. member has just described as being loaded against the rest of us.

Some hon. Members: Hear, hear!

Mr. Broadbent: I ask, is it responsible for the Government of Canada and for all of us in this parliament to stand back in horror and, considering the possibility that we might not like the way the referendum is written, the way the campaign is conducted or the interpretation of the decision, not provide the enabling legislation to conduct what might perhaps be a fairer referendum? That is an absurd position. It is a position which abdicates responsibility to Canadians.

● (1652)

Some hon. Members: Hear, hear!

Mr. Broadbent: I ask my Conservative colleagues on my right to speak that way not only in Quebec to federalists, but in the province of Saskatchewan and see what the people of Saskatchewan will say. I would like to see them speaking to the people of British Columbia, and above all to the people of the province of Quebec, and saying, "We in Ottawa believe

exclusively in the government of the province of Quebec." I am sure Quebeckers will be taking part in this debate. I am sure they will not stand by and allow a government committed to the independence of the province of Quebec to write all the rules of the game. We will not stand by. That is what I want to tell members of the Conservative party.

Some hon. Members: Hear, hear!

Mr. Broadbent: I ask Conservative members to consider some of the—

Mr. Johnston: Deal with the bill.

Mr. Broadbent: I am dealing with five areas of concern. Conservative members are somewhat concerned, as they ought to be, with the duplicity of the level of debate they have engaged in so far. Why do we support the bill? It is restricted—

Mr. Hnatyshyn: You support Liberals all the time.

Mr. Broadbent: I say to the hon. member that Conservatives have supported the Liberals more in this parliament than we have. I will count the votes. However, when a matter of fundamental importance is under consideration, we will not play around with petty, partisan politics.

Some hon. Members: Hear, hear!

Some hon. Members: Oh, oh!

Mr. Broadbent: We support the bill because it is restricted to matters of fundamental constitutional importance which in various countries, including parliamentary democracies such as Great Britain, Norway, Australia and New Zealand, not to mention the United States and Switzerland which are not parliamentary democracies, have been dealt with by referenda. Those countries have had referenda on fundamental questions. It is hardly anti-democratic, unless one says that some of the most democratic countries of the world are not democratic. The bill is restricted to constitutional matters.

The province affected, will be consulted about the wording of the proposed referendum, and that is reasonable. I remind Conservative members to consider what the results of passing this bill would be as they affect a resolution being brought before the House. If one reads the bill, one will discover that a resolution must be debated for at least 40 hours in the House, which is approximately eight days of debate; and at least 40 hours in the other House, which is another eight days of debate.

Mr. Knowles (Winnipeg North Centre): It is 20 days over there.

Mr. Broadbent: At least. If there is a particular referendum which we do not think is popular, the point is that we have the means in this House as an opposition to hold things up beyond the eight days. Indeed, if it happened that the government of the day, whether it be this government or any other, rammed through a referendum bill in the face of united opposition in the House of Commons, one does not have to guess what would happen. A referendum of that nature which did not have reasonable support and had to be rammed through would be defeated in advance. Any government would know that.

My crucial point is that there is opportunity within the legislation for a referendum resolution to be brought before us at any time. Personally I hope a resolution will not have to be brought forward. This is permissive legislation, not mandatory. There will be an opportunity to deal with the referendum.

Another point I like about the bill is that it puts federal and provincial parties on the same basis in taking part. There is no restrictive aspect to it.

The hon. member for Kingston and the Islands (Miss MacDonald) has a horrified view of the government, and certainly on economic matters I share that concern. But if the government brought through a referendum which was so bad in terms of generating opposition on this side of the House, since most governments at the provincial level are Tories, it seems to me they should not worry because within the framework of this legislation they can participate. They have the same right as federal parties to participate. They can work on the resolution and generate opposition to it.

For that reason, I cannot understand why one would be opposed to this bill. Surely some details will be dealt with in committee, and as a result some changes will be effected; but on fundamental questions it is a responsible bill.

In conclusion, we support the principle of the bill. It restricts referenda to constitutional matters. It has a number of important safeguards built into it in terms of providing debating time in the House and enabling parties at provincial and federal levels to debate it. I cannot see how a democratic party in Canada, concerned with the survival of our country and faced with the hypothetical possibility of an unfair referendum, can do anything other than support this bill.

Some hon. Members: Hear, hear!

Mr. Broadbent: The hon. member for Kingston and the Islands asked rhetorically who speaks for Canada. Certainly her party does not.

Some hon. Members: Hear, hear!

PROCEEDINGS ON ADJOURNMENT MOTION

[*English*]

SUBJECT MATTER OF QUESTIONS TO BE DEBATED

The Acting Speaker (Mr. Turner): Order, please. It is my duty, pursuant to Standing Order 40, to inform the House that the questions to be raised tonight at the time of adjournment are as follows: the hon. member for Madawaska-Victoria (Mr.

Corbin)—National Film Board—Reason for changes to French regionalization program; the hon. member for Winnipeg South Centre (Mr. McKenzie)—Veterans Affairs—Transfer of hospitals to jurisdiction of provinces—Effect on veterans; the hon. member for Victoria (Mr. McKinnon)—External Affairs—Canadian peacekeeping forces.

It being five o'clock the House will now proceed to the consideration of private members' business as listed on today's order paper, namely, public bills, private bills and notices of motions.

PRIVATE MEMBERS' PUBLIC BILLS

[*English*]

DIVORCE ACT

REDUCTION IN WAITING PERIOD FOR MARRIAGE DISSOLUTION

Mr. W. Kenneth Robinson (Toronto-Lakeshore) moved that Bill C-207, to amend the Divorce Act (living separate and apart), be read the second time and referred to the Standing Committee on Justice and Legal Affairs.

He said: Mr. Speaker, once again I am pleased to have an opportunity of bringing the topic of divorce before the House. This time my bill is Bill C-207, an act to amend the Divorce Act (living separate and apart). The explanatory notes read as follows:

The purpose of this bill is to reduce to 18 months the three to five-year waiting period required for a marriage that has broken down to be dissolved. It also eliminates the question of fault under this ground for divorce.

It was 11 years ago this month that members of the House of Commons were debating Bill C-187, an act respecting divorce. At that time the government felt it was time to reform Canada's archaic divorce laws and to bring them into line with the social climate of the 1960s.

Prior to 1968, the only effective ground for divorce in every province—save Nova Scotia—was adultery. Most provinces entered confederation without divorce laws or procedures, and it was not until after 1930 that they were granted the authority to establish provincial divorce courts. However, residents of Quebec and Newfoundland were required to apply for a parliamentary divorce because these two provinces had no divorce courts until 1968. In 1966, the question of divorce reform was referred to a special joint committee of the Senate and the House of Commons. Its report on divorce was presented to parliament in June, 1967, and in 1968 the Divorce Act became law.

● (1702)

The act retained many of the traditional marital offences as grounds for divorce, but it also included a modified concept of marriage breakdown as a new ground for divorce. One of the grounds established was a separation period of three to five years—three years separation if the petitioner is the non-deserting spouse, five years separation if he or she is the deserting spouse. This separation ground conferred on each married person significant powers of individual control as to whether he or she desired to remain married. Today, about 40 per cent of all divorces are based on this ground.

It is important to remember, Mr. Speaker, that although the government was anxious to modernize our divorce laws, it was conscious of Canadians' interest in maintaining the sanctity of marriage and of the family unit. It is in this same light that I have put forward an amendment which will reduce to 18 months the three to five-year waiting period required for a marriage which has broken down to be dissolved. It also eliminated the question of fault under this ground for divorce.

Also, Mr. Speaker, some members may feel that my bill is tantamount to tinkering with the present divorce law because it is not consistent with the remaining marriage breakdown sections in section 4 of the Divorce Act. I would be prepared to put forward an amendment which reduces the waiting period in all circumstances to 18 months.

Let me take a moment to outline the divorce legislation of other countries with regard to the concept of marriage breakdown and the period of separation. Several countries differentiate between unopposed and opposed actions. For example, In England the waiting period is two years if the divorce is unopposed, and five years if it is opposed. Norway requires a one year separation if the action is unopposed, and two years if it is opposed. In Australia, the family law act of 1975 states that a ground for divorce is established if the parties separated and lived separately and apart for a continuous period of not less than 12 months immediately preceding the date of filing for the dissolution of marriage. The separation need not be agreed upon by both parties.

Sweden, in 1973, introduced divorce on demand, which includes both unilateral and consensual dissolution of marriage. Either spouse is at any time entitled to have the marriage terminated on formal request, without having to show separation for a period of time, marital offence or irretrievable marriage breakdown. The state's function is to approve the request. The only qualification provided for in Swedish law is a "reconsideration" period of six months if the divorce is opposed or if the family contains children under the age of 16.

In the United States, some states, namely, California, Michigan, Georgia and Nebraska, have adopted divorce by consent. Divorce by consent subjects marriage to the joint will of the parties involved and limits the involvement of the court or state. In fact, in Canada it is argued that because 90 per cent of our divorce cases are uncontested, divorce by consent already prevails. Hence, it is often recommended that the government may as well legalize its present existence.

Since the enactment of the 1968 Divorce Act there have been a myriad of studies, reports and recommendations, all concerned with the divorce issue. The concepts of divorce on demand, divorce by consent, marriage breakdown and others are constantly being debated and reworked by various legal groups, people involved with the status of women and by religious affiliations. One of the foremost bodies engaged in

this examination of our divorce laws is the Law Reform Commission of Canada. The commission has published proposals in the form of studies, working papers and reports in an attempt to formulate a cohesive legal policy for the Canadian family.

The commission did examine the subject clause of my proposed bill and has advanced several arguments against the imposition of a designated period of separation as a prerequisite to divorce. It referred to the dilemma faced by an economically dependent spouse who may be forced to leave the matrimonial home, and also to the hardship faced by responsible spouses who encounter marriage breakdown yet must go through the loneliness of an enforced period of separation, being neither married or unmarried, in a coupled society.

Professor Herman R. Hahlo, who presented a research paper entitled "Reform of the Divorce Act, 1968 (Canada)" to the Law Reform Commission, also examined the three-year separation period and recommended that it be reduced to one year. He reasoned thus:

To take a large slice out a person's life by withholding a divorce long after the prospects of reconciliation have vanished can only be explained by a conscious or subconscious desire to punish a spouse for seeking a divorce. Many experienced marriage counsellors suggest that six months are normally sufficient to determine whether there is any hope of reconciliation—

Professor Hahlo also touched upon the five-year period imposed on the deserting spouse and recommend that in this case, too, the required period of separation be reduced to one year.

It was in May of 1976 that the Law Reform Commission promulgated its recommendations. Why has divorce legislation remained unchanged to date? That is my question.

First of all, it was deemed important that divorce reform not proceed until such time as all the provinces had enacted matrimonial property laws which would effect an equitable division of property on dissolution of marriage and in a manner which would protect the spouses who are not financially self-sufficient. However, at this point in time, eight of the ten provinces either already have passed such a law or are in the process of drafting legislation. Therefore, Mr. Speaker, I feel that this rationale is no longer credible and that we should proceed now to provide the desired reforms.

Secondly, it has been proposed that some measure of jurisdiction over divorce may go to the provinces as part of constitutional reform, thus making it unnecessary to have the federal government introduce divorce reform. I am of the opinion that constitutional reform should not delay the implementation of new divorce legislation, and in fact it may be a long time before some consensus is reached on this point. The number of studies, reports, etc., which have been brought forth in recent years attest to the fact that now is the time for divorce reform.

A letter forwarded to me from a concerned citizen points this out, very well. This letter was actually received by the hon. member for Simcoe North (Mr. Rynard) and it contained a request that a copy be forwarded to me. I should like to read one paragraph of the letter which refers to my previous bill on this same topic, formerly Bill C-214 which was debated on second reading in December, 1977. The paragraph of the letter to which I refer reads as follows:

The object of this letter is to add at least one voice to the demand for revision along the lines recommended by the commission. Perhaps you would pass along a copy of this letter to Mr. Robinson and hope that he or some other member would see fit to reintroduce legislation to benefit those persons in our society who are hopelessly trapped in the present restrictive law when society generally would be in favour of giving them freedom.

When people are considering amendments to our current divorce laws, one fundamental question is considered paramount: How will this affect the institution of marriage and the family unit? Divorce statistics since 1968 do lend credibility to those opposed to divorce reform who argue that making divorce easier will hasten that decline of the family unit. However, I am sure that all hon. members agree that family strength is a matter of moral values combined with a personal commitment. Legislation cannot create marital bliss or preserve family unity, nor can divorce legislation lead to the breakdown of the family. As it was pointed out by the commission, "it is not divorce that destroys families but bad marriages."

I think everyone should bear in mind, however, that official divorce statistics merely tell us about the number of divorces. They tell us nothing about marital conflict and disruption. Not every marriage breakdown ends in divorce; a couple may choose to continue to live together in disharmony rather than participate in a divorce process which is often painful.

Therefore, the correlation between divorce rates and the collapse of the institution of marriage is indeed difficult to prove. How is the reduction of the length of required separation going to affect the stability of marriage? The Joint Committee of the Senate and House of Commons on Divorce in its report made note that, in establishing the period of separation, the prime consideration should be whether the period provides a fair test that the marriage in question has in fact broken down. As I see it, the time required must be sufficiently long enough to give the couple a chance to reconcile their differences, but not so long as to force individuals to remain in unsatisfactory and unhealthy relationships.

It is extremely important, especially where children are involved—for an unhappy marriage is a detriment to children—that the parties be able to dissolve their marriage as painlessly as possible in order that they may build a new life and provide a more healthy, positive environment for themselves as well as their children. To quote Professor Wolfgang Friedman:

• 1712

People should be able to live out their lives as joyfully as possible under conditions which enable them to develop their personal capacities and potentialities. This means the right to correct errors, the right to cast off a burden that has become intolerable and may lead to the sapping of vital energies and the moral fibre of the affected parties.

Throughout my speech, Mr. Speaker, I have quoted statistics, briefs of the Law Reform Commission and professors to enhance my argument. However, I believe the most profound

testimony comes from a private citizen, and I would like to read his letter into the record:

I am writing to express my support for Bill C-207, an act to amend the Divorce Act (living separate and apart).

It appears to me that there can be no basis either in policy or in philosophy for any member of parliament to vote against this bill, as it does not change or add to present grounds of divorce, and has no effect on property, maintenance or custody provisions. In allowing a so-called deserting spouse to sue for divorce after 18 months, it recognizes what is most often an irreconcilable marital breakdown, and erases what is presently a two-year "sentence", that is the forcing of a deserting spouse to wait five years rather than three years (which is presently Canadian law). The present waiting period has resulted in a statutory conviction of the deserting spouse for his guilt in having made his decision to create a new life for himself. As anyone who has been married will most readily verify, guilt is almost never one-sided.

The proposed amendment does not, in any way, obliviate the requirement of the court to ask about the possibility of reconciliation, nor does it affect any awards of maintenance or custody, or division of property. It seems in keeping with the present thrust of the federal government in the area of human rights. It is of no value to society or to the family unit to force an unwanted and often harmful relationship to continue legally. The present law allows couples three years to build up deeper resentments, to threaten each other with litigation and to use emotional blackmail, often in the form of one spouse's refusal to give the other his or her freedom for reasons usually based in spite, malice, anger and resentment. Children are the unfortunate, innocent bystanders, and for three to five years are torn between their parents' court dates, lawyers and threats. No party can stabilize his or her position until the final decree absolute, and many lives may be held in hurtful, expensive and unnecessary suspense for years. As everyone realizes, the result of such situations is, all too often, contrived grounds and manipulations to get into court. Surely the very fact of such manipulations is sufficient to point out that the law is not in keeping with the needs of the Canadian public.

I can in no way believe that the fabric of society or of the family will be damaged or diminished by this amendment. A family held together in name only is not a healthy unit . . . a clean and quick break is most often the solution for the immediate problem and the most beneficial act for a quick recovery.

I most sincerely urge the support of this bill and hope that members do not so lose themselves in self-righteousness that they overcome their ability to sympathize with people who need the law and the legislators on their side.

I am not suggesting, Mr. Speaker, that my bill is the magic solution. However, it does attempt to bring our divorce laws in line with current thinking and perhaps helps to pave the way for additional divorce reform and strengthening of the institution of marriage. I hope all members will support may amendment and refer my bill to the Standing Committee on Justice and Legal Affairs for further consideration.

Mr. Deputy Speaker: The hon. member for Calgary North (Mr. Woolliams).

An hon. Member: Hear, hear!

Mr. Eldon M. Woolliams (Calgary North): Thank you, I like a large applause.

Some hon. Members: Hear, hear!

Mr. Woolliams: I would like to congratulate the hon. member for Toronto-Lakeshore (Mr. Robinson) for presenting a private member's bill on a matter which, I know, is of great interest to the public of Canada generally. The ground in the act which my good friend would like to amend is chapter D-8, section 4(1)(*e*) of the federal statutes dealing with divorce which became law in 1967 and 1968 by chapter 24. The section reads:

[Mr. Robinson.]

(*e*) the spouses have been living separate and apart

(i) for any reason other than that described in subparagraph (ii), for a period of not less than three years, or

(ii) by reason of the petitioner's desertion of the respondent for a period of not less than five years, immediately preceding the presentation of the petition.

The very simple but complete amendment calls for:

(*e*) the spouses have been living separate and apart for a period of not less than *eighteen months* immediately preceding the presentation of the petition.

Basically the hon. member wishes to reduce the period in which spouses have been living separate and apart, either by agreement for three years or by desertion for five years, to 18 months. Within that time the petition providing that evidence would go before a court of a competent jurisdiction whereupon the judge would grant the petition for dissolution of a marriage, provided everything was in order.

It is true that the population of Canada is going up. It is interesting to note that in 1974 in Canada there were 45,019 divorces granted, in 1975 there were 50,611, in 1976 there were 54,207 and in 1977 there were 55,370 divorces granted. In other words, there has been an increase over the four years of approximately 10,000 divorces in Canada. One must look at the sociological changes in reference to why this has occurred.

I believe that one of the causes of tension in a marriage, which has come along with sociological change in Canada and, indeed, in all countries of the western world, is that today, in order to cope with the economic problems, both the man and wife must work. They are, in effect, fenced in as soon as they are married if they buy a home. The cheapest home which can be purchased in Calgary, a 900 square foot bungalow with two bedrooms, costs around $70,000 to $75,000. To meet the down payment couples, particularly young couples, usually have to purchase a first and a second mortgage, harnessing themselves to payments of $700 to $800 per month. This, combined with the high income tax rate in Canada, leaves little left over in their cheques to provide for food and other necessities, particularly if a family comes along. In light of these new economic and social changes which have come about in Canada, the hon. member believes that the law in this regard should be changed.

Parliament is a strange world. In the Standing Committee on Justice and Legal Affairs a brief was presented on the treatment of children in this nation and various groups from across the country will be appearing to speak to the proposed bill of rights for children.

• (1722)

I sympathize with the hon. member's position that once a marriage is broken down altogether, it is not much of a life for the people concerned if they have to wait three years or five years for a divorce, so this bill is probably a step in the right direction. If the evidence given before a judge in an undefended divorce case shows that the marriage has irretrievably broken down, then the imposition of any time limit would be a strain on the parties and particularly on children of nine or ten years of age who have to live in that atmosphere. I have had experience of many cases where people lived under such

emotional tension, where there was physical or mental cruelty involved, and it is no place for children.

I was impressed with the lady who presented the brief at committee today which pointed out that breakdown in adults was usually the result of what took place in their younger years in their homes or institutions where they lived.

I would be prepared to agree to removing the time provision in the bill and leaving that aspect to the discretion of the judge, or perhaps a time limit of 18 months might be imposed. Once it was obvious the marriage was on the rocks, none of the sanctions of the law would keep people together.

I read some statistics in a newspaper article lately to the effect that one-third of all marriages in Canada end in divorce. That is a rather frightening statistic. When heckling the hon. member for Toronto-Lakeshore I think the hon. member for Yorkton-Melville (Mr. Nystrom) said there must be a lot of bad marriages, and I guess that is the problem. Marriage has to be worked at. All of us who have been married know that if people worked as hard at marriage and home life as we do in our occupations, or in our idealistic drive to be in this House, people would stay together.

If the grounds for divorce were extended, that would raise one question for which I do not have an answer. It seems to me that people have forgotten their responsibilities toward the children, Mr. Speaker. There are many people in the western world today who did not have children of their own for one reason or another but who adopted children. Many children have found good homes that way and many successful people have come from such homes. I have always reminded adopted children that their parents chose them. They made application, their credentials were checked by people trained and skilled to some degree in child psychology, and they were classed as able to provide a fit home for a child. Unfortunately, many children come into homes where I would not go so far as to say they are not wanted, but they are treated as if they are not wanted.

I would oppose some extensions, Mr. Speaker, but I think this one is reasonable. If we have a divorce law, let it be one that works and is practical. People are not helped by having to stay together for a period of three or five years when not only for the spouses involved but for the family the conditions are, if I may put it in plain, ordinary English, hell on earth.

I had an old law partner once who said that lawyers made the worst husbands but they always managed marry very fine women. I feel that I fall into that category and that is a confession I have had to make even in front of my constituents.

Mr. Robinson: Me too!

Mr. Woolliams: My friend says "me too". It is sad to see a home break up but it is worse to see the results of emotional strain on the spouses and on the children.

I support this bill, Mr. Speaker, and if it goes to committee I will ask for a slight amendment to the effect that the period should be within the discretion of the judge. I would be prepared to delete the time clause providing the evidence is such that there is no chance of the couple getting together or living together. When things come to that state, if we are to have a divorce law it might as well be one that serves society and humanity.

That is my position and I congratulate the hon. member once again for bringing this matter to the floor of the House.

Mr. Robinson: Mr. Speaker, would the hon. member permit a question?

Mr. Woolliams: Certainly.

Mr. Robinson: Do I understand that it is the hon. member's suggestion that the limitation be 18 months or less at the discretion of the judge?

Mr. Woolliams: Yes, Mr. Speaker, that would be a step in the right direction. I would go further. It could be at the judge's discretion, but that would certainly be the time limit on it. When the Divorce Act was introduced, the three and five-year limit was included because legislators and parliamentarians sincerely hoped people would become reconciled within that time. This could only be to the good of families and society. In my view a nation is only as good as the homes it produces. It is from those homes that future generations flow.

Some hon. Members: Hear, hear!

Mr. Robert Daudlin (Parliamentary Secretary to Secretary of State): Mr. Speaker, unfortunately I cannot agree entirely with the two members of the legal fraternity who preceded me. As a matter of fact, I do not know that I could even say "me three" to the confession of the hon. member for Calgary North (Mr. Woolliams) and the mover of this motion.

I share some of the concerns of those hon. members but I have more difficulty getting over the concept that accessibility of divorce will have little or no effect on the longevity of marriage. I suppose if all of us had the opportunity of legislating good marriage, we would be disposed to legislate what people should do in order to get married rather than how to dispose of marriages once they have gone sour. That is probably what we should be working on.

Given that we have a Divorce Act and given that I was a practitioner of law, as I suppose my friends may have been, when this law came forward, when it was amended and when it took out of existence the "shady lady" divorce we have all heard about, we must bear in mind that at that time there was substantial deliberation on what kind of evidence should be required to demonstrate that a marriage had come to an end. I do not have the law statute as it exists in front of me. However, it seems that what we are saying is that this section of the law states that demonstrable marriage breakdown is evidenced by separation for three years or five years if it is the petitioner petitioning on the basis of his own desertion. If we go to the amendment proposed by the hon. member for Calgary North (Mr. Woolliams), if I understood him correctly, time of separation would not be any evidence upon which the court would rely. It would be looking for something else in terms of demonstrating marriage breakdown.

● (1732)

I think that the law which now exists has other categories which set up that kind of indicia of marriage breakdown. In effect, what we were trying to do was to accommodate these people in this section which this bill would amend. We would accommodate those who had nothing in law to put before a court except the fact that the two spouses in a marriage were living separate and apart. That is pretty slim indicia if that is all we are going to give to a judge to administer.

I ask hon. members to consider what happens in a divorce action. I have brought my share before the bar, as I am sure other lawyers here have done. There has been the parade of the parties before the judge, with the judge asking the compulsory questions: Is there a chance for reconciliation? No. How long have you been living apart? Three years. That is fine, and away we go. I have had judges tell me prior to my coming here that if I bring a divorce before that court that is going to take more than three minutes, I obviously have problems with that divorce and it should not be there.

Those would be the same judges upon whose discretion the hon. member for Calgary North would rely to determine, without the indicia of even the three or five years, that in fact there has been a marriage breakdown which would disrupt that very principle to which we are now paying lip service and upon which we say the whole country is founded. That would not satisfy me.

The then minister of justice stated in the House of Commons on October 25, 1976, as reported at page 420 of *Hansard*, referring to the government:

> We will go forward in the immediate future on three aspects relating to family law. The first is negotiations with the provinces toward the establishment in the provinces of unified family courts. The second is changes in the law relating to matrimonial property to better take account of the economic needs and rights of both parties. The third is formal consultation with those in the community across Canada regarding the other recommendations of the Law Reform Commission's report on family law.

These steps were viewed as integral parts of a comprehensive reform of divorce legislation, and in fact steps one and two have now been completed. The establishment in the provinces of unified family courts enables the widest possible number of family law issues attendant on marriage breakdown to be resolved, under our current constitutional framework, in a single court.

As you know, the Law Reform Commission in its 1976 report on family law recommended the establishment of unified family courts. However, the Department of Justice, in response to recommendations made by the Law Reform Commission of Canada in its 1974 working paper on "The Family Court", established a fund to assist interested provinces in developing unified family court pilot projects. Terms and conditions for the department's funding program were approved by Treasury Board in May, 1976. Pursuant to the terms and conditions, a unified family court pilot project is "a project that relates to the development of a unified family court having jurisdiction over a wide range of family matters and including some or all of the following support services: information and intake services, legal services, investigative services, diagnostic services and enforcement services."

To date the Department of Justice and the attorney general's department in British Columbia are cost sharing the evaluation of a unified family court pilot project that was conducted in the Richmond-Surrey-Delta area of British Columbia. The project was initiated by the provincial government in 1974, and the evaluation report for this project is due shortly.

There is also agreement with the province of Ontario covering the operation of a unified family court pilot project in the city of Hamilton. This project, which will run for three years, was commenced on July 1, 1977, pursuant to provincial legislation establishing this court at the county court level. Negotiations between the federal government and numerous other provinces concerning the establishment of a unified family court pilot project are well advanced, and it is expected that other projects will begin in the near future.

Obviously the federal government cannot establish the courts it wishes in each province as the administration of justice in the province, including the constitution, maintenance and organization of provincial courts, both of civil and criminal jurisdiction and including procedure in civil matters in those courts, is within exclusive legislative jurisdiction of the provinces.

However, this joint federal-provincial approach has resulted in a court which is quite a new concept. The major attribute of these courts is, of course, the unified jurisdiction. Perhaps in no other single area of the law is fragmentation of jurisdiction felt more keenly than in family law. It is for this reason that the unified family courts are presided over by a judge who has not only the jurisdiction traditionally exercised by the provincial family court judge but also the jurisdiction in respect of divorce.

As well as the unified jurisdiction, these courts offer a broad spectrum of dispute resolution techniques. There is a social component complementing the strictly judicial side which seeks to achieve settlement in a non-adversarial fashion to reduce the areas of contention requiring adjudication. Furthermore, these counselling and conciliation services, as they are called, are available not only to spouses in the process of marriage breakdown but also to those who seek to reconcile. Support services aim at preserving and strengthening the family where possible and, where not, attempting to establish a decent workable basis for interspousal transactions such as child custody, property and financial matters.

The Department of Justice continues to maintain the position that the grounds for divorce cannot be isolated from the economic consequences of divorce. Under the existing Divorce Act, economic and custodial bargaining leverage is provided by the requirement of proof of fault, and the availability of fault defences and bars which, if asserted, would preclude the deserting petitioner from obtaining a divorce for a minimum five years. This bargaining leverage helps in many cases to compensate for the laws which may be unfair to the non-wage earning spouse.

A transition from fault to no fault divorce grounds and, in particular, a transition that will allow divorce at the request of either spouse after a short waiting period, will render the non-wage earning spouse liable to divorce against his or her will with perhaps unfair financial consequences, at least unless all the traditional common law property systems are adjusted to recognize that the role of homemaker and child rearer is "partnership activity".

I note with some concern that although the proposer of this bill acknowledges this is a problem, he states that since there now appears to be an acceptance of that principle and the adoption of laws in eight of the provinces of Canada, that is adequate and we should be proceeding. If there is one province which has not adopted that kind of law, I say the time is not yet for us to move unilaterally by amendment of this kind to change the kind of leverage I just described. It is for this reason that the Law Reform Commission's recommendations are based on the premise that the concept of fault must be completely eliminated from the whole marriage dissolution process, for example, from grounds, economic consequences and child custody determinations except to the extent that conduct affects reasonable needs or the parent's capacity as a custodian.

Bill C-207 proposes to eliminate the concept of fault from only one ground of divorce by reducing the required three to five-year waiting period to 18 months regardless of the conduct of either spouse. This merely replaces one arbitrary period of time with another. Furthermore it appears to leave the remaining marriage breakdown provisions in section 4 of the Divorce Act intact. Accordingly, somewhat inconsistently, the intention seems to be that a couple could obtain a divorce under section 4(1)(*e*) by living separate and apart for only 18 months, whereas under section 4(1)(*b*), for example, a spouse living separate and apart due to his partner's alcohol or narcotic addiction would be required to wait the full three years. I should add, I suppose, that the hon. member has indicated that he would entertain an amendment that would reduce the requirement to 18 months in all cases. But again, I have serious doubt whether an 18-month period would be long enough. Take a look, for instance, at alcoholism.

● (1742)

Do we despair so much in this society that alcoholism, to use an example, is so irretrievable that a period of 18 months would demonstrate conclusively that it would not be stopped, that it would not be changed, that persons could not change themselves and thus remove themselves from the possibility of divorce purely on that ground? I think not, Mr. Speaker. Time has a way of curing and helping situations like that and should not be a abridged as a result of a bill like this.

It can be suggested that the amendment is not comprehensive and that any divorce reform should await a full reform package which deals with all the grounds. It is regrettable that when a member honestly believes, as I think the hon. member does honestly believe, that the law should be amended as he has indicated, that all hon. members cannot be carried along with that same conviction. I have indicated just few of the concerns I have to express with regard to this bill or in terms, even, of any comprehensive change of legislation concerning family breakdown and divorce.

I happen to be completely convinced that the family unit is the basis of the western world's civilization, that it is the basis and the model upon which all hon. members should be patterning and examining laws that we wish to pass in order to determine whether or not they are likely to lead to a better or more just society. I am satisfied that even if inadvertently we make changes that tear apart the fabric of the family unit, directly or indirectly, we will somehow have done a disservice to the nation while attempting to do a service to a few unfortunate individuals who haven't taken the time before entering marriage to consider how permanent and how important an institution they were getting into.

Mr. Benno Friesen (Surrey-White Rock): Mr. Speaker, I take pleasure in speaking to this bill. It so happens that today is my duty day and I did not even realize that the measure before us was to be discussed. I happened to be in the same position last year when the bill came up and I counted it a privilege to speak on the bill at that time because I think, as the hon. member for Kent-Essex (Mr. Daudlin) has said, that marriage is the cornerstone of our society. It is the most fundamental institution we have, and one on which our country is built. Thus, I count it a fortuitous thing for me—perhaps all members will not agree with me but I count it fortuitous—that I was here when the bill came before us.

During the discussion of this bill, which would reduce the waiting period for divorce from three years to 18 months, we have heard from three lawyers in succession. It reminds me of something someone said to me a number of weeks ago. He said that if there was one lawyer living in town he would starve to death, but that if there were two they would both drive Cadillacs. That is the result of the adversary system, Mr. Speaker.

The hon. member for Kent-Essex mentioned the experiment with the family court system which took place in British Columbia. It so happens that the first family court system in British Columbia was set up in my riding of Surrey-White Rock. Obviously, it is under provincial jurisdiction, and includes the municipality of Delta. I want to put on record here that it has been a very successful experiment. I was not speaking entirely in jest when I said that if there was confrontation with two lawyers they would both be driving Cadillacs, because so much of the problem in divorce proceedings is directly related to the adversary system where lawyers are fighting against each other and each is committed to looking after the interest of his client as he sees it. That is how the system is built.

To a large extent the family court system breaks down the adversary system in divorce proceedings. This does not mean all family conflicts will be resolved, but it does mean that one of the elements of conflict is taken out of the process.

The hon. member for Toronto-Lakeshore (Mr. Robinson) who introduced this measure has been interested in this subject for a long time by reason of his being a lawyer and because he had to deal with these things, and because he is a family man and is concerned about the family unit. He gave me a lot of support in the promotion of my private member's bill with respect to parental abduction of children, and I will always remember that. But I think it is wrong to try to solve these problems legally or by reducing the waiting period. He was anxious to reduce the waiting period from three years to 18 months and then, after discussion with my colleague from Calgary North, suggested it would not have to be even 18 months, that it could be less—12months—or maybe a shorter period still at the discretion of the judge. It makes one wonder how much this period can be reduced. How far are we willing to go to negotiate the waiting period?

I could not help but think of the days when I was in university taking a course in Russian history. Right after the Russian revolution the leaders in Russia did not believe in the bourgeoise institution of marriage, so they brought in measures for "postcard marriage" and divorce. It was not long, however, before they had to get rid of that system; it became too much for even the bureaucrats to handle. In my view there ought to be ample time for reflection and reminiscence. I remember listening to a marriage counsellor—I hasten to tell hon. members that he was speaking to an audience and not to me personally—Dr. Ticton of Portland, Oregon, a very fine marriage counsellor. He said that all relationships require maintenance. That is a profound statement and one which we tend to overlook.

Mr. Nystrom: And very original, too.

Mr. Friesen: The hon. members from Saskatchewan can speak flippantly if he likes, but this is a very important subject.

When these starry-eyed young couples come to the altar or to the courtroom and say, "For better or for worse", how long is the "worse" supposed to last? The hon. member for Toronto-Lakeshore negotiated with the hon. member for Calgary North and, as he did so, I wondered whether the period was being reduced from three years to 18 months, and then to 12 months, and then still further at the discretion of a judge.

How deep are our interpersonal commitments to each other to be? I believe reducing a waiting period which should serve as a time for analysis, reflection and so forth would be destructive.

The hon. member read into the record a statement from a letter—if I copied it inaccurately, the hon. member can correct me. But this person wrote "when society would be in favour of giving them freedom." What are we talking about—freedom in marriage? Whenever you bring two personalities together you give up some freedom.

• (1752)

It has been said that through divorce there is freedom. When people get married, they bring their personalities into their marriages, but when they go into divorce, they take their failures with them. There is no such thing as freedom through divorce. That failure haunts people for the rest of their lives.

I am not suggesting that there should not be divorce or that some marriages are not irretrievable. All I saying is that all relationships require maintenance. Perhaps one way to provide the maintenance to which I refer would be to make sure, legally, that a couple contemplating divorce proceedings has adequate time to reflect or to get counselling before taking this action.

I might add that the measure being brought forward seems to run counter to most sociological, criminal, and juvenile trends today. The feeling at the present time is that young people ought to face the consequences of their decisions. This measure implies that we should not have to face up to the consequences of our decisions.

In introducing this bill the hon. member who introduced it called it a matter of divorce reform. I do not think we should use the word "reform" with such ease. When something is referred to as a reform, the implication is that we should agree to it automatically and spontaneously. I am not so sure that a measure like this reform. If we were to adopt this measure, I wonder whether in a few years we would not think it was a retrograde step rather than a reform.

I understand thoroughly the hon. member's motivation for bringing this measure forward. I appreciate the fact that people who have faced the anguish of divorce have come to his office, and he wants to help them. However, I am not convinced that reducing the waiting period from three years to 18 months and ultimately, as the hon. member indicated, having the matter decided judicially, is the proper course so I cannot support this measure.

[*Translation*]

Mr. Jacques Guilbault (Saint-Jacques): Mr. Speaker, in speaking to Bill C-207 as introduced by the hon. member for Toronto-Lakeshore (Mr. Robinson), it seems to me one must not overlook the tremendous work performed by the Law Reform Commission with regard to family law, work on which I should like to dwell a few moments. As we know, the Law Reform Commission spent over four years studying family law, which enabled it to make recommendations on how to improve, modernize and reform it. Between 1974 and 1976, it published four working papers, the first of which was entitled Family Court, the second, Family Property, the third, Maintenance on Divorce and, finally, the fourth, with which we are concerned today, Divorce.

The reaction to those four working papers, which were published and widely distributed, was generally favourable. The commission subsequently incorporated their basic principles and recommendations in what became known as the Report on Family Law which was tabled in the House on Tuesday, May 4, 1976. The then minister of justice sent copies of that report to all the provincial attorneys general and to the coordinator of family law designated for each province.

The recommendations of the Law Reform Commission create in fact an overlapping on the federal legislative authority and their implementation requires a lot of co-ordination and co-operation between both levels of government. Since the tabling of the commission report, the justice ministers and the provincial attorneys discussed at great length the recommendations of the Law Reform Commission and the problems deriving from their implementation.

I shall venture to sum up here the main recommendations contained in the Report on Family Law and the causes of divorce and its economic consequences applying in fact to Bill C-207 which is before us. In the first place, the commission recommended to have a law based on the principle of equality of sexes instead of the present law on divorce. Then, it recommended to eliminate the concept of fault in the process of the dissolution of marriage, namely as far as causes, economic consequences and child custody are concerned, except if that measure would affect the reasonable needs or the capacity of the parents to act as guardians.

You will also remember that the commission recommended the concept of "marriage breakdown", defined as the failure of the personal relationship between husband and wife, which constitutes the only reason of divorce and which is proved conclusively by the evidence of only one of the spouses. The commission also recommended to establish a waiting period of at least six months between the beginning of the process of divorce and the application for a hearing. According to that recommendation, it would not be necessary for the parties to be separated in fact for a minimum period of time before the beginning of the process or the hearing of the petition. In fact, the federal parliament is presently the only legislative authority as far as marriage and divorce are concerned. Only provincial legislative bodies can legislate as far as property and civil rights are concerned. There is not yet unanimity on whether—

[*English*]

Mr. MacGuigan: Mr. Speaker, I rise on a point of order. I believe Your Honour will find that there is unanimous consent to revert to the presentation of reports from standing and special committees to enable me to present a bill adopted unanimously this afternoon by the Standing Committee on Justice and Legal Affairs. Some haste is required because there are tax implications.

The Acting Speaker (Mr. Turner): Does the hon. member for Windsor-Walkerville (Mr. MacGuigan) have the unanimous consent he requests?

Some hon. Members: Agreed.

ROUTINE PROCEEDINGS

[*English*]

JUSTICE AND LEGAL AFFAIRS

First report of Standing Committee on Justice and Legal Affairs—Mr. MacGuigan.

[*Editor's Note: For text of the above report see today's Votes and Proceedings.*]

The Acting Speaker (Mr. Turner): It being six o'clock, I do now leave the chair until 8 p.m.

At 6.01 p.m. the House took recess.

● (2002)

AFTER RECESS

The House resumed at 8 p.m.

GOVERNMENT ORDERS

[*English*]

CANADA REFERENDUM ACT

MEASURE TO PROVIDE FOR HOLDING OF REFERENDUMS ON CONSTITUTION

The House resumed consideration of the motion of Mr. Lalonde (for the Minister of State for Federal-Provincial Relations) that Bill C-9, respecting public referendums in Canada on questions relating to the Constitution of Canada, be read the second time and referred to the Standing Committee on Justice and Legal Affairs.

Mr. Gus MacFarlane (Parliamentary Secretary to Minister of State for Federal-Provincial Relations): Mr. Speaker, I had intended to speak on the bill first, but it is impossible to stand in my place and not make some response to the hon. member for Kingston and the Islands (Miss MacDonald).

First and foremost I want to compliment the hon. member for Oshawa-Whitby (Mr. Broadbent) for his step by step answers to the contradictory presentation of the hon. member for Kingston and the Islands. I remain indebted to the hon. member for Oshawa-Whitby for his sincere concern for the problems which face Canada. He and his party are prepared to put aside partisanship, and they enjoin the entire House to bring all minds together to consider this important tool of parliamentary democracy. I look forward to the contributions of the hon. member and of others like him when the bill comes to committee.

I hope that the members of the official opposition will not take the same tack as the hon. member for Kingston and the Islands. While recognizing the real danger of the Parti Québécois referendum, the hon. member for Kingston and the

Islands practises distortion of the most dangerous kind while saying that the bill is dangerous. Her tactics will more likely divide us than unite us, while she calls the bill devious. She leads us down the labyrinth of confusion, which in itself strains her credibility, offering us a choice of divisive paths in future, while she calls the bill divisive. It is she and others with her who are dangerous, who are devious, and who are divisive.

Some hon. Members: Order.

The Acting Speaker (Mr. Ethier): Order, please. I am not sure whether I heard the hon. member properly, but I would ask him to be very careful in the remarks he addresses to hon. members.

Mr. MacFarlane: Mr. Speaker, I did not use words of my own choice. I used words which were mentioned by the hon. member in her own speech, namely, "dangerous", "devious", and "divisive".

Mr. Baker (Grenville-Carleton): I rise on a point of order, sir. I distinctly heard, even if the hon. member for Hamilton Mountain (Mr. MacFarlane) did not hear, that when the hon. member for Kingston and the Islands (Miss MacDonald) was using the words to which he has just referred, she was addressing her remarks to the intent and purpose of the bill. What makes the remarks of the hon. gentleman questionable is that he said he was addressing those words to members of the House. I think that as a gentleman he should withdraw them.

Mr. Railton: Mr. Speaker, on the same point of order—

The Acting Speaker (Mr. Ethier): Order, please. As I said a while ago, I may not have heard the hon. member's words correctly, but the hon. member for Grenville-Carleton (Mr. Baker) is asking the hon. member for Hamilton Mountain (Mr. MacFarlane) to withdraw the remarks he had made. Perhaps it would be wise to await until tomorrow when we see *Hansard* before deciding on whether there is a case for asking for withdrawal.

● (2012)

Mr. MacFarlane: Certainly I would not want my remarks to reflect in any way on members of the House or even the individual member personally. I used the word "distortion". I said that indeed there was a distortion by the utilization of the words "dangerous", "devious", and "divisive". I thought there was a distortion there. I thought the distortion was that while the words applied to us, it was that kind of an act. If I have been unparliamentary in any way, certainly I will withdraw it now, or at a later date. If the member held the bill up to a mirror, she would have a much more optimistic point of view, rather than seeing all the thoughts she presented to us in the mirror, which would be a mirror of herself.

When the hon. member for Kingston and the Islands referred to the question of privilege in the House, she forgot that the question was disposed of to the satisfaction of the majority of the House. The hon. member jumped from this point eagerly to use the name of the hon. member for Northumberland-Durham (Mr. Lawrence) because she deceived herself into believing his was a just cause, and that the majority who did not support him must be evil. Therefore she drew upon his name as support in this cause. I find that rather odd because the hon. member conveniently forgot that the hon. member for Northumberland-Durham introduced his own bill, Bill C-220, on a referendum. His was an exception because it dealt with capital punishment, which both the hon. member and I would find repugnant. Yet she drew upon this member's name as support for her opposition to even the introduction of this bill. The objective seems to be that one should be against anything which comes forward from this side of the House. I hope some members opposite will address themselves to the bill and not indulge in character assassination.

Some hon. Members: Hear, hear!

Mr. MacFarlane: Let us not talk of this bill in terms of distrust. Let us get on to the reason we want the tool presented for use in this parliament, for this parliament and for this country.

Every time I am about to move into the very calm, controlled, ordered and pleasant speech I was going to give, I think of something else said by the hon. member for Kingston and the Islands which throws me off course. She mentioned conscription as being the most divisive, heinous, and horrible of things which occurred. I wonder if she analysed the number of yes and no votes. I wonder if she looked at them. Did it occur to her that some of those people who said "yes" were in positions which were exempt from conscription and therefore voted for those who were not to go? Did she look at those who said no? Did she not understand that some of those who said no were people who were conscientious objectors and for other reasons would not have wanted anyone to go? Did she live through that period herself and have the same family experience as I?

My father was totally disabled from Passchendale and Vimy Ridge. My brother joined the Royal Canadian Signal Corps. My sister joined the Royal Canadian Navy. I volunteered for the Royal Canadian Air Force. My mother voted no to conscription. Was this divisive within our family? Why did my father think as an old veteran, when we did not have the status of women in legislation—that it was quite proper for his wife, my mother, to express her opinion? Her opinion was, "My children may have gone of their own free will, but personally I would not want anyone's children taken from them to go." Was this divisive? Many things came out of that referendum which were very good for the country. It was a tool which took us around very difficult circumstances. It was a referendum which allowed us to recognize our differences without completely having to come to combat about them. Yet, every time it is mentioned, it is mentioned as if it was terribly divisive. In those days it was not a divisive force in my family.

We were proud that our mother stood up and had her say in the manner she wanted, as my father had a different say, as some of us had our own say while in the services. I did not see

it as divisive. I saw it as a recognition of our differences. I saw it as a great tool for us at that time, and still believe it to have been so.

After hearing the rhetoric from the other side, I would call them fickle Tories. They rejoice when the opinion polls go up because the public has chosen them. They look toward a majority election, but they do not want to receive the majority opinion in a referendum. They do not want to hear it. They want the problem shoved under the rug, out of the way.

Some hon. Members: Hear, hear!

Mr. MacFarlane: They recognize the complications which exists in our neighbouring province. Yet, when they look at the problem they say they will do all right. They can handle it. Leave it to them. "We English people can leave it to Mr. Ryan. He will handle the whole thing." We cannot leave something to someone else. This is Canada. We are responsible. If they have acquired, by means of their parliament, a tool which can be used for their moment, as the hon. member for Oshawa-Whitby said, we must arm ourselves appropriately so that we will act properly. All of us in this parliament will have the right to say how we will act in a referendum, how we will write it, and what we will do.

The Minister of Justice (Mr. Lalonde) restricted himself in his speech to dealing with the need for the bill.

The Acting Speaker (Mr. Ethier): The hon. member for Surrey-White Rock (Mr. Friesen) on a point of order.

Mr. Friesen: Will the hon. member for Hamilton Mountain (Mr. MacFarlane) permit a question?

Mr. MacFarlane: When I have concluded my remarks.

The Minister of Justice restricted himself in his speech to dealing with the need for the bill, its implications for parliamentary democracy and federal-provincial relations, and the principles underlying it as the framework for democratic procedure. In my short intervention I should like to draw from reality in showing that in referenda held in other countries we may learn from their experience.

As a parliament, we must lay heavy emphasis on the protection of freedom of individual expression and freedom of association. These two associations are at the centre of parliamentary democracy.

I could go on at great length to prove my point by making reference to the referendum bill of the Parti Québécois and its defects. Instead, I have chosen to draw from but one example, that of Norway. This quick flashback in history may serve us well in avoiding pitfalls which could befall us. It is my hope this background will prove valuable to all members of the House and the other place. It is true that all of us here are members of parliament, but we represent different political philosophies—Conservative, New Democratic, Social Credit, Liberal, and some of Independent persuasion. But each of us, as a member of parliament, is dedicated to a united Canada. For this reason we have the responsibility of ensuring that Bill C-9 serves as a useful tool of government, that it respects the rights of individual expression and the rights of freedom of association.

Norway had its referendum on entrance to the common market in 1972. The Norwegian referendum was extremely bitter. It divided friends and families. It became sort of an obsession with everyone for months, and it had major lasting political consequences beyond the issue of the referendum itself. In Norway we find that there were umbrella organizations. As in Britain, these umbrella organizations received limited financial support from the government. These yes and no organizations were important, but they did not embrace all political parties or groups.

● (2022)

The "no" campaign in Norway was a true grassroots movement. Independent of the political parties, it developed its own membership of 130,000 active workers in a country of 4 million. In many ways it was composed of the little people, the fishermen, the farmers and workers, who opposed the designs of the elite in Oslo, in the press, and in the political parties. It became bigger than any political party in the country and refused to be taken over by them. The political parties which worked with this movement recognized that the movement was stronger than they were.

Ask yourself, would this bill guarantee the rights of such a grassroots movement? The answer is yes, and that is most important. Would it guarantee its right to operate free from any interference from the political parties? The answer is yes again. These things must be looked at carefully in committee to make sure we do have these kinds of protections in the bill.

We can learn another lesson by looking at the Norwegian example, this time at the "yes" campaign. This was not a grassroots movement like the "no" campaign, but was an umbrella group embracing organized parties, unions, co-operatives and so on. But here we find that the umbrella group had a steering committee which drew mainly from the Labour party and excluded the Conservative party altogether, even though the Conservatives were very strongly in favour of entry. The people running the Norwegian "yes" campaign concluded that it would damage their cause if they were seen to be co-operating too closely with the Conservatives, because the "yes" campaign was mostly concerned with winning supporters of the Labour and Liberal parties who were basically hostile to the Conservatives.

Therefore, on both sides of the coin, it is obvious that without dividing the people into two groups, such as the bill in Quebec might suggest, by not giving the political parties which have different philosophies and different members, an opportunity of representation on their own, we are taking the chance of dealing a terrible blow to the rights of associations, parties, and also of individuals.

We can understand that political parties which agree on a referendum question may still wish to maintain totally separate relations in a referendum campaign. They may agree on the need to vote yes or no, but have very different reasons

which they wish to advance. The parties may even by extremely hostile to one another on everything but the referendum question.

How does the federal referendum bill approach freedom of association? The answer is simple, and it is the answer you would expect from a Liberal government. Our bill guarantees absolute freedom of association. No party or group would be obliged to cooperate in any way with any other party or group. Every party and group would be able to register independently, to have full rights to collect its own funds, hold its own meetings, and produce its own literature and campaign material.

What is more, our bill recognizes the equal interest of federal and provincial parties in a referendum on constitutional questions and gives them exactly the same rights. We even guarantee that provincial parties will have equal broadcast time with federal parties. Every effort has been taken to ensure that our bill does not favour federal parties over other political groups.

It had been my intention to present a short background which might whet the appetite of hon. members of parliament to participate in committee so that this very useful tool, Bill C-9, an act respecting public referendums in Canada on questions relating to the Constitution of Canada, may be a landmark in our legislative history.

If, in my opening statement, I in any way made any remarks which the hon. member for Kingston and the Islands would consider unparliamentary, she can rest assured that I will review the context and will be very willing to withdraw them. If I have been prompted to say what I have said, it is because, in concluding, I want to bring your attention to the principles of the bill. This is what second reading is all about.

The principles are the following: the procedures governing a referendum should be fully consistent with all those political rights normally respected in Canada, especially freedom of expression and freedom of association; the procedure should impose financial controls which encourage a fair and open debate; the procedure should ensure the probity of the referendum process at the same high level as the probity of the electoral process; the procedure should respect the federal nature of Canada and not favour parties or groups active at the federal level over those active at the provincial level; and, the procedure should be as simple and as familiar as possible.

I look forward to active debate, constructive criticism, and some conflict in committee. I encourage all members of this House to participate fully. We may once again prove that "it is in the heat of conflict that the spark of truth is blown."

Some hon. Members: Hear, hear!

Mr. Friesen: Mr. Speaker, I wonder if the hon. member for Hamilton Mountain (Mr. MacFarlane) would now entertain a question? I noted with interest the enthusiasm and gusto with which the hon. member supported the legislation, saying that the 1942 conscription referendum was a good thing for the country and opened the door to free expression. I would point out that at page 1004 of *Hansard* for November 15, 1976 the hon. member for Lafontaine-Rosemont (Mr. Lachance) said in respect of the referendum:

> And what happens over the years?

Some hon. Members: Question.

The Acting Speaker (Mr. Ethier): Order, please. I understood the hon. member had sought the floor to pose a question. Perhaps he should get to the question.

Mr. Friesen: Mr. Speaker, I have to put the question in the context of this quotation:

> In the case of the province of Quebec, this creates dissensions, factions, and the province can no longer operate with factions. And if factions are created in Canada on the basis of the results of such a referendum, or of one option, or another—

The Acting Speaker (Mr. Ethier): Order, please. The hon. member is addressing himself mainly to a statement.

Mr. MacFarlane: Mr. Speaker, I think I should answer that by saying that it may seem very odd to the hon. member—

Mr. Friesen: On a point of order, sir, I did not get to ask my question. How can he answer it?

An hon. Member: Don't you want an answer?

Mr. MacFarlane: Although perhaps not answering the question, I should just remind the hon. member that the great division occurred in 1918 when there was no referendum, not when there was a referendum.

[*Translation*]

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

The Acting Speaker (Mr. Ethier): Order. The hon. Parliamentary Secretary to the Minister of Justice (Mr. Lachance) on a point of order.

Mr. Lachance: Mr. Speaker, I am very surprised that my colleague, whom I respect very much and with whom I have had the pleasure of working in the past, would quote me without giving any context and pick only one sentence out of a speech which lasted almost 20 minutes in the debate on a private member's bill and I reserve the right to read his words and see whether they constitute a breach of my privileges.

The Acting Speaker (Mr. Ethier): That is precisely why he has not been recognized.

The hon. member for Grenville-Carleton (Mr. Baker) has the floor.

[*English*]

Mr. Walter Baker (Grenville-Carleton): Mr. Speaker, as the Minister of Justice (Mr. Lalonde) knows, I listened very carefully to what he had to say. When I came into the House at eight o'clock I came anticipating that the hon. member for Hamilton Mountain (Mr. MacFarlane) would make a speech

the likes of which he made one evening in my company to my Kiwanis club, at my invitation. He will recall that well. I introduced him and listened with great anticipation on that occasion. My anticipation on that occasion was rewarded by not only the quality of the speech but by the way in which it was delivered and the sincerity of its message. I listened for that tonight expecting to hear it from the hon. member. I did not hear it.

Unfortunately, what we heard from the hon. member, who happens to be my friend, was a speech containing references to hon. members of this House which, if not contrary to the rules regarding proper parliamentary practice, certainly bordered on the wrong side. I am glad the hon. member is going to review those matters in relation to the charges he levelled at hon. members in this House of Commons.

One interesting thing about this House of Commons is that I have not come up against a member of the House, regardless of the side on which he or she may sit, who takes a devious or dangerous attitude to the country, or an attitude in respect of the country that is wrong. We may have some differences about leadership, but I am getting sick and tired, quite frankly, of sitting in this House hearing from members on the other side that the country's only salvation is a return of that derelict group which passes itself off as good government. I think that is a matter of truth, spoken in a proper parliamentary fashion. The truth is it has become apparent not just to members of this House, but to people across the country, including those in the riding of the hon. member for Hamilton Mountain.

● (2032)

There are two tragedies in the speech of the hon. member. The first tragedy is that he made the speech at all, and the second tragedy is that he made it after a two-hour adjournment break for dinner when he had time to think about it. I do not know how we can advance the cause of this debate if that is to be the level at which it is to be conducted.

We are dealing with something which is extremely important to the country, as the Minister of Justice himself has said. We are dealing with something which is important and fundamental to the parliamentary process, as the Minister of Justice also mentioned in his speech. Although I may disagree in some respects with the Minister of Justice and I may suspect some of the motives of this government, at least the Minister of Justice addressed the question of the role of parliament and its relations to this bill on referenda seriously. I do not agree with everything he said, but certainly the hon. member for Hamilton Mountain made a speech which was not worthy to follow the speech of the Minister of Justice.

The hon. member for Hamilton Mountain in his speech made reference to a bill put on the order paper by the hon. member for Northumberland-Durham (Mr. Lawrence) dealing with capital punishment. As I recollect, that bill calls for a referendum on capital punishment. The hon. member for Northumberland-Durham is a private member in this House and has the right to put forth whatever bill he wishes. Members can decide to support it or talk it out, as they see fit. The important thing about that bill in the name of the hon. member for Northumberland-Durham is that it, like every other referendum bill in Canadian history, is directed to a specific point and was not designed, as this bill is capable of being used, to deal with a much broader question.

As I read and listened with great care to the excellent speech made by the hon. member for Kingston and the Islands (Miss MacDonald), this was one of the problems she had with the bill, not that it dealt with referenda but that if dealt with the subject in a broad way and that in so dealing with it in that sense it could change, if used improperly, the course of parliamentary government as we understand it and as we know it. One of the members of the press gallery commented as I was leaving for dinner hour that it was a good speech. The hon. member said that that question, its effect upon the parliamentary system and where it will lead us in terms of the constitutional position of Canada, should be very carefully considered by this House of Commons and by the committee to which the bill will be eventually referred.

Another concern expressed by the hon. member for Kingston and the Islands was that she did not believe that the process of constitutional reform in Canada was such a trivial matter that it ought to be dealt with piecemeal, that there ought to be a bill on referenda, a bill on the power of the Senate, the courts, etcetera, or a bill on how we distribute power. This whole process into which we have entered does not have the complete support of some elements of this country. I do not have to tell members of the government how Senator Eugene Forsey feels, how Senator Daniel Lang feels, or how Senator George McIlraith feels about this approach to constitutional reform.

Mr. Boulanger: Tell us about it.

Mr. Baker (Grenville-Carleton): My namesake in the other official language on the other side of the House asks how they feel. They are terribly concerned that that approach is wrong. If the Minister of Justice says that that is not so, I would ask him to speak to those gentlemen and discuss it with them. I know that members on this side of the House join with members on the other side in hoping that this process of constitutional change will resolve to a constitutional position that will be acceptable in every province and every region of this country.

I listened with dismay today to the leader of the New Democratic Party (Mr. Broadbent), when he drew himself up to his full five and a half feet, and said that he would "stand at the gateway and protect our confederation". I thought those were marvellous words. Over the dinner hour I went up to my office and searched in my papers to find a document that would tell me how the NDP felt about constitutional reform. In those papers I consulted I found, printed at great party expense, Resolutions Book No. 2, New Democratic Party Seventh Federal Convention at Vancouver.

Mr. Boulanger: You are spying on that party.

Mr. Baker (Grenville-Carleton): No, I happen to be on the mailing list. As a matter of fact the New Democratic Party has made requests to me for funding from time to time.

I wanted to find out what was the position of this party which held itself up with such nobility at five o'clock as the guardians of the sanctity of the nation. In this book of resolutions I found under the heading of federal-provincial affairs—confederation, resolution No. 40, which reads:

Whereas the NDP is inspired by the most sacred democratic principles . . .

That is just wonderful. It goes on to say:

—and whereas the NDP is determined to preserve Canadian national unity—

So far that is not too bad. It goes on:

—be it resolved that the NDP refrain from openly encouraging the disintegration of Canada—

If I read this correctly, they do not want openly to encourage the dissolution of Canada. I do not know how else they will do it. It goes on to say:

—but that it recognize the right of Quebec to separate from the Canadian Confederation, should that be the expressed desire of a majority of the citizens in that province.

Mr. Roberts: Was that adopted?

Mr. Baker (Grenville-Carleton): I am not privy to all the secrets of the NDP. However, that is what it says and I would like to read it again so everyone will understand where this "guardian of the gateway of confederation" stands:

—be it resolved that the NDP refrain from openly encouraging the disintegration of Canada, but that it recognize the right of Quebec to separate from the Canadian Confederation, should that be the expressed desire of a majority of the citizens in that province.

Mr. Nystrom: Mr. Speaker, I rise on a point of order. I wonder if the hon. member for Grenville-Carleton (Mr. Baker) would be honest with hon. members and inform the House that that resolution did not pass at that convention.

● (2042)

The Acting Speaker (Mr. Ethier): Order, please. I must bring it to the attention of hon. members again that this is neither a question of privilege nor a point of order.

The hon. member for New Westminster (Mr. Leggatt) on a point of order.

Mr. Leggatt: Mr. Speaker, on that particular point of order, I would draw to your attention that it is a matter of privilege that this House not be misled with misinformation.

Some hon. Members: Hear, hear!

Mr. Leggatt: I am sure the House leader for the Conservative party would not want to mislead this House deliberately by suggesting that the New Democratic Party at open convention had passed that resolution. Would the hon. member be honest with the House and tell us if that did pass?

The Acting Speaker (Mr. Ethier): Order, please. Again, I do not see any question of privilege. We are certainly debating something that was said earlier. The hon. member for Grenville-Carleton (Mr. Baker).

[Mr. Boulanger.]

Mr. Baker (Grenville-Carleton): Mr. Speaker, the question of whether they passed it is very important, and what is equally important is the majority by which it was passed.

I listened quietly to the Leader of the New Democratic Party defame the Leader of the Opposition (Mr. Clark) this afternoon, and I did not interrupt on questions of privilege. I think those overly sensitive people in that party could convince the House and the public a great deal more if they would produce a resolution tonight that says something to the contrary. They will have ample opportunity to do that. It is particularly important that they do it because that party has always prided itself on having the parliamentary wing and the leadership of the party follow the dictates of the annual meeting. However, I remember they did that in Ontario. Stephen Lewis raised the minimum wage after his party had done so and he suffered for it.

It is a well known fact that the Quebec wing of the New Democratic Party has for a long time wanted separate status for the province of Quebec. That is common knowledge. I say that the leader of that party ought not to draw himself up to his full five and one half feet and call himself one of the bastions of confederation. The Minister of Justice and others ought not to look upon this party as particularly good allies in the fight to save Canada, in view of that resolution. I think it is very important to say that, and I say it because this afternoon I heard the leader of that party, who should know better, stand up and misquote, and repeat a misquote of the Leader of the Opposition with respect to his position on national unity. He said that the Leader of the Opposition had indicated that he was prepared to negotiate with respect to the province of Quebec in the sense of the division of this country.

Mr. Pinard: That is what he said.

Mr. Baker (Grenville-Carleton): I want this House to know, Mr. Speaker, that that is not the case. The quotation was in *La Presse*; a recording is available for any hon. member who wants it. This is what he said. The Leader of the Opposition said that the mandate of a Canadian prime minister is to preserve national unity. The Leader of the Opposition is not prepared to negotiate separation. I do not think that other party over there is prepared to negotiate it, nor are we. A referendum in Quebec might affect the mandate of a provincial premier but it could not affect the mandate of a federal prime minister.

There is no way, as the law exists today, that the Prime Minister (Mr. Trudeau), the next prime minister who will take office after the election, or any prime minister of this country has a mandate to negotiate the separation of this country. That is a bottom line of Canadian truism.

Finally, Mr. Speaker, it is the essence of federalism to negotiate with any premier when there is a mutually agreed upon agenda. In this case negotiation would simply emphasize two totally opposite points of view. That is what the Leader of

the Opposition said in Quebec. I want to lay to rest once and for all the quote, misquote, and repetition of it which is a malignant statement and contrary to the attitude of the Leader of the Opposition. I think it is time this was said. I thought more of the Leader of the New Democratic Party than that he would stand up in this House and make that dreadful statement. I hope he will see fit to set the record straight.

As far as I am concerned, Mr. Speaker, there are no second class Canadians if they honestly believe in this country. There is no parliamentarian in this House who ought not to be concerned about this referendum bill and with respect to the principle of the right of the people to be involved in the fundamental question affecting their country.

The committee will have to deal with this bill as it dealt with Bill C-60, and discuss the propriety of it in the context of the time in which they deal with it and with parliamentary practice. It is not our intention to attempt to deny the committee that power and that right. This bill is as important as Bill C-60 which dealt with a certain aspect of the confederation debate. The government saw fit in those circumstances to send that bill to a special joint committee of this House. I was not a member of the committee, but during the summer I watched the proceedings. It was a fairly constructive committee and it recognized the folly of Bill C-60 in the context of the time—that it was just a bit of a confrontation between the provinces and the other institutions. As a result of pressure from the committee the question of the Senate has been referred to the Supreme Court of Canada because the government felt it had to back off. I think it did so quite appropriately.

The hon. member for Kingston and the Islands suggested that we should deal cautiously with something that it so fundamental to our parliamentary government, and I support her in that. I think it is regrettable that in matters of this kind the hon. member for Hamilton Mountain and certain other members on that side of the House should try to distort the attitude in the country with respect to referenda. His speech is very unfortunate, in view of the seriousness of the proposal, and I hope that as time goes on he will reconsider his remarks. Those remarks were probably prepared for him by the research office of the government. If that is the case, I forgive him, but this debate is so important it demands more consideration than has been given to it by that hon. member.

I listened carefully to what the Minister of Justice said, and I know his intentions as he expressed it.

● (2052)

This parliament has run its course. We are into the fourth session of an elongated parliament. The government has long since run out its moral mandate and has nearly run out its legal mandate. Therefore this is not the government, whatever its stripe, to trust with the tools for recreating confederation, with regard to this bill. That is my position. I make no apology for it. I hope that will be examined during the course of the debate.

One can imagine the position of this government and the turmoil it is in. The leader of the government faces invidious alternatives. Imagine the effect that has on the leadership. He is faced with being deposed from office by the Leader of the Opposition on the one hand, or by John Turner of Toronto on the other. That is an invidious position.

I do not think we can trust nor should we trust a major departure in a parliamentary sense to a government that is so led and so preoccupied with its own position rather than with those matters which should concern it. I am therefore very concerned about this bill in the hands of the government. When the hon. member for Kingston and the Islands spoke of her concern about this bill and the parliamentary practice, she spoke for a lot of people both inside and outside this House of Commons.

There is one other aspect I want to deal with from a parliamentary point of view. The hon. member for Hamilton Mountain used to be the Liberal party whip. He is now a parliamentary secretary. When he occupied the position of whip, he and I worked together. He took some part in the operation of this House of Commons. I am surprised that he did not at least question the amount of time that will be allowed to debate this bill in the House of Commons.

I do not know whether 40 hours will be sufficient. I do not know how the government can say that 40 hours are sufficient in terms of debate on such an important matter as the question that may face us with regard to the constitution of this country. I do not think we should be fettered in terms of time in dealing with the questions of form and structure. We are not merely talking about an amendment to the family allowances, business corporations act, or even second reading on a bill with regard to referenda. What we are talking about is the opportunity for members of parliament, each of whom represents 125,000 to perhaps 200,000 people, to debate the kind of questions that will be put across this country, not just in one province or even a group of provinces. I hope the government will agree that we not be fettered with regard to time.

Mr. Lalonde: The people of Canada will talk.

Mr. Baker (Grenville-Carleton): The minister is quite right. I repeat, there should not be any fetter with regard to time limitations. There may be two members or a dozen members of this House who will not be able to deal with the bill. I am sure the hon. member for Hamilton Mountain will want to speak on a bill like that. I will want to, as I am sure other members will. When the bill goes to committee, I want the government to consider that very carefully.

There are certain remedies which the government has, although I do not believe they should be used on such a bill. I would not want to see the remedy of allocation of time. There was a free vote on the issue of capital punishment, and properly so, and every member was permitted to speak his mind on that moral issue. Whether we agreed with one another is not important. What was important was that every member was given time.

A matter that may affect the preservation of this country and the position the federal government should take on certain matters is worthy of the same kind of consideration as the

capital punishment issue. I ask the Minister of Justice to consider that. We should not move hastily on this matter. We should move properly and with certainty, and with the knowledge that the people of Canada will understand precisely this whole issue.

Those are my concerns with regard to this bill. I have said in other places that I am not personally opposed and that I have no strong feelings against the principles of the referendum. The hon. member for Kingston and the Islands indicated in her speech today that she was not opposed to the idea of referenda. However, she is concerned about the scope of this one because of its importance to the preservation of confederation as we understand it, or the confederation which it might evolve.

All members are concerned about this in terms of our country. I am sure there is not one member of parliament who is prepared to give one inch in connection with the maintenance of confederation in Canada. I wish that debate would end in this House of Commons. I worry when it continues. I worry about attacks and misquoting of political leaders. An attack was made today on the Leader of the Opposition. I have never attacked the Prime Minister on anything he has said about the preservation of this country. I have done that as a matter of principle. I hope that is the kind of atmosphere that will prevail when this bill goes to committee.

In conclusion, I am not at all opposed to new parliamentary forms. All I want is for those forms to be considered. I am not opposed to strong government in this country. The parliamentary system demands strong government. On the other hand, I want this parliament to be place where that strong government and its servants must account. After these important issues have been discussed, I would like the bill to go to committee where it can be discussed completely.

I would rather this matter were considered as part of a constitutional package. I do not have that luxury, except to say that is what I would like. However, the government has decided that is not going to happen. When something involves not only this parliament but the federal and provincial institutions, it should be considered as part of an over-all constitutional package.

I hope that in the last few moments I have indicated the spirit with which I and my party view this bill. It would be better to discuss the merits of this bill rather than the merits of each other, because this is an important piece of legislation.

Mr. Pinard: Mr. Speaker, I wonder whether the hon. member for Grenville-Carleton would answer a question about an important part of his speech.

Mr. Baker (Grenville-Carleton): I will try.

[*Translation*]

The Acting Speaker (Mr. Ethier): Order, please. Would the hon. member for Grenville-Carleton (Mr. Baker) answer a question?

Mr. Baker (Grenville-Carleton): Yes, Mr. Speaker.

[Mr. Baker (Grenville-Carleton).]

Mr. Pinard: Mr. Speaker, the hon. member for Ottawa-Vanier (Mr. Gauther) made it quite clear in the House on two occasions and in the presence of the Leader of the Opposition that the latter had indicated that he would negotiate a form of sovereignty-association, if 60 per cent of Quebeckers voted yes in referendum to a question about sovereignty-association.

This statement was therefore made on two occasions in the presence of the Leader of the Opposition. I should like to know why it is not the Leader of the Opposition, but the House leader of the Progressive Conservative party who this evening denies this statement which is reported to have been made by his leader in Rivière-du-Loup, and why his leader, when this statement was made in his presence in the House, was not brave enough to deny it, either rising on a question of privilege or on a point of order to say: "The statements made by the hon. member for Ottawa-Vanier are serious and I never said in Rivière-du-Loup or elsewhere that I would negotiate sovereignty-association." Why did his leader not deny that in the House when those allegations were made twice in his presence, once in a motion under Standing Order 43 and another time in a question directed to the Prime Minister, in both cases the issue being raised by the hon. member for Ottawa-Vanier?

I would like the House leader of the opposition to answer honestly that question and tell us why this evening he is taking the responsibilities of his leader.

● (2102)

[*English*]

Mr. Baker (Grenville-Carleton): Mr. Speaker, the question matter was raised on two occasion in the House, on one occasion by the hon. member for Ottawa-Vanier (Mr. Gauthier). Quite frankly at the time I heard him I thought he was being mischievous, and nobody really pays very much attention to what the hon. member for Ottawa-Vanier says.

Some hon. Members: Oh, oh!

Mr. Baker (Grenville-Carleton): The second occasion concerned a question put to the Prime Minister—

An hon. Member: That did it!

Mr. Baker (Grenville-Carleton): I say to you quite honestly that it exercised the Leader of the Opposition because it was obviously a planted question. I don't know whether the Prime Minister had his music with him or not—

Some hon. Members: Oh, oh!

Mr. Baker (Grenville-Carleton): But whatever the Prime Minister said was not correct. And on that very same day—and the Leader of the Opposition is not a cry-baby but he wants the record to be straight—the Leader of the Opposition went outside the House and made statements which were widely reported, with respect to it. I do not think the Leader of the Opposition should stoop to answer every accusation directed to him by the Liberal party.

Some hon. Members: Hear, hear!

Mr. Hnatyshyn: We've got those cry-babies going now.

Mr. Johnston (Westmount): On a point of order, Mr. Speaker, would the hon. member for Grenville-Carleton (Mr. Baker) permit a question? I might add, Mr. Speaker, that there is no one in the House with a fresher mandate than mine. The question I would like to ask relates to the hon. member's support of the principle of referenda. Unfortunately I was not here to listen to the remarks of the hon. member for Kingston and the Islands (Miss MacDonald), but I gather that it is the position of the official opposition that the principle of the bill is acceptable, but that the scope of the questions which can be asked under the bill is too great. That is my interpretation of what I understood this evening and, if I may, I would like to have the hon. member's response to that. Having read clause 3(1) it struck me that the scope was really quite narrow.

Mr. Hnatyshyn: You are new around here!

Mr. Baker (Grenville-Carleton): Mr. Speaker, I do not want to deprive other members of their right to speak, but the hon. member who put a question has a right to an answer. The position put by my hon. friend from Kingston and the Islands, as I understood her, was put very precisely. She said that the existence at the federal level of a clear set of rules, which ensures the utmost freedom of speech and fullness of debate prior to the holding of any referendum on Quebec, is important. There are four or five areas within the speech she made which indicate that the principle of referenda is not repellent to the hon. member for Kingston and the Islands, nor does it repel me. I hope that answers the question of the hon. member. I am quite prepared to answer any questions, but I presume this bill will go to committee and will be dealt with quite fully.

[*Translation*]

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

The Acting Speaker (Mr. Ethier): The hon. member for Sherbrooke (Mr. Pelletier) on a point of order.

Mr. Pelletier: Mr. Speaker, I rise on a question of privilege. Two or three times in his speech, the hon. member for Grenville-Carleton (Mr. Baker) referred to the leader of the New Democratic Party (Mr. Broadbent)—

[*English*]

—as the five foot six member.

The Acting Speaker (Mr. Ethier): Order, please. I would like to hear the hon. member's question of privilege.

Mr. Pelletier: I think it improper to use these words. We do not refer to the hon. member for York-Simcoe (Mr. Stevens) or the hon. member for Rosedale (Mr. Crombie) as the five foot two members—

Mr. Hnatyshyn: Tiny perfect!

Mr. Pelletier: —and I do not think it should be used as the hon. member for Grenville-Carleton used it.

The Acting Speaker (Mr. Ethier): The hon. member for York-Simcoe on a point of order.

Mr. Stevens: It is a question of privilege, Mr. Speaker. As everybody can see, it is clear that I am not five-foot two.

An hon. Member: Five-foot one!

[*Translation*]

Mr. Jacques Olivier (Longueuil): Mr. Speaker, I don't think that the sheer size of a man is a true measure of his greatness but rather the kind of head he has on his shoulders. In the regard Mr. Speaker, I wonder what is the policy of the Progressive Conservative party on the subject matter of Bill C-9. Indeed, it is extremely difficult of anyone who listened to the speeches made by the hon. member for Kingston and the Islands (Miss MacDonald) and the hon. member for Grenville-Carleton (Mr. Baker), to know what is the position of that party on the issue of the Referendum Act. What is extremely difficult to explain, Mr. Speaker, is the inability of the hon. member for Grenville-Carleton to defend his leader after it was twice suggested here in the House of Commons that he would negotiate his country if 60 per cent of people voted yes in a Quebec referendum.

● (2112)

Some people bury their heads in the sand, and when they come to the province of Quebec—it is extremely important in this country—they know that people outside of Quebec do not listen to them as much because they use French, and therefore they feel they can say any silly things. They may try to make the people of Quebec believe something. The next day they fly to another part of the country where they say exactly the opposite. They are certain that nobody will contradict them. They believe there are in Canada people who do not understand both languages. There are others, Mr. Speaker, who, in their wishful thinking, believe they live in a unilingual country. They think because they speak in some way in Quebec they will not be understood elsewhere, and because they speak in some other way in the provinces they will not be understood in Quebec. They are understood just the same, Mr. Speaker; furthermore, they will always be understood. I think the important thing—Mr. Speaker, to my knowledge, and it does not seem a long time for some members or perhaps too long for a few, but the hon. member for Kingston and the Islands has made the worst speech I have ever heard in the House. I do not claim to be the official critic of a party but I can say at least, Mr. Speaker, that I can recognize when somebody has the future of his country at heart, because the bill before us is extremely important for the future of our country.

We have not introduced this piece of legislation, Mr. Speaker, solely to while away the time in the House, we introduced to guarantee the very foundations of our democratic society in Canada. What we want to do with Bill C-9, Mr. Speaker, is to guarantee to the Canadian people as a whole that no government will be able to usurp or to break this country unfairly. When we say unfairly, Mr. Speaker, we want to ensure that those who were elected in Quebec through the democratic process do not break this country in a way which would clearly be antidemocratic. I will explain this way. What I mean, Mr. Speaker, is that it would be extremely easy for a party which forms the government to try to deceive the population on the terms of the question. I believe it would be evidence of political immaturity for the federal government to evade its responsibilities by not introducing a legislation such as Bill C-9.

Mr. Speaker, we are not introducing a bill on referenda strictly for the fun of it. We introduce this bill to make sure that if ever the group of bourgeois who are in power in Quebec decide to fool around with the meaning of the referendum question we could redress the wrong that would have been done and we could know, clearly and accurately, whether Quebeckers want to remain within Canada or not. I believe there are hon. members in this House who have yet to understand that the future of Canada is at stake right now, in 1978, and not in six years or ten years from now. Too many members on the other side of this House are prepared to endanger their own country for the sake of power. I do not understand them, Mr. Speaker. It is maddening to see how these people refuse to understand the problem which now exists in Canada. It is shocking to note how these people prefer to destroy the will of the House of Commons that wants to try to keep Canada united through the present government which represents people from all parts of the country. Mr. Speaker, it is extremely difficult to understand how come these people, after what we heard tonight and after so many years in the opposition, have not learned anything yet. I think they are now a permanent opposition party. They have not learned yet to listen to the grass roots. That is what is important. These people, Mr. Speaker, have not realized what a Quebecker wants at all costs to stay within Canada. They do not take the trouble.

Mr. Speaker, they should take the trouble to look into the underlying principles of Bill C-9, particularly on the matter of referendum procedures. These were dealt with in a very superficial way. With all the experience of the hon. member for Grenville-Carleton, I would have expected from him a much better worked out speech on this bill.

Mr. Speaker, to my mind there is no serious awareness of the real urgency of having a referendum act in this country, an act that would enable us to ensure that democracy is safeguarded in Canada. Mr. Speaker, I hear voices on the other side. Unfortunately they know nothing about the way the party in power in Quebec communicates. If they think as some do, that Quebeckers can be bought off when they cannot speak the way Quebeckers want to be spoken to, well, they will miss the boat, Mr. Speaker. And in the House of Commons they will have, many will be missing, namely the representatives of Quebec. Then they will wonder whether the House of Commons can survive after that. There might even be a House of American representatives in our area.

Mr. Speaker, I think it is imperative that those people become aware, once and for all, that all the Quebec people want is simply that their problems not be made light of, that they be solved. Quebeckers want nothing more. They also want something that is basic. I feel that, humanly speaking, if French Canadians are truly respected, then, it should be understood that the French language should be respected throughout the country. When we can finally tell Quebeckers that you, on the other side, have a deep respect for them, then there will be no more problems in Canada. But Quebeckers are not convinced, Mr. Speaker, that people on the other side want them in Canada. On the contrary, a good number of them wonder if people like the hon. member for Grenville-Carleton would not simply want them to opt out. Unfortunately, they already see themselves in power. Were it not for us in Quebec, they might be in power. Those guys are ready to negotiate their country for power. Mr. Speaker, I will not dwell on them any longer. I would rather speak of the bill, which is more important and more sensible.

Mr. Speaker, I would like to summarize the bill which to me is extremely important. The Quebec premier, Mr. Lévesque, incidentally is my MLA, I did not vote for him, but he won his election anyway. Mr. Speaker, the Quebec premier said that our referendum legislation was "full of holes", nothing but holes. I will show him, Mr. Speaker, what has more holes.

I would like to make 19 points, 19 comparisons between the Quebec legislation and the bill before us this evening. After that, let him try and find holes! Anyway we are going to find some.

● (2122)

Mr. Speaker, according to Bill C-9, referenda should only deal with constitutional matters. The Quebec legislation says that referenda may deal with any matter, but there could not be more than one referendum on the same subject during the same legislature. They are ready to do anything to gain power. They said that they had a taste for Quebec, but now they have a taste for power, Mr. Speaker.

Second point. We are making quite clear, Mr. Speaker, after the answer given this afternoon by the Minister of Justice (Mr. Lalonde), that the referendum would be held for consultation purposes only. In their legislation they say that a referendum might be held for consultation purposes or to submit to the people a bill passed by the National Assembly before its final approval. So they pass a legislation but they consult the people before giving it their final approval. They are putting the cart before the horse.

Third point, Mr. Speaker. Let us not forget that the Quebec Premier said that our bill was full of holes. We say that the questions asked in a referendum could only be worded by a government member, at least by the entire cabinet. If you look at the legislation, Mr. Speaker, it is characteristic of the bourgeois clique that runs the show in Quebec; only the premier could word the questions put in a referendum. When the leader says jump everybody agrees and the others have nothing to say.

Such is the basic democracy they talk about in Quebec.

The next point—I go on with the bill full of holes, according to the Quebec Premier. The questions should be worded so as to allow the voters to answer yes or no, which does not exclude the possibility to ask several questions, including alternative questions. He forgets this himself!

Mr. Speaker, I would not like to sound like a Social Crediter, as I have much more respect for them than for those people, but if I went further, they have been bothering us for a long time with their famous question. That is dangerous. Mr. Speaker, there is a way to ask the question which I think is very, very important. I have nothing against people who have spent years at the university, who have studied for a long time and who have been teachers. We find a lot of those people as in the Parti Québécois but all things considered, they should put more trust in Quebeckers. I get fed up that in Quebec, Mr. Speaker, only academics dominate people who are working hard, when the others spend their time deciding and governing. Therefore the question which will be put will be very important, and skilful as they are at manipulating crowds they believe that Quebeckers are stupid people. That will be their biggest mistake.

Recently there was a public opinion poll held in Laval, a prosperous city with a dynamic mayor. He had decided once and for all that he would not be ruled by fascists because if you do not think as the government party does you are a bad but you are okay if you share their views.

Mr. Speaker, to come back to what I have to say, housewives from Laval have clearly indicated according to the last poll they are sick and tired, and that is only a few Quebeckers who are tired of being manipulated by a sort of question which will result in a "yes" or a "no". They want to know clearly what the question will be.

And if you try to manipulate the people by presenting them with a leading question, they will come out with a loud and clear "no" as an answer to the question whether or not they want Quebec to separate.

I now would like, Mr. Speaker, to point out the shortcomings in our legislation by comparison to that of Quebec. Mr. Speaker, we are ready to grant forty hours for the consultation process to take place and when a referendum is held, they will grant thirty hours. We will not press the point for the sake of ten hours and I guess that democracy is all the more respected when more people can have more time to express their views.

Secondly, what we are saying is that after the wording of the question has been approved, the government will only have 45 days to issue writs for the referendum. Pursuant to its act, the government of Quebec will not be able to issue any writs until the twentieth day following the day when the phrasing of a question has been approved but it could also delay the issuing of that writ indefinitely. That is their way of understanding democracy, Mr. Speaker. The Quebec government will not be able to issue a brief during the yearly census period or the two following weeks. That is the Parti Québécois' idea of democracy, Mr. Speaker! We can also see it at work, Mr. Speaker, in its occupational safety program. They are taking away all the benefits workers have enjoyed up to now, as far as the safety is concerned.

Mr. Speaker, I would like to make a few additional remarks but first I would like to make a very important point. I did not seek legal advice nor do I pretend to be a lawyer, far from it, but I am seriously wondering whether I or any of my hon. friends opposite, from the left to the right, will be allowed to write to our constituents during the referendum campaign to let them know our position and feelings on that matter or whether we will have to and I do mean "have to" become part of an umbrella organization before expressing our views.

Mr. Speaker, I think this is extremely important and if you have time one day you might study this bill in order to determine if it does not violate our privileges as members. If we examine the Quebec referendum legislation we notice that any organization wanting to contribute during the referendum campaign must either be in the "yes" or "no" umbrella group. If we stick to the text, this means that the member for Longueuil is not authorized to write to his electors and advise them to vote no. And also that during the whole referendum campaign members of this House will not have the right to go and speak to people in Quebec in order to convince them to stay in Canada if they are not in the umbrella group. That is what the legislation means in Quebec now.

Mr. Speaker, I find this extremely dangerous. What is sure in my mind is that I have been elected to represent people who believe in that kind of country and that the government party will not prevent me from holding public meetings in which I can express my point of view and explain why I want to keep my country as it is. If they think I am doing something illegal, Mr. Speaker, they can send me their thugs if they want to.

Mr. Speaker, it is extremely dangerous for a society which calls itself democratic to start invading rights and privileges of some members of parliament. And that is when you really see what the federal system is all about when whatever level of government unilaterally decides to attempt reducing the rights of some individuals, the other level can interfere to stand for them while if we had a separation such as the one provided for by the Parti Québécois group, we would refer to one single government in Quebec, under a presidency, how do I know, such as they have in France with their communes or whatever, and all the frills around it, when one looks at it it is beyond understanding.

Mr. Speaker, it is both extremely dangerous and important to point out the reasons for Bill C-9 now before us. If members

in this House, and I would invite them to listen closely, if members are to be restricted in their right to speak or hold public meetings in support of Canada in the province of Quebec during the referendum campaign, without being a member of the yes group or the no group, it is extremely dangerous for our Canadian society and our Canadian democracy to let this go unchallenged. Things are happening in Canada where one part does not give a damn about the other. What is happening in Canada? Some people believe that because a dreamer or a saviour has come, the other side's problems are solved. Mr. Speaker, the problem is much deeper. If ten, twelve or fifteen members of all sides decided during the pre-referendum campaign or the referendum campaign in Quebec to hold public meetings for a united Canada, it would be interesting to find out whether we would have the right to do so.

Mr. Speaker, under the legislation that was passed in the province of Quebec, members would not have the right to do so. They would have that right if they were to join the yes umbrella, and we know what it means to join the yes umbrella. I am quite ready to associate myself with the provincial Liberal party, but let us not forget that the communist party also supports them. It is against separation. Therefore, I would have to associate with the communists.

Well, I would not suggest for a moment that the New Democratic Party are communists. In my view, they are socialists, albeit bourgeois socialists. They are intellectuals controlling workers and taking their funds for electioneering. This is what they are doing. A great leader once said they were Liberals in a hurry, but as far as I am concerned I feel they are backwards on a number of things. When we look at the principles and the main provisions in the legislation before us, the clear realization is that we have a responsible government. I should like to mention some provisions of Bill C-9 which I feel are the most important, although I have already mentioned a number of others. First of all, referenda should deal only with constitutional issues. They could be part of an advisory process. The answers to the questions would be an unequivocal yes or no. The referendum legislation would expire at the end of a five-year period, unless parliament decided otherwise. Our referenda could be held either in a designated area or at the same time in a few designated areas or everywhere in Canada. As I indicated earlier, the consultation process on a definite question would last 40 hours. As to the writs, 45 days would be required. The bill provides also for a judicial recount in cases where the results are very important and the number of "yes" and "no" votes are too close. Mr. Speaker, the reason I fully support the underlying principle of this bill—something hon. members opposite will or can not understand—is that its purpose is to safeguard the democratic process in Canada. And I have a lot of respect for those who do not think that way, Mr. Speaker, but I say one thing, they did not consider at length the problem that exists in Canada.

If the separatist party in power in Quebec said clearly our question is going to be so clear that people are going to be able

to answer yes or no, that our question is going to be: Do you want to remain in Canada, yes or no, there would probably be no need to introduce this bill immediately. That is what is important. There are fundamental reasons why the Parti Québécois keeps postponing its proposed referendum. First of all, everyone knows that they are scared to death of the present Prime Minister of Canada (Mr. Trudeau). They know that on his own ground which is the province of Quebec, Mr. René Lévesque is going to go down to defeat. And they know also that when the people of Quebec are going to be called upon to make a choice between René Lévesque and Pierre Elliott Trudeau, the answer is going to be 70 per cent for Mr. Trudeau. They know that. Twenty per cent will be undecided and 10 per cent will be for Mr. Lévesque—and I am being generous.

Mr. Speaker, I will never draw enough the attention of this House to the problem of our democracy that is at issue in Quebec and in Canada because of the umbrella organizations because members of the House will probably not have the right to speak during the referendum process if they are not members of the umbrella organizations. That is extremely important. Although I seldom share the opinions of the hon. member for Kingston and the Islands, I think she has the right to say what she has to say in my riding, in my province, in my city or in her city—everywhere. I think it is normal, even if I do not think like her. But I say one thing, I believe she has not yet understood that she will not be able to do so during the referendum period in Quebec unless she is part of the umbrella organization. I find that extremely odd, Mr. Speaker.

There are some who seem to say that the Liberal party is in trouble. I challenge them to come and see what is happening in Quebec. Because we stand for the people of Quebec, because Liberal members elected to Ottawa stand for the interests of Quebec and always do so energetically, they imagine that we cannot understand the other problems that exist in this country. But the important thing in this bill, Mr. Speaker, is to help all hon. members from the province of Quebec and the members of all parties in the House and place them in a position where they can take part in an honest debate on the desire of a population to remain part of the country. There are too many people in the House, Mr. Speaker, who figure the future of the country is a matter of dollars and cents. This country will never make it as a united country if people, be they in the Liberal party, in the Progressive Conservative party, in the Social Credit party or in the New Democratic Party, believe that we will make friends with those who oppose the idea of a united Canada by pretending it is strictly a matter of economic problems. It is not so. We will never solve Canada's problems by talking about dollars and cents. Never! The problem will disappear when people start respecting those who come from Quebec, be they French-speaking or English-speaking. There is a French-speaking majority in Quebec. There is an important minority in Canada which demands to be respected like other Canadians living outside Quebec. And as long as people fail to understand this problem, Mr. Speaker, it will not be

solved in Canada. On the contrary, they will still manage to split and divide this country. Mr. Speaker, I conclude by saying that with Bill C-9 we cannot be certain of winning the referendum, because we are sure that the party in power in Quebec, the Parti Québécois, will lose the referendum. I tell you one thing; be careful, you are dreaming in colour. A growing majority of Quebeckers think that the other provinces do not want them anymore. I tell you one thing, Mr. Speaker, to believe that the referendum will automatically be rejected in Quebec is to dream in colour. I tell you one thing, Mr. Speaker, if there were a referendum in the Longueuil riding tomorrow morning, if we asked the question yes or no, do you want to stay in Canada, I am not sure Canada would win. The population in Longueuil, Mr. Speaker, is 93 per cent French-speaking, 8 per cent English-speaking, and 4 per cent immigrants. Mr. Speaker, this is really significant. People on the other side think it is easy to be a member of parliament in Ottawa. If you believe it is easy to be a member of parliament in Ottawa when you are from Quebec you are mistaken. You should come in our ridings where we are always defending ourselves, where one keeps repeating that the Parti Québécois is not telling the truth, that it is not true that English-speaking people are out to get us, that it is not true that they want to destroy us, that it is not true they are this and that. When you come to do this work for us, I will begin to have some respect for you.

• (2132)

[*English*]

Mr. Ray Hnatyshyn (Saskatoon-Biggar): Mr. Speaker, I listened with great interest to the remarks of the hon. member for Longueuil (Mr. Olivier). Sometimes it is good to remind ourselves that no particular side of the House has all the answers with regard to some very difficult questions relating to matters of national unity. I think it sometimes is easy for us to inflate rhetoric and to take a parochial view, looking at these particular issues with our own immediate concerns in mind.

• (2142)

Let me be certain to leave no doubt in anyone's mind that, as far as I am concerned personally, in respect of the province of Quebec its continuation within confederation is essential. I feel as strongly about that as the hon. member for Longueuil, and as strongly as any member across the floor of this House, as any member in the NDP or the Social Credit party, or an independent in the House.

When I address myself to this particular legislation, and if I do not find it to be completely perfect, I do not want anyone in any part of this House to suggest I am not being patriotic, or not attempting to bring to this parliament the best possible legislation in relation to the problems we are now facing in the province of Quebec.

An hon. Member: Let's hear the rest.

Mr. Hnatyshyn: You are going to hear the rest. The fact of the matter is I am going to make some observations in respect of the legislation, and I will address myself to some provisions of the bill which I very seriously think are counterproductive to the task we in this House have regarding the issues concerning national unity with which we are faced today. I want to deal with the productive side of things, and with those things particularly and specifically.

As my colleague, the hon. member for Kingston and the Islands (Miss MacDonald), has pointed out, we are not looking at this particular situation and this bill in the context of a vehicle for constitutional change in the broad spectrum of that concept, but rather we look at the obligation of this government to bring forward legislation that will deal specifically with the problems we face today. That is the matter to which we should address ourselves. We should be considering how to attack problems by legislation brought before this House that will have the general support of members on all sides, rather than the type of legislation that in fact may only have limited support.

I hesitated a bit before getting up, sir, as you may have noticed. I am concerned about this debate. The Minister of State for Federal-Provincial Relations (Mr. Reid) was in the House earlier today, and, although he is newly appointed, I had hoped he would address himself to this particular bill, giving us some idea of the direction of the action he proposes to take. He has not been here all day. I must say, quite candidly, that it disappoints me that he should not be in the House during this very important debate on a matter so relevant to his portfolio. I do not know the reason, and there may be a very legitimate one. No one has yet said why that minister has not participated in the debate and has not been in the House. I know the minister is busy, but if any bill involves a very substantial part of his responsibility, this one does. I think it demands his attendance in this House at all times and full participation in the debate. Otherwise we can only draw a conclusion about this bill that I do not want to draw.

I was a member of the joint committee on the constitution studying Bill C-60.

An hon. Member: You were not there too often.

Mr. Hnatyshyn: I was in attendance, although I was away for a couple of weeks with the hon. member for Hamilton Mountain (Mr. MacFarlane) and others considering the constitutional situation in Germany. We wanted to come back with a proper perspective in respect of this matter.

When I went to that committee studying Bill C-60 I was advised that there was unanimity on the part of members of the government party, and that it was a matter of government policy that members on that side of the House should give it full support.

An hon. Member: That's not true; that's not true.

Mr. Hnatyshyn: Now we hear that that is not true, and that tells the lie. The hon. member has indicated that Bill C-60 did not have the full support of the government majority. In view of the fact that he is prepared to be so candid now about that bill, I should like to know what kind of support we can expect in respect of this bill on the part of members of the government party.

An hon. Member: We didn't vote on Bill C-60.

Mr. Hnatyshyn: We did not vote on it because as the hon. member points out, Liberals at that committee complained

about the lack of consultation and the fact that the matter had never been discussed at any time in their caucus. They said it had never been presented to the caucus.

An hon. Member: I never said that.

Mr. Hnatyshyn: We hear them talking now, Mr. Speaker.

An hon. Member: Tell us about Germany.

Mr. Hnatyshyn: Let me remind hon. members opposite, and some of them were members of that committee, including the hon. member for Gloucester (Mr. Breau), the hon. member from Quebec city, and the hon. member for Ottawa-Vanier (Mr. Gauthier), that they were very quiet while Senator Lang addressed himself very eloquently to this matter, pointing out in no uncertain terms that there was absolutely no consultation.

We often hear that small coterie of people surrounding the Prime Minister (Mr. Trudeau) advising him in respect of constitutional matters, but there was no discussion of this matter in the caucus of that party on the government side.

Some hon. Members: Oh, oh!

Mr. Hnatyshyn: I was listening to the radio tonight and heard something quite startling. I wondered why hon. members were in such a hurry in respect of this bill. I heard on the radio that it has been suggested the Prime Minister will resign this Friday. I wonder if hon. members opposite are able to stand and confirm or deny that, because I think it is important.

Some hon. Members: Oh, oh!

Mr. Hnatyshyn: I think there should be consultation in respect of this bill with all of those who may be in the position of the Prime Minister between now and the next election. For example, has this particular legislation been discussed with Mr. John Turner? I do not know if there is anybody here who can answer that question. Possibly the person who will be the acting prime minister when the Prime Minister steps down on Friday is the Secretary of State for External Affairs (Mr. Jamieson). Perhaps he will finish up his career in that position. Does anyone on that side want to tell me whether he has been consulted about this bill? Perhaps we should go down to the President of Privy Council (Mr. MacEachen), as I understand he is a contender for the position of prime minister.

I do not know really whether there is any support on that side of this bill. Perhaps the Minister of Justice has brought it in without even consulting the Minister of State for Federal-Provincial Relations. Why do we not get answers from the other side in respect of this matter of consultation? If there had been consultation in respect of this particular legislation with the parties involved, we might now have legislation to deal with the problem we face in Canada, in a more appropriate form. We know, as the Minister of Justice has pointed out, there are a number of devices that one has to resort to, and one of the devices is a hammer, and I hear one at the door.

[Mr. Hnatyshyn.]

• (2152)

[*Translation*]

MESSAGE FROM THE SENATE

Mr. Speaker: I have the honour to inform the House that a message has been received from the Senate informing this House that the Senate have passed Bill C-25, an act for granting to Her Majesty certain sums of money for the public service for the financial year ending the 31 March, 1979.

THE ROYAL ASSENT

[*Translation*]

Mr. Speaker: I have the honour to inform the House that I have received the following communication:

Government House
Ottawa

December 13, 1978

Sir:

I have the honour to inform you that the Honourable Jean Beetz, Puisne Judge of the Supreme Court of Canada, in his capacity as Deputy Governor General, will proceed to the Senate Chamber today, the 12th day of December, at 9.45 p.m., for the purpose of giving Royal Assent to certain bills.

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

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

Mr. Speaker, the Honourable the Deputy Governor General desires the immediate attendance of this honourable House in the chamber of the honourable the Senate.

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

• (2202)

And being returned:

Mr. Speaker informed the House that the Deputy Governor General had been pleased to give, in Her Majesty's name, the royal assent to the following bills:

Bill C-10, an act to amend the Income Tax to provide for a child tax credit and to amend the Family Allowances Act, 1973—Chapter No. 5.

Bill C-25, an act for granting to Her Majesty certain sums of money for the public service for the financial year ending the 31st March, 1979—Chapter No. 6.

Mr. Speaker: Shall I call it ten o'clock?

Some hon. Members: Agreed.

PROCEEDINGS ON ADJOURNMENT MOTION

[*Translation*]

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

NATIONAL FILM BOARD—REASONS FOR CHANGES TO FRENCH REGIONALIZATION PROGRAM

Mr. Eymard Corbin (Madawaska-Victoria): Mr. Speaker, the French regionalization program of the National Film Board was established in 1974. There are four regions under this program: Western Canada, Ontario, Quebec, which already has the head office of the NFB, and the region of Acadia. English regionalization has existed longer and is supported by stronger budgetary considerations and better equipment.

In the French sector, in four years, 78 films have been produced. At the head office, since the establishment of the NFB in 1939, only about 30 films we produced outside Quebec which concerned more or less directly French-Canadian realities. This makes .75 films a year for the central operation while regionalization produced 19.5 films a year. This proves the value of the French regional program and the enormous human and technical potential which has not yet been developed. Must I remind the House that, under its terms of reference, the NFB must undertake and promote the production and distribution of films in the national interest, and especially make Canadians more familiar with Canada in addition to promoting knowledge of Canada abroad?

I should also like to tell the minister that French regionalization has generated funds outside the budget of the NFB. I would like to note especially that provincial governments, social clubs, municipal governments and French-Canadian organizations throughout the country have shown an interest in these films. They succeeded in interesting and involving the citizens of the regions and their representatives in local productions. Nor is there any price put on the contribution of volunteer workers who may at times be in short supply in Montreal but certainly not in the regions. It is difficult to measure the impact of a so-called regional film on the rest of the country, but one cannot question its spontaneousness, its originality, its openness and its intrinsic value. A regional film is also less costly to produce in the field in my region than in Montreal or by Montreal based NFB producers.

● (2207)

The suppression of western and Ontario regionalization programs is not a saving but an unfortunate and incalculable loss. Yet regionalizations follow more closely the mandate which is to make Canada known to Canadians. Besides striking a foul blow to French: speaking minorities of the country, the NFB will contribute to further weaken them by taking away from them tools of expression and communication. It is a denial of the most significant part of the NFB mandate in the political context now prevailing in the country. And yet the June 26, 1976 issue of Quebec city's *Le Soleil* mentioned the comments of NFB commissioner André Lamy. Speaking on regionalization, he said, and I quote:

> We want to avoid forcing people to work with groups of strangers from Montreal, or uprooting them by forcing them to come to Montreal to produce their films.

And he added:

> I want to know what a Canadian from Vancouver thinks, and I want the federal government to give him the means to produce a cultural work that can be made known in Quebec.

And I add, in New Brunswick, Ontario and everywhere else in Canada. Those fine words, those noble feelings, that generous condescension are no longer valid today.

The country is moving openly towards the right and seems ready to sacrifice minorities and this in the midst of a national crisis. Principles and fine speeches are easily forgotten. For the sake of budget restrictions, a very nasty discrimination is practised, Mr. Speaker. If we do not take care, such discrimination will give rise to a more radical militancy than what we have seen up to now among minorities. I did say discrimination and I will give evidence based on figures and facts. The following are the cuts made by the NFB in the regionalization item of the 1979-80 budget. For English production, including the Pacific coast, the prairies, Ontario and the Atlantic region, no section has been abolished and the budget has been reduced by only $50,000. On the other hand, for the French production, the western and Ontario centres have been closed. They are merely abolished and the cut is $340,000.

There is a "proportional"—between quotation marks, not mine, they originate from the official source—reduction of $45,000 in the budget of French regionalization in Quebec. It is obvious that the French regionalizations have hit unduly hard.

This evening I urge the minister or his spokesman to give immediate instructions and put an end to that disgrace. Surely there are other cuts which could be made at the NFB. The hopes of French Canadians living outside Quebec should no longer be frustrated. There should be no more response to the cry-babies of the right. They should stop bleeding minorities drop after drop. The matter I raise goes much further than a mere dollar sign. On behalf of the government and in the face of his commitments towards language minorities, the Secretary of State cannot and should not let the National Film

Board decide unilaterally who will live in French in Canada and where his or her culture will survive.

The regions are fed up with the professionals in Toronto, Ottawa or Montreal who dictate their conditions to the regions as far as their cultural life is concerned. The French regionalizations in western Canada, Ontario and Acadia are cinematographically and culturally viable provided they are not tripped when they begin to walk. The National Film Board has no right to deal so abruptly with the matter of the very existence of the minorities. Furthermore, the regions refuse to see film makers from Montreal come and try to interpret regional realities. Montreal and everything that swarms and scribbles there has never interpreted or has at least misinterpreted Canadian reality in the past. Let us leave that task to the people in the regions. They have begun to do so at CBC, in spite of some weaknesses; let us also do it at the National Film Board. This is an urgent matter, Mr. Speaker.

● (2212)

[*English*]

Mr. Robert Daudlin (Parliamentary Secretary to Secretary of State): Mr. Speaker, I thank the hon. member for having brought to the attention of the House, and particularly my minister, the problem he brings before us again this evening. He has indicated there have been budget cuts and that there is no department, and no agency under departments that has not been touched by these reductions.

What has been made clear, and I will repeat it again this evening, is that the same percentage of funds which has been available for French language productions will continue to be available. The reductions which have taken place are applied to administration costs throughout the country to be sure that the amount of money available for productions will not be reduced by the budget cuts, which had to be applied to this particular area within the department, along with the others.

The French language regionalization program will continue to exist, and its objective will continue to be to show through film the way of life of Francophone minorities outside Quebec. The closing of the Toronto and St. Boniface operations will result in a saving of the administrative and training costs involved, and the resources remaining will be concentrated in order that professional French-speaking film-makers in regions outside Quebec may continue to produce films under this program. While I am not downplaying the seriousness of these cuts and the concerns of those groups affected, Mr. Speaker, I am convinced that the National Film Board is attempting to ensure that with limited resources the French regionalization program will be maintained.

However, as a result of the comments and projections which have been made by hon. members when bringing this matter to the attention of the minister, he wishes me to convey his assurances that he will continue to consider the program. In addition, he will continue to review what is being done to ensure that the undertakings he has given with respect to the continuance of these programs will be carried out and will not be drastically affected. Only administrative cuts will result from the budget reductions.

[Mr. Corbin.]

VETERANS AFFAIRS—TRANSFER OF HOSPITALS TO JURISDICTION OF PROVINCES—EFFECT ON VETERANS

Mr. Dan McKenzie (Winnipeg South Centre): Mr. Speaker, this afternoon I questioned the Minister of Veterans Affairs (Mr. MacDonald) with respect to complaints I had received concerning veterans gaining entry to former veterans hospitals which have been transferred to the jurisdiction of the provinces. There have been several news articles recently dealing with this subject.

Two recent cases are causing concern, Mr. Speaker. One concerns the Sunnybrook Hospital, and the other is the Memorial Pavilion, Victoria, British Columbia where veterans were refused access. By the time the respective patients gained entry into another hospital the opportunity for possible effective care had passed and they died shortly afterward. The minister explained there were extenuating circumstances with respect to the Memorial Hospital in Victoria and that the widow had not made proper application. But he said that he knew nothing of the Sunnybrook Hospital situation where veterans have been unable to gain entry. I find it very strange to hear him say that he knows nothing of the Sunnybrook incident.

As official opposition critic for veterans affairs, Mr. Speaker, I call upon the minister to launch an immediate investigation into the problems experienced by veterans in gaining admission to transferred hospitals and to report back to the House as soon as possible.

This afternoon the minister assured us that things were working very well. Well, there is certainly some doubt here, and there is obviously a breakdown in communication when it comes to explaining to veterans how they may gain admission to these hospitals.

● (2217)

I am sure the minister is just as concerned as we are. We want all veterans' needs to be properly met. There have been some very disturbing newspaper articles regarding veterans experiencing difficulties gaining entry into veterans hospitals. A recent article in the Toronto *Sun* carried the headline "Dying man shuttled by hospitals". The article appeared in the *Sun* on November 24, and it read in part as follows:

> A dying man was shuttled back and forth between three Metro hospitals with no free beds, for eight hours the day before he died, a coroner's jury was told yesterday.
>
> The jury was investigating the Aug. 25 death of Douglas Phillips, 61, of Unionville. He died of a stroke suffered Aug. 24.
>
> "You wouldn't treat a dog like this," his widow Patricia said, describing her horrified reaction Aug. 24 when Sunnybrook Hospital attendants ignored her pleas to help her sick husband—then returned him untreated to Scarborough Centenary Hospital.

In another article on this inquest, printed in the Toronto *Star* of December 6, we find the following:

The jury was investigating the case of Douglas Phillips, 61, who died of a stroke Aug. 25 after two Metro hospitals, Scarborough Centenary and Sunnybrook Medical Centre, refused to admit him. Hospital officials had said there were no beds available.

There definitely is a problem, and the minister's assurances this afternoon that there are no problems and that everything is working fine are completely false.

In the Toronto *Star* of November 25 we read the following:

There were 108 empty beds at Sunnybrook Medical Centre the night that fatally ill stroke victim Douglas Phillips was refused admittance, his inquest heard yesterday, but not one was in a part of the hospital that could have given him adequate care.

Testimony that concluded yesterday showed Phillips was turned away from Sunnybrook because Dr. John Edmeads, head of neurology, found that every bed in neurology, neurosurgery and internal medicine was booked.

The 61-year-old veteran had wanted to go to Sunnybrook, which Edmeads said has an international reputation and the only stroke unit in Canada—

But still he was shuttled from hospital to hospital. Another headline in the Toronto *Star* of November 27 states: " 'Shoot me', begged dying man hospitals rejected". What must veterans, who are entitled to entry into veterans hospitals, and their families be thinking when they read headlines like that?

The story reads in part as follows:

A stroke victim—bounced from hospital to hospital due to a bed shortage—pleaded with his wife, "Shoot me, I'm dying," an inquest was told yesterday.

Contrary to the statements made by the Minister of Veterans Affairs this afternoon, all is not well for veterans who try to obtain entry to veterans hospitals. We have a very serious problem on our hands. The inquest was further told that Mr. Phillips died of massive bleeding within the brain. It was termed the "worst kind of stroke." The inquest was told that an ambulance had taken him from his home to Scarborough Centenary where he was assessed as stable, and transferred, at his request, to Sunnybrook Hospital. But Sunnybrook, which had no available beds, refused to accept him. He was left on a stretcher in the emergency ward for more than three hours, and then sent back to Centenary Hospital. That certainly must not be very comforting news for our veterans and their families.

With regard to the hospital on Vancouver Island, problems were identified there over two years ago by the Veterans' Rights Association of British Columbia. Briefly, that association stated:

On behalf of our membership we would like to make you aware of the problems created for veterans on Vancouver Island through the operation and administration of the former Veterans Hospital in Victoria.

That was in a letter sent to all members of parliament. I read this into the record in the House over two years ago and in committee, and I was told that there was no problem at all. Apparently the problem still exists today.

● (2222)

In an article which appeared in the *Daily Colonist* dated December 8, it is stated:

The Trudeau government failed a Victoria veteran of the two world wars in his hour of greatest need, his sorrowing widow says—

Mrs. Hancox—

That is the wife of the victim,

—said she and her husband had believed beds would always be available for veterans at the hospital. "He believed until almost the end that veterans would be looked after by their country."

We all expected and thought that would happen, Mr. Speaker, so I am asking the parliamentary secretary to give us a firm commitment tonight that there will be immediate investigation and they will report back to the House as soon as possible.

Mr. Gilbert Parent (Parliamentary Secretary to Minister of Veterans Affairs): Mr. Speaker, I am pleased to reply to the comments made by the hon. member for Winnipeg South Centre (Mr. McKenzie) concerning hospital treatment for veterans. He has referred specifically to two recent cases, one occurring at Sunnybrook Medical Centre in Toronto and one at the Royal Jubilee Hospital in Victoria. The hon. member has asked that we give him assurances that these cases will be investigated.

The information regarding the case at Sunnybrook is incomplete at this time, but I will be pleased to inform the hon. member when I have more information. The minister has already spoken briefly about the case in Victoria and I want to reaffirm that, to our knowledge, no refusal of service occurred.

The hon. member made reference to the time a few years ago when there were some complaints at the Victoria Hospital. I can tell him that I personally, as Parliamentary Secretary to the Minister of Veterans Affairs, visited the Royal Jubilee Hospital at Victoria, was shown around the premises, and had extensive discussions with many of the doctors and nurses. It is obvious to me from the information I received when I was there that the problems, which were seemingly prevalent a few years ago when the letter which the hon. member read into *Hansard* was written, have now been resolved.

The government recognizes and accepts its moral responsibility to provide the best possible care for our veterans. Over the years, the number of veterans requiring acute and active care has steadily declined, for obvious reasons. Most of the patients in veterans hospitals required chronic or domiciliary care, and this led to difficulties in maintaining and attracting the type of highly qualified medical and support personnel to which we had become accustomed. To overcome this situation it was decided that services could be kept at a high level by integrating our facilities and patients into the total community medical hospital complex. This can best be accomplished when the facilities come under provincial jurisdiction.

Transferring a facility to a province does not represent the end of our responsibility for the care of the veteran patient. Guarantees are provided by the province in each case that a specified number of beds is to be made available for the sole use or priority use of veterans. The provinces have consistently honoured these commitments. I can assure the hon. member of this particular aspect.

Further, in each region of the country a departmental medical officer is employed to assist in assessing the veterans'

needs and in ensuring that a veteran who requires admission actually obtains a bed.

In conclusion, Mr. Speaker, I want to remind hon. members that the final decision as to the admission of a patient for active care is, in the last analysis, a medical decision.

EXTERNAL AFFAIRS—CANADIAN PEACEKEEPING FORCES

Mr. Allan B. McKinnon (Victoria): Mr. Speaker, a few days ago I asked the Prime Minister (Mr. Trudeau) a question, and then a supplementary question, about the possible commitment of our troops to Namibia. My question was fairly simple, and the supplementary equally simple. Perhaps I could quote parts of both of them. My question ended as follows:

—will the government now undertake to bring a resolution before the House for debate before a final decision is made to send troops on a new and major UN commitment?

● (2227)

My supplementary question ended as follows:

Can the Prime Minister assure the House that we will have an opportunity to debate a resolution in this House on this important matter?

As the Prime Minister likes to do when faced with a question which he does not enjoy answering, he shifted the premise. In his first answer he indicated that he thought they had the support of the opposition in peacekeeping operations, where Canada is indeed in the forefront of all countries. He shifted over to talking about peacekeeping, instead of indicating whether we had a commitment. In answer to the supplementary question, he shifted over to whether there was a commitment made by the Secretary of State for External Affairs (Mr. Jamieson).

Was there a commitment or was there not? The Prime Minister denied it twice. He said:

All the Secretary of State for External Affairs said was that if the United Nations asked us for further troops, we would naturally consider the request.

Further on he said:

To my knowledge, there is no commitment. The Secretary of State for External Affairs made no commitment.

On November 28, 1978, as reported in the proceedings of the Standing Committee on External Affairs and National Defence, the Secretary of State for External Affairs said the following:

I have said before this committee on a previous occasion, and repeated, that if a force is established, if the circumstances are satisfactory in so far as we are concerned we would certainly be prepared to participate because, of course, we have been one of the architects of this effort and it would be quite inconsistent with that approach not to go on to the next logical step.

Whether there was a commitment is not the main reason I raised this question tonight. Will the government make a commitment to bring this matter before the House of Commons before it sends troops overseas, or before it takes final steps to agree to send our troops to Southwest Africa?

There are a number of precedents for this, but I should like to refer to only four. One was in 1956, at the time of the Suez crisis, when Mr. St. Laurent and Mr. Pearson agreed to the sending of troops and agreed to bringing it before the House of Commons. In 1960, at the time of the Congo matter, the right hon. member for Prince Albert (Mr. Diefenbaker) was the prime minister. He brought it before the House of Commons in the form of a resolution before sending troops to the Congo. In 1964, at the time of the Cyprus matter, Mr. Pearson was the prime minister and Mr. Martin was the secretary of state for external affairs. They brought it before the House of Commons.

It is interesting that in the debate on February 19, 1964, the hon. member for Burnaby-Coquitlam, the present hon. member for Nanaimo-Cowichan-The Islands (Mr. Douglas), asked a question very similar to the one I directed to the Prime Minister the other day. In those days the Right Hon. Lester B. Pearson was the prime minister, and he said the following:

Finally, if a request is made involving the use of substantial numbers of Canadians abroad, we would bring the matter before parliament before any final decision is taken.

It was quite simple. They knew the role of parliament. They were all willing to bring it before parliament, although at the time of the Suez crisis it was post factum by some six days. But the Liberal government of that day had to recall parliament to do it, which was the reason for the six-day delay. It recalled parliament to have it approve the dispatch of troops to the Suez.

Right up until the present Prime Minister it had always been considered the role of parliament to have a veto over such a decision, and that the government by itself could not commit our troops abroad in any major new undertaking. I do not know whether we should consider this matter as peacekeeping. I did not use the word "peacekeeping". The Prime Minister, looking for a fresh subject and not liking the one I brought up, mentioned peacekeeping. This is quite a different role than the ordinary role of peacekeeping.

An interesting article appeared in the London *Times* on November 30, 1978. It must have been one of the final editions of that newspaper. It dealt with an Independent Television News team which was back after spending 110 days in Angola. They went down there trying to locate Dr. Jonas Savimbi's Unita movement. As I understand from the Secretary of State for External Affairs, our troops will be positioned along the Namibia-South Angola border. What is happening just over that border surely will be of interest to the troops. Dr. Savimbi's Unita movement is in there fighting a guerrilla war against the Cuban and Russian-backed Angolan government forces.

● (2232)

This team was ambushed at the start of the offensive against Unita in which, the report says, the MPLA forces used French built Puma troop-carrying helicopters piloted by East Germans. The Angola ground troops were also being commanded by East Germans at platoon level, and between 30 and 50 Cuban tanks were also used in the operation. When you realize that SWAPO troops were also sequestered just over that border we can realize the situation that Canadian and other

UN forces will be in when they occupy that position, for whatever reason.

I am certain this is not a peacekeeping operation as outlined by Mitchell Sharp when he gave his famous eight criteria for peacekeeping operations. If I had a minute I should like to read them so that we may find out how they differ from the situation we find in Namibia. They are as follows:

There must be a threat to international peace and security that requires the establishment of a peacekeeping force.

The peacekeeping endeavour should be linked to an agreement for a political settlement, or at least a reasonable expectation of a negotiated settlement.

They are not even close to a political settlement there, and I expect it will be years before there is a political settlement.

To continue with the criteria:

The peacekeeping force should be responsible to a political authority, preferably the United Nations.

The sponsoring authority should receive reports and have adequate powers to supervise the mandate of the force.

The parties to the conflict must accept the peacekeeping force.

Canadian participation in force must be acceptable to all concerned.

We may be acceptable to SWAPO, we may be acceptable to South Africa, but I doubt very much that we are acceptable to all forces involved there.

The criteria continue as follows:

The peacekeeping force must have a clear mandate, including provision for freedom of movement.

Mr. Deputy Speaker: Order, please. The hon. member's allotted time has expired. I am afraid he cannot record everything he has in his notes.

Mr. Robert Daudlin (Parliamentary Secretary to Secretary of State): Mr. Speaker, the hon. member has disputed the peacekeeping nature of this particular force. Perhaps it might be of some benefit to report briefly some of the facts.

Canada has been an active member of the group of five western countries attempting to arrange a peaceful resolution of the Namibia problem. The basic feature of the proposal made by Canada, France, the Federal Republic of Germany, the United Kingdom and the U.S.A. for an internationally acceptable settlement in Namibia concerns the holding of fair and free elections in the territory, under the supervision and control of the United Nations.

After acceptance by South Africa and the Southwest Africa People's Organization of the western proposal, the Secretary General of the United Nations prepared a plan which sets out how the United Nations would fulfil its responsibilities for supervision and control of the elections. The Security Council has approved this plan, and to give effect to its provisions has authorized the establishment of the United Nations Transition Assistance Group, UNTAG.

UNTAG will have a military component up to an authorized limit of 7,500 personnel, as well as a civilian unit of approximately 1,900 persons. It is the responsibility of the UN Secretary General to consult with all parties concerned on the composition of the UN force, on the date for its deployment to Namibia, and on the mandate that will govern its operation.

As one of the authors of the western proposal on Namibia, as an active participant in the negotiations that led up to its acceptance by South Africa and SWAPO, and as a nation that has traditionally played an active role in promoting peaceful settlement of international disputes, Canada has a strong interest in a successful resolution to the Namibia problem under the aegis of the United Nations.

One of our continuing objectives has been to help strengthen the capacity and the authority of the United Nations in its role as a peacekeeping agency. Canada has consistently responded to UN requests to provide personnel for peacekeeping duties. As a result of this lengthy and intensive experience Canada has become recognized for its excellence in this field, both for its objectivity and the professional competence of its troops. Our experience has also provided us with a good degree of insight into the successes and failures of present and past peacekeeping operations.

With respect to Namibia, when the conditions and terms of reference are established, should a request come from the UN Secretary General for a contribution to UNTAG, the government would give serious consideration to it to determine whether the operation holds promise of success and whether Canada can play a useful role in it.

Mr. Deputy Speaker: The motion to adjourn the House is now deemed to have been adopted. Accordingly, this House stands adjourned until tomorrow at two o'clock p.m.

Motion agreed to and the House adjourned at 10.36 p.m., without question put, pursuant to Standing Order.

HOUSE OF COMMONS

Wednesday, December 13, 1978

The House met at 2 p.m.

● (1407)

ROUTINE PROCEEDINGS

[*English*]

URBAN AFFAIRS

CMHC COMPENSATION FOR FAULTY WORKMANSHIP UNDER AHOP—MOTION UNDER S.O. 43

Mr. James A. McGrath (St. John's East): Mr. Speaker, in view of the fact that Central Mortgage and Housing Corporation has not yet made a decision, or has made no move, with respect to underwriting the cost of repairs to AHOP houses in St. John's which are necessary because of faulty inspection, faulty material and improper workmanship, I move, seconded by the hon. member for St. John's West (Mr. Crosbie):

That this House directs Central Mortgage and Housing Corporation to underwrite immediately the full cost of repairs to the affected units of the Assisted Home Ownership Program subdivision known as Virginia Park, in St. John's, Newfoundland, which repairs are necessary because of faulty inspections and the use of faulty material.

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

Some hon. Members: Agreed.

Some hon. Members: No.

* * *

TRADE

INCENTIVES TO INCREASE PRODUCTIVITY—MOTION UNDER S.O. 43

Hon. George Hees (Prince Edward-Hastings): Mr. Speaker, I rise to move a motion, under Standing Order 43, on a matter of urgent and pressing necessity.

In order to overcome our trade deficit of $12.5 billion a year in fully manufactured products, the ones which produce jobs, we must improve our productivity. To do so, we must offer incentives which will persuade producers that they will be able to pay for the new plant, machinery and production systems they will have to buy in a reasonably short space of time and in this way make it as easy as possible for them to make the usually high expenditures involved.

I therefore move, seconded by the hon. member for Edmonton Centre (Mr. Paproski):

That the government allow, first, that all capital expenditures involved in improving productivity be written off in one year; and, second, that a plant be rewarded in the form of a generous cash bonus at the end of the year in direct proportion to its increase in productivity during the year.

Mr. Speaker: The introduction of such a motion for debate, pursuant to Standing Order 43, can be done only with unanimous consent. Is there unanimous consent?

Some hon. Members: Agreed.

Some hon. Members: No.

* * *

CANADIAN NATIONAL RAILWAYS

FORTHCOMING DISMISSALS BY VIA RAIL—MOTION UNDER S.O. 43

Mr. Stanley Knowles (Winnipeg North Centre): Mr. Speaker, under the provisions of Standing Order 43, and seconded by the hon. member for Oshawa-Whitby (Mr. Broadbent), I move:

That this House protests the action of VIA Rail in notifying a number of Canadian National employees that they will be dismissed when the CN's passenger service is taken over on December 29, contrary to the provisions of the collective agreement covering such employees, and that this House calls on the Minister of Transport to take steps to make sure that these dismissals do not take place.

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

Some hon. Members: Agreed.

Some hon. Members: No.

* * *

[*Translation*]

BILINGUALISM

REQUEST BUDGETARY CUTS NOT AFFECT LINGUISTIC TRAINING PROGRAM—MOTION UNDER S.O. 43

Mr. Armand Caouette (Villeneuve): Mr. Speaker, I rise under the provisions of Standing Order 43 and seek the unanimous consent of the House to discuss a motion relating to a matter of urgent and pressing necessity.

S.O. 43

Given the fact that the federal government has decided to make cuts in its language teaching program and that these cuts will cause the dismissal of 600 teachers, and also given the fact that the federal government intends to give out contracts to private institutions and that this will probably cost even more to the taxpayers, I move, seconded by the hon. member for Richmond (Mr. Beaudoin):

That the House instruct the federal government to revise its budgetary cuts policy in the linguistic training program, a service which is essential to the public who is entitled to be served in both official languages of Canada.

Mr. Speaker: Order. The House has heard the hon. member's motion. Pursuant to the provisions of Standing Order 43, presentation of such a motion for debate requires the unanimous consent of the House. Is there unanimous consent?

Some hon. Members: Agreed.

Some hon. Members: No.

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CANADIAN BROADCASTING CORPORATION

REQUEST MORE IMPORTANCE GIVEN TO FRENCH NEWS SERVICE—MOTION UNDER S.O. 43

Mr. Jacques Lavoie (Hochelaga): Mr. Speaker, pursuant to Standing Order 43, I seek the unanimous consent of the House to move a motion on a matter of urgent and pressing necessity.

In view of the fact that the French news service of the Canadian Broadcasting Corporation does not have as many reporters as its English counterpart, thereby creating an imbalance at the expense of Francophone Canadians, even though the quality of news reporting is outstanding on the French network thanks to such reporters as Derome, Rivard, Racine and others who could do better still were it not for a shortage in personnel, I move, seconded by the hon. member for Westmount (Mr. Johnston):

That the minister in charge of the CBC (Mr. Roberts) make representations to this Crown corporation with a view to increasing the number of reporters and the period allocated to news reporting on the French network, so that more time may be devoted to reporting news of national interest concerning French-speaking Canadians.

Mr. Speaker: The House has heard the hon. member's motion. Pursuant to Standing Order 43, this motion requires the unanimous consent of the House. Is there unanimous consent?

Some hon. Members: Agreed.

Some hon. Members: No.

[Mr. Caouette (Villeneuve).]

[*English*]

FINANCE

REFERENCE TO COMMITTEE OF STUDY "THE TAX SYSTEMS OF CANADA AND THE UNITED STATES"—MOTION UNDER S.O. 43

Mr. Dan McKenzie (Winnipeg South Centre): Mr. Speaker, I rise under the provisions of Standing Order 43.

Noting that the study of the Department of Finance of the Canadian and United States tax systems is based upon such strange premises as that, for example, Canadian transfer payments are subtracted from the Canadian gross tax burden before the tax burden in Canada is compared with that in the United States and, further, that the study itself refers to five difficulties with the comparability of data and two difficulties with the definition of the words "tax burden," I move, seconded by the hon. member for York-Simcoe (Mr. Stevens):

That the study entitled "The Tax Systems of Canada and the United States" be referred to the Standing Committee on Finance, Trade and Economic Affairs so that that committee may assess the intellectual integrity of the study and determine whether the study forms an appropriate basis upon which to develop future federal economic policies.

Mr. Speaker: The presentation of such a motion for debate, pursuant to Standing Order 43, requires unanimous consent. Is there unanimous consent?

Some hon. Members: Agreed.

Some hon. Members: No.

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URBAN AFFAIRS

COMMITTEE INVESTIGATION OF AHOP DIFFICULTIES—MOTION UNDER S.O. 43

Mrs. Jean E. Pigott (Ottawa-Carleton): Mr. Speaker, I rise, under the provisions of Standing Order 43, on a matter of urgent and pressing necessity.

In light of the fact that mortgage defaults under the Assisted Home Ownership Program are now approximately 10 per cent, and in light of the fact that 35 per cent, or 53,000 AHOP units, remain vacant across Canada, I move, seconded by the hon. member for Selkirk (Mr. Whiteway):

That this House directs the minister of housing and urban affairs to recall the Standing Committee on Health, Welfare and Social Affairs so that it can begin an investigation into this serious AHOP crisis.

Mr. Speaker: Such a motion can be introduced for debate only with the unanimous consent of the House. Is there unanimous consent?

Some hon. Members: Agreed.

Some hon. Members: No.

PENITENTIARIES

CONSTRUCTION POLICY—MOTION UNDER S.O. 43

Mr. Stuart Leggatt (New Westminster): Mr. Speaker, I rise under the provisions of Standing Order 43.

It was announced yesterday by the Solicitor General (Mr. Blais) that $280 million will be expended over a five-year period for prison construction. In view of the fact that a unanimous report by the parliamentary subcommittee on the penitentiary system in Canada lies in almost total neglect and that these proposed construction plans fly in the face of the subcommittee's recommendations, in view of the fact that in August, 1977, the then solicitor general had accepted and was implementing 53 of the subcommittee's recommendations, and in February, 1978, the next solicitor general announced he was implementing 37 recommendations and in the latest report the present Solicitor General tells us that he has implemented only 22 of these recommendations, a number of those deemed implemented being questionable, I would move, seconded by the hon. member for Winnipeg North Centre (Mr. Knowles):

● (1412)

That a moratorium be placed on all prison construction until all 65 recommendations of the subcommittee on the penitentiary system in Canada are fully implemented.

Mr. Speaker: The introduction of such a motion for debate at this time can be done, pursuant to Standing Order 43, only with unanimous consent. Is there unanimous consent?

Some hon. Members: Agreed.

Some hon. Members: No.

ORAL QUESTION PERIOD

[*English*]

THE CANADIAN ECONOMY

JUSTIFICATION FOR HIGH INTEREST RATES

Mr. Sinclair Stevens (York-Simcoe): Mr. Speaker, my question is for the Minister of Finance: it touches on the general deterrents which the minister appears to be putting into our economic fibre that are discouraging economic prosperity in the country. I refer to the fact that presumably under the minister's guidance the Bank of Canada is now taking steps to increase further interest rates in Canada.

Would the minister indicate and try to justify to the House why he feels higher interest rates are warranted, bearing in mind that for every half-point he bumps up the rates in the country it is costing the average home owner, over the life of his mortgage, $5,000 and in the aggregate it is costing businessmen, for every half-point increase, $375 million. How does the minister justify that?

[*Translation*]

Hon. Jean Chrétien (Minister of Finance): Mr. Speaker, Bank of Canada policies are announced regularly when there are changes in interest rates. The Bank of Canada has not changed its rates lately, they are the same as before and the prime rate at Canadian banks is exactly the same as last month. As for the short term market fluctuations, the Bank of Canada has to take action from time to time, but that has no effect on interest rates for people usually borrowing on the market.

[*English*]

Mr. Stevens: Mr. Speaker, surely the minister realizes it is not just a question of the Bank of Canada tampering with the bank rate: it has intervened in the sense of selling treasury bills with the deliberate purpose of raising short-term rates in the country. The government has stated publicly that the reason it is doing so is to somehow or other put our interest rate structure in better balance with U.S. interest rates.

Can the minister tell us, if we have a floating dollar as he has assured us we do, why he is still worried about the interest rate level domestically in Canada as compared with that in the United States?

Mr. Chrétien: I have said many times that the interventions of the bank are to make sure that fluctuations of the Canadian dollar take place in an orderly way. It is very important for Canadians to maintain a competitive level of interest rates with the United States if we are not to see an outflow of capital from Canada to the United States.

Mr. Stevens: Once again, the Minister of Finance has carefully avoided dealing with the heart of the problem, that is, the current account deficit. It is absolutely foolhardy to be adjusting our interest rate structure and to be borrowing further capital funds such as the minister is hinting at if we permit the current account deficit to continue. Would he indicate to the House what plans he has to correct the current account deficit which is accelerating, not contracting, year by year?

Mr. Chrétien: I think the hon. member would realize, if he read the information that is public, that in 1978 we will have in Canada a record surplus in trade. In fact, in the first three quarters of the year the current account deficit was $200 million less than last year.

* * *

SMALL BUSINESS

TAX ON SMALL BUSINESS OPERATIONS

Mr. Otto Jelinek (High Park-Humber Valley): Mr. Speaker, my question is for the Minister of State (Small Business), arising from some counterproductive moves to which the government has been resorting recently.

In the last budget, the government cast a net so carelessly in order to remove certain groups of individuals from the small business tax rate that it caught, in that blundering net, tens of thousands of legitimate, one-man small business operations, including independent insurance and real estate brokers. I should like to ask the minister the definition which applies to those receiving the small business tax deduction, When will small businessmen learn of this definition? When does the government expect to introduce legislation dealing with this subject matter?

● (1417)

Hon. A. C. Abbott (Minister of National Revenue and Minister of State (Small Business)): Mr. Speaker, the hon. member should appreciate, since he has been in this House for four years, that this matter emanates from the budget and is directly the concern of the Minister of Finance who will introduce the detailed provisions in due course.

Mr. Jelinek: Mr. Speaker, I have been here over six years and I hope to be here a little longer. I wonder why the small business ministry is in existence, when the Minister of State for Small Business never answers questions related to small business.

I should like to ask the Minister of Finance whether he could tell small business people, confused as a result of the announcement in the budget, the definition of "small business" for tax purposes. When will this legislation come before the House? There is utter confusion within the small business sector today as a result of the confusion of the government.

Some hon. Members: Order.

[*Translation*]

Hon. Jean Chrétien (Minister of Finance): Mr. Speaker, when we make changes in the cabinet we have to draft the legislation consequent upon that change. On budget night we gave as much explanation as possible at the time. Within the next few days I hope to be able to present the legislation resulting from the budget I tabled less than a month ago.

[*English*]

Mr. Jelinek: Mr. Speaker, I have one very short supplementary question.

Some hon. Members: Hear, hear!

An hon. Member: They do not take small business seriously.

Mr. Jelinek: I thank hon. members opposite. Surely when the minister made the announcement in the budget he must have been aware of those within the small business sector who would be included in the tax deduction. Will he tell the House and small businessmen from coast to coast who those small businessmen are?

Mr. Chrétien: Mr. Speaker, in reply to a question by one of my colleagues the other day in the House I said that those who are bona fide businessmen in Canada will not be affected. We do not want the low rate abused by people who are not businessmen but are really professionals or people who are not really in business. I am attempting to make sure that the low rate applies to small businessmen and not other people who want to use that rate.

I think every Canadian citizen should understand that if changes are not made once in a while there will be a lot of confusion and the benefit of the low rate for businesses will be lost. I want to protect businessmen; that is why I am moving. I want to clarify the act.

Some hon. Members: Hear, hear!

* * *

PENITENTIARIES

CONSTRUCTION POLICY—REPORT OF SUBCOMMITTEE

Mr. Stuart Leggatt (New Westminster): Mr. Speaker, my question is directed to the Solicitor General: it concerns the report which emanated from his office yesterday indicating that he is embarking upon a $280 million prison construction project over five years. That program flies in the face of recommendation No. 50 of the unanimous report of the parliamentary subcommittee on prisons.

Why has the minister decided to build larger and, apparently, more prisons, in view of the report of that subcommittee? Also, can he advise why, if the government's projection shows sufficient bed space within the present system, he is embarking upon a construction project?

Hon. J.-J. Blais (Solicitor General): Mr. Speaker, it is not a matter of launching into a new program; it is a revision of the ongoing program of which the hon. member is well aware. We have gone to larger institutions basically because the studies we have conducted indicate that the delivery of offender programs within the larger institutions is not negatively affected by the larger size. Because of the introduction of the living unit concept, with which the hon. member is very familiar, we are accommodating recommendation No. 50 of the subcommittee's report.

As well, I might indicate why we need new institutions. It is directly in order to accommodate one of the preferences of the hon. member, namely, that we should close down or change some of the large, fortress operations which we have had in the past. One of the consequences of the announced change will be the closing down of the British Columbia penitentiary.

● (1422)

Mr. Leggatt: Mr. Speaker, one of the prisons the minister announced yesterday as a new medium-security prison in the Kamloops area also happens to be in the riding of the Minister of State for the Environment. I wonder whether the Solicitor General has decided that that particular area is appropriate in terms of its nearness to courts and nearness to population, or has he decided on that particular area because of its nearness

to the constituency of the Minister of State for the Environment?

Mr. Blais: Mr. Speaker, the Kamloops decision was made on the basis of the warm reception the community of Kamloops has given to the medium-security institution.

Some hon. Members: Hear, hear!

Mr. Blais: That institution, as well, will meet a large number of the recommendations in the subcommittee's report, including common eating facilities and a more effective delivery of industrial programs. Again I would draw the attention of hon. members of this House to the fact that the hon. member for New Westminster was one of the first promoters of an enhanced industrial program within the Canadian penitentiary system. One of the reasons we are going to larger institutions is to provide more efficient industrial programs and to offer a wider variety of those programs to the inmates.

Mr. Leggatt: Mr. Speaker, the minister knows that very few of the recommendations of the subcommittee have been adopted. Not only is he not adopting them but he is abandoning the ones he said he would adopt in the first place. That has been the policy of this government.

My supplementary question is this. One of the great scandals in this country relates to the number of native people who are in our institutions. The justice and crime commission reported to the minister in October, 1977, at a cost of some $100,000, regarding what should be done about the problems associated with natives within these institutions. The minister has failed to respond to that report. In addition to that, he is phasing out—

Some hon. Members: Question.

Mr. Leggatt: Mr. Speaker, my question is, why is the minister phasing out one of the key positions, namely, the position of native co-ordinator, and why has he not responded to this report which contains some 85 recommendations?

Mr. Blais: First of all, Mr. Speaker, I would like to correct this impression the hon. gentleman left both in his preamble, rather lengthy as it was, and in his motion under Standing Order 43, that in fact few of the recommendations of the subcommittee have been implemented. I would note that the hon. gentleman was unavoidably detained from meetings of the Standing Committee on Justice and Legal Affairs when we dealt with my statement about ten days ago. He was not there and therefore could not have reviewed the report I submitted at that time. Quite to the contrary, we have implemented 22 of those recommendations and 16 are very close to being implemented. In addition, most of the principles that are represented by the recommendations of the subcommittee have been recognized and are about to be implemented.

In terms of natives within the system, I fully sympathize with the hon. gentleman's position. I completely agree with him that this is one of the major difficulties within out system. This is perhaps one of the larger groups within our Canadian correctional institutions. Indeed, we are doing our utmost to correct that situation. With reference to the report the hon. gentleman has identified, I would be pleased to review the matter and discuss it with him in the near future.

* * *

[*Translation*]

PUBLIC SERVICE

ALLEGED DECREASE IN RECRUITING FRANCOPHONES—GOVERNMENT POSITION

Mr. Armand Caouette (Villeneuve): Mr. Speaker, my question is directed to the President of the Treasury Board.

Statistics dating from the end of 1977 show that the percentage of French-speaking university graduates recruited by the public service has reached its lowest level since 1970, that is 24.3 per cent, and that the percentage of CEGEP and college graduates is at its lowest level. Can the minister tell the House how he conciliates these figures with the statements by the chairman of the Public Service Commission that the level of participation of Francophones has been higher in the last few years?

[*English*]

Hon. Judd Buchanan (President of the Treasury Board): Mr. Speaker, my understanding is that there has, in fact, been a dramatic improvement. The figures cited by the hon. member were in the order of 24 per cent or 25 per cent. I think if he looks at the figures of a few years ago he will find they were in the teens, so in fact I think we have made very substantial progress in this regard.

[*Translation*]

BILINGUAL CHARACTER OF FEDERAL INSTITUTIONS—MINISTER'S POSITION

Mr. Armand Caouette (Villeneuve): Mr. Speaker, I have a supplementary question.

According to statistics dating from the end of 1977, 52,000 positions in the public service are designated bilingual, in terms of real needs; 10,000 of these are filled by unilingual officials, the majority of whom benefit from an exemption to take language training course. In light of those figures, can the minister explain how it could have been said that the public service is now bilingual and if the whole bilingualism program of the public service was only a colossal joke at the time?

● (1427)

[*English*]

Hon. Judd Buchanan (President of the Treasury Board): Mr. Speaker, it is not a joke at all. Basically, the 10,000 positions to which the hon. member has referred, as I understand it, are held by people who have occupied them for some time, many of them prior to implementation of the policy and

the bilingual designation of their posts. It is what one would term a grandfather clause situation where these people are protected in their position, but when the position becomes vacant the new person taking over will have to meet the criterion of having a capacity in both our official languages.

[*Translation*]

LAYING-OFF OF LINGUISTIC TRAINING PROGRAM STAFF—GOVERNMENT POSITION

Mr. Armand Caouette (Villeneuve): Mr. Speaker, further to the answer the minister has just given me, I should like to put a supplementary.

As 600 staff members will be laid off in the language training school, its training capacity will be reduced to 1,600 students a year. Keeping in mind the 10,000 unilingual employees now holding bilingual jobs, that means the training school has work cut out for six years, in other words, until 1985, that is two years beyond the date set by the government. In light of this, how can the minister justify the laying-off of 600 members of the language training staff?

[*English*]

Hon. Judd Buchanan (President of the Treasury Board): Mr. Speaker, as I indicated in my earlier reply, many of these people will not be developing a capacity in the second official language. They are there on a temporary basis and because of historical precedent are being allowed to continue to occupy the particular bilingual post. The intent is not that all of these people will become bilingual. As the hon. member has mentioned, several have been given an exemption and will occupy that post until they are transferred elsewhere or retire. However, their replacements will have to meet the criterion of having a capacity in both our official languages.

* * *

TRANSPORT

FOREST PRODUCTS TERMINAL AT SAINT JOHN, N.B.

Mr. Fred McCain (Carleton-Charlotte): Mr. Speaker, I would like to direct my question to the Minister of Transport. Under a joint federal-provincial cost-sharing program, the Navy Island forest products terminal was built at the port of Saint John and some agency of the ministry decided that they should invite tenders for a terminal operator at that facility. Was the province of New Brunswick consulted, and did the move to hire a terminal operator have the approval of the provincial government before the National Harbours Board invited tenders for the position?

Hon. Otto E. Lang (Minister of Transport): Mr. Speaker, I am not sure whether there were consultations specifically before the invitation for tenders, but certainly there has been close contact with the province and with others in the process since then. I can say to the hon. member, also, that no decision has been taken so far with regard to the question, and I expect to see recommendations before any such decision is taken.

Mr. McCain: Mr. Speaker, in view of the fact that the facility was built for the forest products industry to ensure economic and convenient transportation of that product, and in view of the fact that the National Harbours Board is meeting in Saint John today, I take it that the minister has assured this House and the province of New Brunswick that no decision will be made until consultation has taken place with the province as to what is the proper decision and who should be the terminal operator according to their guidelines.

Mr. Lang: Mr. Speaker, I believe that consultation has already taken place, which is what I said in my earlier answer, in relation to the whole question of operation. I am not sure that the province should be involved in the actual assessing of the final proposals because in the end that has to be our responsibility and I do not think the province would share in the responsibility of the ultimate decision.

• (1432)

I can assure the hon. member that the best interests of the port will be fully taken into account in the final decision.

* * *

SHIPPING

VESSELS IN SEAWAY—GRAIN STORAGE AT THUNDER BAY

Mr. J. M. Forrestall (Dartmouth-Halifax East): Mr. Speaker, I should like to ask the Minister of Transport two questions. With regard to the closing of the Seaway on December 15, can the minister indicate to the House the number of foreign vessels still above Montreal and en route, and can he also indicate whether there is in position at Thunder Bay any additional on-board winter storage for grain?

Hon. Otto E. Lang (Minister of Transport): Mr. Speaker, the situation on the St. Lawrence at last reading looked favourable for the exiting of all vessels. There is a plan for loading on vessels for winter storage. The Wheat Board is attempting to continue the movement of grain into Thunder Bay to maximize winter storage aboard vessels so far as possible.

Mr. Forrestall: A supplementary question. About a week ago, officials of the Wheat Board indicated there would be no additional grain in position at the Head of the Lakes for winter storage until today, December 13. Can the minister indicate whether grain is moving into Thunder Bay to be available for on-board winter storage now? To what extent has the delivery system been able to place grain at Thunder Bay for winter storage? How many tons are we talking about? Have they all the additional grain they should have or could have at the Lakehead?

Mr. Lang: Mr. Speaker, I shall be glad to obtain the exact figures in tonnes. Obviously, the Wheat Board wanted to emphasize the movement of grain into vessels while still trying to make it through the Seaway before it closed, and then turn its attention to the total question of storage of grain in vessels. I will get the figures for the hon. member.

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POST OFFICE

CONSULTATION WITH UNIONS PRIOR TO LEGISLATION TO ESTABLISH CROWN CORPORATION

Mr. Stan Darling (Parry Sound-Muskoka): Mr. Speaker, I should like to address a question to the Postmaster General. Because of the strong opposition of the major postal unions to the draft legislation to establish a Crown corporation to run the Post Office, particularly because of its failure to establish political independence and financial accountability, can the Postmaster General assure the House that there was further consultation with the union representatives before the revised bill was tabled the day before yesterday?

Hon. J. Gilles Lamontagne (Postmaster General): Mr. Speaker, I do not know where the hon. member is getting his information. At different reunions yesterday and the day before I met most of the union leaders who talked to me about the legislation. They seemed quite satisfied with it. We had many meetings with them. I can assure the hon. member that we already have meetings planned in order to explain to them and hear their opinions on the legislation. We have also planned meetings with postal users, mostly in Toronto and from the main cities across the country. We want to have the views of everyone before we discuss the bill, and that is what we are doing.

Mr. Darling: Mr. Speaker, I am delighted to know that the Postmaster General has agreed to meet with the unions and postal users to see that a special deal can be worked out. I presume he can confirm this and that specific steps are being taken so that when this legislation comes before the House he will have the views of the users, that is, the substantial postal users, the unions and, of course, his own officials.

Mr. Hnatyshyn: And Santa Claus.

Mr. Lamontagne: Mr. Speaker, I can assure the hon. member that it was done in the past and, as usual, it will be done in the future.

* * *

FISHERIES

DISCUSSIONS WITH UNITED STATES ON FISHING BOUNDARIES

Mr. Lloyd R. Crouse (South Shore): Mr. Speaker, I should like to direct a question to the Minister of Fisheries and the Environment. The northeastern fishing grounds of Georges Bank, which I am sure the minister is aware is the fishing area for the Canadian scallop fleet and is part of the disputed area between United States and Canada in their boundary discussions, is at present showing some signs of overfishing. Tests have shown that scallop beds on the Bank are declining and the scallops are becoming smaller.

The United States scallop fleet operating out of New Bedford, Massachusetts, alone has added some 30 new ships to the fleet in the past few years, with 30 more on the drawing boards, while licences for the Canadian fleet have been frozen. What steps, if any, has the minister taken to consult with his counterpart in the United States with the hope of limiting further U.S. entry into this fishery at least until shellfish stocks are rebuilt and the boundary problem resolved?

Hon. Roméo LeBlanc (Minister of Fisheries and the Environment): Mr. Speaker, I do not completely accept the arithmetic of the hon. member about the increased size of the United States fleet, although I know there has been some increase.

The fact is that in scallops, and at least two other stocks, we are not always in agreement with the United States authorities on conservation measures that are taken, and that is a complicating factor in any kind of joint management scheme which might come out of the negotiations. In fact, it is very clear that United States fishermen's groups have some difficulty in arriving at a consensus among themselves. In cases of lack of consensus on fishery management, it is usually the fish and the stocks that suffer. I think that is the case in this instance.

Mr. Crouse: Mr. Speaker, in light of the minister's reply I will send him a copy of the release issued by the National Marine Fisheries Services Northeast Centre in the United States so that he will be aware of the size of the fleet operating out of New Bedford.

My supplementary question to the minister is to inquire whether, in view of the importance of maintaining trading relations with our friends below the border, the Minister of Fisheries or possibly the Secretary of State for External Affairs could bring the House up to date on the status of the boundary discussions between Canada and the United States, not only on the east coast but on the west coast and in our northern areas, and inform us what progress, if any, has been made on these thorny problems.

Hon. Donald C. Jamieson (Secretary of State for External Affairs): Mr. Speaker, I do not think it is possible, in response to an oral question, to give the hon. member as thorough an answer as I should like. I would be glad to tell him about it privately or in any other forum. I can say, in a general way, that progress continues to be made. I think he is aware that Secretary of State Vance of the United States and I agreed that the negotiators would report to us by the end of the year indicating the progress made and any unresolved issues. That is particularly in relation to the east coast situation.

On the west coast, the situation is not as clear. I do not anticipate that we will have a fixed or definite solution by year end, but at that point we will address the west coast question to determine what steps ought to be taken from there.

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[*Translation*]

ADMINISTRATION OF JUSTICE

RETURN TO CANADA OF FORMER FLQ MEMBERS—GOVERNMENT POSITION

Mr. Prosper Boulanger (Mercier): Mr. Speaker, my question is directed to the Prime Minister. Now that the suspects in the Cross kidnapping affair have come back to Canada, does the Prime Minister have any comments to make about the views expressed at a news conference by Quebec Premier Lévesque who was reported to have said that anyone with a fair sense of justice would take into account the eight years the Cossette-Trudels spent in exile if they are found guilty and condemned.

Right Hon. P. E. Trudeau (Prime Minister): Mr. Speaker, if I can find the thread of the question again, I shall limit myself to saying it is a matter more of justice than politics. I believe we would all be well advised not to get involved in something that is now before the courts.

* * *

● (1442)

[*English*]

EXTERNAL AFFAIRS

VOTE ON INDEPENDENCE OF NAMIBIA

Mr. Andrew Brewin (Greenwood): Mr. Speaker, I would like to address a question to the Secretary of State for External Affairs. I will preface it by saying that the minister has played a very important role in the effort to secure the independence of Namibia through a United Nations supervised vote.

In view of the doubtful legality and unrepresentative character of the vote conducted under the supervision of South Africa, will the minister tell the House whether this dubious vote is to be the basis of a constitutional assembly to fix a permanent regime in Namibia, or whether South Africa may be expected to recognize that the United Nations supervised vote must proceed if international approval and a genuine expression of the wishes of the people of Namibia is to be secured?

Hon. Donald C. Jamieson (Secretary of State for External Affairs): Mr. Speaker, I thank the hon. member for his usual courtesy in giving me notice of this question. I did look at the proclamation under which the internal elections were called by South Africa, and I believe the wording is worth quoting. It says:

The Administrator General—

That is, of Namibia, as appointed by South Africa.

—shall not be obliged to give effect to any request, recommendation, proposal or advice submitted or given by the assembly under subsection (2).

That is, I think, a most important clause. It means that South Africa is not required to take into account the outcome of the Namibian election in terms of proceeding on to the next step, which would be the establishment of a constituent assembly. Once the votes have been counted and the group elected within Namibia, it is our hope—and we have some reason to believe this, from conversations I have had with Mr. Pik Botha, the foreign minister of South Africa—that they will then be prepared to enter into very important discussions with the United Nations and will, in fact, be prepared to co-operate with the United Nations to ensure that legitimate elections take place. I choose the word "legitimate" advisedly because, in answer to the second part of the hon. member's question, in no way do we consider the elections of last week legitimate.

Mr. Brewin: Mr. Speaker, I am pleased to hear what the minister has said on this matter. As soon as the final results of the vote come in, would the minister make a statement, on motions, to the House dealing with the question of Namibia, its importance to African stability and, indeed, to world stability and the steps he thinks could be taken to ensure that the independence of Namibia be granted with full approval of the community of nations and with the concurrence of the native peoples of Namibia?

Mr. Jamieson: Yes, Mr. Speaker, I will be more than pleased to do that. If the House is not in session at that time because of the Christmas recess, I will certainly do it immediately thereafter. I can say, in the interim, that the outcome of the election will be assessed in terms of what I described a few moments ago, that is, the reaction of South Africa. And I can say to the House and the hon. member now that we will immediately urge the Secretary General to send Mr. Ahtisaari, a special representative, to South Africa as soon as possible—and I mean literally within days—to enter into discussions with the South African government as to the various procedures that will be required in order to set up elections and the UN supervision to which I have referred.

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SCIENCE AND TECHNOLOGY

GUIDELINES FOR INDUSTRIAL RESEARCH

Mr. J. Robert Howie (York-Sunbury): Mr. Speaker, my question is directed to the new Minister of State for Science and Technology. On June 1 of this year the minister announced the government's intention to produce guidelines for procurement policies aimed at strengthening research-intensive industries in Canada. When can we expect to see these guidelines?

Hon. Alastair Gillespie (Minister of Energy, Mines and Resources and Minister of State for Science and Technology): Mr. Speaker, that work is under way. I will be pleased to check into the status of the work and give a report to the House.

Mr. Howie: Mr. Speaker, also in the June announcement which was made in parliament the minister indicated the government's support for centres of excellence. This has received a large number of applications, including one in July from the province of New Brunswick involving our vital forest industry and the University of New Brunswick. When may we expect a decision on this matter?

Mr. Gillespie: Mr. Speaker, the hon. member is quite right, there have been a number of submissions made—indeed, an exciting number of submissions with some very good prospects. Those are now being evaluated, as is another set of proposals with respect to innovation centres spotted across the country at university sites. I hope it will be possible early in the new year to make an announcement with respect to centres of excellence and innovation centres.

LOCATION OF CENTRES OF EXCELLENCE AND INNOVATION CENTRES

Mr. Paul Yewchuk (Athabasca): Mr. Speaker, I wonder whether the minister could tell the House where these centres of excellence and innovation centres will be located, and in addition to that, what mechanism has been established to determine the location of these proposed centres?

Hon. Alastair Gillespie (Minister of Energy, Mines and Resources and Minister of State for Science and Technology): Mr. Speaker, as I indicated in my previous answer, this work is going on right now within the Ministry of State for Science and Technology. Consultations are taking place under the jurisdiction of the Minister of State for Science and Technology with provinces and with universities. It would be premature for me to speculate at this moment as to where these centres will be located. I can tell the hon. member, as I told the previous speaker, that there are some very exciting prospects.

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ENERGY

STATUS OF NORTHERN GAS PIPELINE PROJECT

Mr. Ralph E. Goodale (Assiniboia): Mr. Speaker, I have a question for the Deputy Prime Minister in his capacity as minister responsible for the northern gas pipeline project.

Mr. Hnatyshyn: He has disappeared.

Mr. Goodale: In his absence, I would direct a question to the Minister of Energy, Mines and Resources. In view of the concern which has been expressed in the United States with respect to the possibility that current difficulties in Iran might jeopardize the American supply of petroleum from that country, and in view of the indication that was given recently by the Foothills company that it would be physically possible to complete one of the several legs of the northern gas pipeline by the fall of 1979 if that were necessary for North American security purposes, can the minister indicate whether concrete discussions have yet been held with American representatives to determine the necessity of an emergency reaction in this regard; and, if so, can the minister indicate the status of those discussions?

Hon. Alastair Gillespie (Minister of Energy, Mines and Resources and Minister of State for Science and Technology): Mr. Speaker, I am not aware of any detailed discussions about emergency procedures. There may have been some at the official level. In a more general sense, there were discussions between myself and the U.S. Secretary of Energy with respect to the whole question of the Iranian situation, its importance—it is, indeed, a matter of great concern to Canada—and the kind of steps we might take jointly to deal with it. One of the answers would be to progress with the whole refinery situation in eastern Canada. That matter is now under study in our two countries.

Similarly, there is an opportunity for emergency storage at certain eastern locations. It may be that natural gas can be used in a similar way. But I think much more work has to be done as far as Canada and the United States are concerned. It is clear that natural gas can be of great interest and benefit to Canada if we maximize the Canadian market and thus reduce our dependence on foreign oil.

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[*Translation*]

IMMIGRATION

INQUIRY WHETHER MINISTER WILL REVERSE DECISION TO DEPORT SEWA SINGH CHINNA

Mr. Yuri Shymko (Parkdale): Mr. Speaker, my question is directed to the Minister of Employment and Immigration and concerns the deportation by federal authorities of a certain Sewa Singh Chinna, an irreplaceable employee of the Kraven Knitting Limited, an important business in Stratford, Ontario. Since this will spell the closing of this business and since the minister heard representations on the matter about a month ago and promised to advise the House of a decision, I would like to know if a decision has been taken to authorize Mr. Chinna to stay in Canada and consequently save this business and avoid causing pain to families of more unemployed?

[*English*]

Hon. Bud Cullen (Minister of Employment and Immigration): No, Mr. Speaker. In fact, I have told Mr. Ken Kraven, the owner and operator of this particular knitting mill, that we will not permit this individual to come into Canada as a landed immigrant. He falls far short of the requirements for a landed immigrant.

The other problems were also in place, including the resignation of one of the operators at a particular plant. My officials in that area are working with Mr. Kraven and are providing, or are prepared to provide, the people to do the training and also to work in close co-operation with the company in the United States that supplies machinery, to see if we can find someone who can operate this particular machine. However, the individual named by the hon. member will not be permitted into Canada as a landed immigrant.

Mr. Shymko: Mr. Speaker, I think it points to the contradictions which exist in some of the policies of that particular ministry. Instead of deporting the famed war criminals from Poland, Stanislaw Radkiewicz—

● (1452)

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

Mr. Shymko: Yes, Mr. Speaker. Since the Kraven Knitting company has stated that it will close permanently on December 22, can the minister justify putting 50 employees of that company out of work, representing over $500,000 in salaries and more than $2 million in economic loss to that region? On the one hand, a program was recently launched under which potential immigrants—

Mr. Speaker: Order, please. The hon. member for St. John's East.

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AGRICULTURE

PRICE AND SUPPLY OF TURKEYS

Mr. James A. McGrath (St. John's East): Mr. Speaker, I have a question for the Minister of Agriculture. Although the minister sounds, and at times looks, like an old gobbler, I know his heart is in the right place. I know he wants to ensure that Canadians will be able to buy their turkeys this year at a reasonable price.

In light of the charge made by the Minister of Consumer and Corporate Affairs that the turkey marketing board seriously underestimated the supply situation, and hence drove the price up, may I ask the hon. gentleman what steps he has taken to investigate that charge and what assurance he can give the House that there will be an adequate supply of turkeys on hand to ensure that Canadians can afford to buy them at a reasonable price this Christmas?

Hon. E. F. Whelan (Minister of Agriculture): I am sure the hon. member can read and write—pretty sure—

Some hon. Members: Oh, oh!

Mr. Whelan: In the local papers recently there have been tremendous advertisements for birds—turkeys, hen birds, toms, etc.—at different prices ranging from as low as 89 cents a pound, reasonably priced products. If he has read what the suppliers of these birds have been saying, he will know there will be an adequate supply for Christmas. Needless to say, we have carried out some inquiries in the department and our investigations have shown that the humble bird which is used for festive occasions such as Thanksgiving, Christmas, Easter, weddings and festivities like these is still a good buy, considering it is lower in price than a hot dog.

Some hon. Members: Hear, hear!

Mr. McGrath: Mr. Speaker, speaking of humble birds, was the Minister of Consumer and Corporate Affairs—

Some hon. Members: Oh!

Mr. McGrath: —enunciating government policy when he stated that the turkey marketing board has seriously underestimated supply and when he claimed that this was due largely to the fact that the turkey marketing board had on it no consumer representation? If that is the case, can the minister assure the House that this situation will be remedied, or else will he clip the wings of his hon. friend, the Minister of Consumer and Corporate Affairs?

Some hon. Members: Oh, oh!

Mr. Whelan: Mr. Speaker, I am sure the hon. member is following his line of questioning more for devilment than for anything else. All he has to do is to look at that advertisement and see that these are prime, best-you-can-buy, turkeys. One of the directors of these stores is even a former chairman of the Food Prices Review Board, and the top grade is only $1.09 a pound. Other products which have no marketing boards connected with them have gone up much more in price than these highly nutritious birds which are almost 12½ per cent or 13 per cent protein, higher than nearly any other meat you can buy. They are a very good buy.

Some hon. Members: Hear, hear!

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IMMIGRATION

CANADIAN COMMITMENT TO SOUTHEAST ASIAN REFUGEE FUND

Mr. Jake Epp (Provencher): My question is directed to the Minister of Employment and Immigration, Mr. Speaker. The United Nations conference on refugee matters ended in Geneva yesterday. At that conference, during a discussion on Southeast Asian refugees, the western countries gave a commitment to provide an additional $10 million for those refugees as well as an undertaking that an additional number of refugees would be accepted.

I would like to ask the minister whether Canada made any commitment with respect to the $10 million and, further, whether Canada made a commitment to accept refugees in addition to the 600 from the *Hai Hong,* the 50 boat people per month or the 20 overland refugees per month.

Hon. Bud Cullen (Minister of Employment and Immigration): Mr. Speaker, Canada was a very active participant in the conference to which the hon. member referred. We did not go there with any intention to make any commitment, but we are endeavouring to determine how the matter might be resolved on a long term basis over a three or four-year period, rather than by some ad hoc method.

I have not yet received a report from our representative at the meeting other than a preliminary indication that the discussions were very productive. It seems there may be very adequate response to this problem. Officials of the government of Vietnam were also there and representations were made to them which might help facilitate family reunification not only in Canada but in other countries.

Mr. Epp: I would like to direct my supplementary question to the Secretary of State for External Affairs, since it is likely to come under his jurisdiction. One of the ongoing problems with respect to Southeast Asian refugees or, for that matter, any refugee movement is the fact that there are so few receiving countries, Canada being one of them. At the conference in Geneva a strong petition was put forward that more countries declare themselves willing to be refugee-receiving countries. Could the minister tell us what the response was? Were commitments made by countries now not receiving refugees, to do so? I ask this in relation specifically to Southeast Asian refugees.

Hon. Donald C. Jamieson (Secretary of State for External Affairs): Mr. Speaker, I cannot answer in specific terms for the conference itself. I have no doubt, although I have not seen a report to confirm this, that representations calling for more receiving countries were made. As for the reaction to the suggestion, there is as yet no formal report from the conference. Recently, during conversations at NATO with a number of countries, some of my colleagues and I urged that there be a widening of the number of receiving countries, and this suggestion was received quite well. In other words, I think there is a general awareness of the necessity for more countries to be forthcoming in this regard.

Without going into all the details, the difficulty lies in getting some kind of international agreement which would provide an ongoing basis upon which crises of this kind could be dealt with in an orderly fashion. As far as Canada is concerned, I think the most recent instance demonstrates the compassion we feel. We shall continue to do what we can and, as well, to urge other countries to do the same.

* * *

ADMINISTRATION OF JUSTICE

GUN CONTROL LEGISLATION—REGISTRATION OF FIREARMS

Mr. R. E. McKinley (Huron-Middlesex): Mr. Speaker, I have a question for the Minister of Justice: it concerns the regulations which form part of the gun control law which will take effect on January 1. It seems that under those regulations people having guns repaired, as well as those buying new guns, will be forced to obtain a registration certificate. The regulations also provide that issuing officers will only be stationed in communities with populations of over 15,000. This would create a tremendous hardship in many parts of Canada. I would like the minister to check into these matters to make sure that this situation is rectified before the law comes into effect on January 1.

Hon. J.-J. Blais (Solicitor General): Mr. Speaker, I take the representations the hon. member has made very seriously. I am aware of the difficulty that exists with respect to the repair of guns. It is not a question of having the guns registered; we are dealing with hunting guns which may be under repair and the requirement to obtain an arms acquisition certificate to re-acquire the gun once it has been repaired. This is a question which is currently receiving my close attention.

As for placing officers only in communities of 15,000 population or more, that is not the information that I have. However, I will certainly check into this matter and report back to the hon. gentleman.

* * *

SPORTS

STATUS QUO OF CANADA CUP HOCKEY COMPETITION

Mr. Arnold Peters (Timiskaming): Mr. Speaker, my question is for the Minister of State for Fitness and Amateur Sport. Would the minister clarify to the House her position with respect to CAHA representation on the IIHF? Alan Eagleson and Hockey Canada both appear to feel that the Canada Cup is dead. What does the minister intend to do to ensure that this popular sporting event does take place?

• (1502)

Hon. Iona Campagnolo (Minister of State (Fitness and Amateur Sport)): Mr. Speaker, the entire matter hinges on a rather complicated pattern, and perhaps I should answer on the order paper but I will try to explain here. In June of this year the CAHA and Hockey Canada agreed that Hockey Canada would take over certain of the representations of international teams. There was one section of the agreement wherein if there was a junior team involved it was agreed that there would be an internal committee of Hockey Canada which would be controlled by the CAHA and which would represent Canada in junior team involvements. This was on June 26. On June 27, the next day, the agreement was signed by the CAHA and by Hockey Canada, and I was never given any indication by anyone in that operation that this was in any way a tentative agreement.

Four months later, on October 20 of this year, I was told by the CAHA that it disagreed with the agreement and with certain specific sections in it. Therefore, Mr. Eagleson has been waiting for us to honour the agreement which was made with the International Ice Hockey Federation regarding the 1979 and 1981 world championships, the 1979 and 1982

Canada Cup, the 1980 Olympic participation, and the 1981 world—

Some hon. Members: Order.

Mr. Speaker: Order, please. Regretfully, with the best of intentions, the answer although informative in nature is just a bit long for the question period. Perhaps the hon. member might have one short supplementary.

Mr. Peters: Mr. Speaker, I would like to ask the minister if, on behalf of Canada, she has considered allowing either Alan Eagleson, representing professional players in Canada, or that organization to exercise representation on the international hockey association so that we can participate in the Canada Cup and so that there will be some hope that it will continue in the future. It obviously will not if we play around with amateur hockey associations.

Mrs. Campagnolo: Mr. Speaker, I have asked Hockey Canada to convene a meeting tomorrow or the next day at which Hockey Canada will undertake to find a means to resolve this problem. I expect the agreement signed last summer to be adopted, and if the CAHA finds it impossible to live with this, I expect it will find it impossible to live with Hockey Canada.

* * *

NATIONAL RESOURCES AND PUBLIC WORKS

REQUEST THAT HARE REPORT BE REFERRED TO STANDING COMMITTEE

Mr. David MacDonald (Egmont): Mr. Speaker, I would like to raise as a point of order the question of House business relating to the last session of parliament, if I can get the attention of the Deputy Prime Minister (Mr. MacEachen). The question arises out of the work done in the last session of parliament with respect to the referral of the Hare report on the disposal of nuclear waste to the Standing Committee on National Resources and Public Works. As the Deputy Prime Minister knows, there were a number of excellent hearings held with respect to that important question.

Since the termination of the last session and the work of that committee not being completed, some major proposals have come forward, one as late as today released by Atomic Energy of Canada Limited on the Canadian disposal program for the management of radioactive fuel wastes. In view of some of the conclusions in that report and some of the timetabling committing the government agency to the disposal of nuclear waste, I wonder if the Deputy Prime Minister can give us some assurance that a reference of the Hare report plus other more recent documents can be made to the standing committee again in order that it can complete its work and make a full and final report to this House in this session of parliament.

Hon. Allan J. MacEachen (Deputy Prime Minister and President of Privy Council): Mr. Speaker, in cases of this kind usually the initiative for the referral of a question like the one my hon. friend mentions is up to the minister responsible. I normally agree, unless there are strong reasons from the point of view of the operation of the committee system why a particular matter should not go ahead. So I believe that in a matter of this kind the question should be addressed to the appropriate minister.

Mr. MacDonald (Egmont): Mr. Speaker, I have one further point with respect to this point of order. In view of the request in the last session by the committee to have that reference again so that it can complete its work, I wonder if the Deputy Prime Minister would consult with the Minister of Energy, Mines and Resources (Mr. Gillespie) and any other appropriate officials so that that work may be completed. I am sure both ministers would want to have a full and final report from this parliamentary committee so that reports such as this may be examined fully. Otherwise, we may find government bodies making decisions for which there has been no parliamentary consideration or approval. Can we get some agreement that the minister might consult and make a reference very quickly in order that the committee can recommence its efforts?

Mr. Gillespie: We will consult.

* * *

[*Translation*]

PRIVILEGE

MR. LAVOIE—REQUEST FOR REVISION OF PROCEDURE DURING ORAL QUESTION PERIOD

Mr. Jacques Lavoie (Hochelaga): Mr. Speaker, this is the third time since I have been in the House of Commons that I rise on a question of privilege, and once again it has to do with the oral question period. Fairly often we see some colleagues on this side of the House get up regularly to ask questions of public interest, but we were recognized perhaps two or three times, Mr. Speaker, and I do not hold that against you. What happens in the meantime is that when they arrive in Quebec, for example, hon. members of the opposition say: You have 60 or 61 members and they never get up to speak in the House. We are willing to get up but if we are not recognized, we cannot say anything, Mr. Speaker. So I would suggest, with all due respect, that the leader of the government meet you, either alone or perhaps with a few hon. members, to try to come to an agreement on that matter because it seems that as hon. members, whether Liberal, Conservative, Social Credit or NDP members, we all have the same rights in the House. Then, it is normal to be able to ask questions. I am not saying that it is always the same hon. member who should ask questions. I have other colleagues, for example the hon. member for Ottawa-Vanier (Mr. Gauthier) who gets up nearly every day. There is also the hon. member for Longueuil (Mr. Olivier) and how many others who get up without being recognized, Mr. Speaker. I feel the problem should be settled once and for all in the Standing Committee on Privileges and

Elections, for example, so that we can also be recognized in the House. I think it is simple logic.

ROUTINE PROCEEDINGS

[*Translation*]

MISCELLANEOUS PRIVATE BILLS AND STANDING ORDERS

FIRST REPORT OF STANDING COMMITTEE

First report of Standing Committee on Miscellaneous Private Bills and Standing Orders—Mr. Comtois

[*Editor's Note: For text of the above report, see today's Votes and Proceedings.*]

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[*English*]

REGULATIONS AND OTHER STATUTORY INSTRUMENTS

CONCURRENCE IN THIRD REPORT OF STANDING JOINT COMMITTEE

Mr. G. W. Baldwin (Peace River) moved that the third report of the Standing Joint Committee on Regulations and Other Statutory Instruments, presented to the House on Monday, December 11, be concurred in.

Mr. Speaker: Is it the pleasure of the House to adopt the said motion?

Some hon. Members: Agreed.

Mr. Baldwin: Mr. Speaker, I am glad to hear that almost unanimous expression and wish on the part of hon. members opposite. I will not speak for too long on this motion. I am glad that the Prime Minister (Mr. Trudeau) has rushed here from his arrival from Europe to listen to this debate.

Mr. Trudeau: I wouldn't miss you, Jed.

Mr. Baldwin: I know the Prime Minister is interested because I have a few documents to indicate that he and the government are alarmed at the extent to which there is abuse of regulatory power. At federal-provincial conferences the Prime Minister has shown that he is concerned about trying to restrict this abuse.

Mr. Trudeau: I just want to see your usual imagination at work, Jed.

Mr. Baldwin: My imagination certainly has led me to thank the Prime Minister for coming here. My imagination does not prevent me from saying that I hope he will support the motion, when it comes to a vote. In the meantime I will undertake to stay and listen to his speech, although I do so with some reluctance.

Mr. Trudeau: So do I.

Mr. Baldwin: Mr. Speaker, this motion indicates that there is unanimous support in the Standing Joint Committee on Regulations and Other Statutory Instruments and the report deals particularly with the flagrant abuse of regulatory power by officials of the Department of Transport. On several occasions this committee has brought before the House reports in connection with our responsibility for examining the extent to which the power which this House and parliament gives to government, government officials and government agencies to act by order in council and regulation has been abused.

• (1512)

The extent of this can be shown by the fact that since our committee came into existence we have examined over 3,000 orders in council. Those are only orders in council which are not hidden, because a large number are not published. There are also directives and decrees which are not made public. It is fair to say that in the last three or four years there have been probably many thousand more than the 3,000 directives which I have mentioned affecting the people of this country, their lives, their property and their social problems, directives which have been prepared by bureaucrats, signed by ministers and have become the law of the land. Of those 3,000, we have said in respect of 1,200 cases that they should be challenged, objected to or queried. So when I say to the House that this is a considerable problem, Your Honour will be quite aware that I am not exaggerating.

The particular issue in question arose from an attempt by officials of the Department of Transport to deal with land adjacent to a number of airports in Canada. Those airports have been listed in the appropriate orders in council and cover St. Hubert, Calgary, Resolute Bay, Toronto international airport, Windsor, Sault Ste. Marie, Sarnia, Ottawa, North Bay, Hamilton, Kelowna, Sept- Îles and Charlo airports. It is an order in council by which the minister, through his regulations, is given the power to send his agents or contractors to an adjacent property to cut down articles of natural growth, trees or what have you, and have them hauled away or disposed of as he sees fit.

In the first instance, this is far outside the terms of the enabling section in the statute. The pertinent section of the statute is section 6(1)(*j*) of the Aeronautics Act, which provides that the governor in council may pass regulations dealing with such things as regulations restricting, regulating or prohibiting the doing of anything or the suffering of anything to be done on any such lands—that is, lands adjacent to an airport. That is a very reasonable power to be given, but it is far less than the tremendous power given here by some official in the form of an order in council put before the governor in council to sign. I doubt very much that the cabinet examines too closely some of the orders in council they do sign, having in mind what I have read about them. The officials are empow-

ered to go on the land and remove these articles and commodities of natural growth.

This particular order in council is covered in clause 7 of the regulations gazetted in 1978. It reads:

> Where an owner or occupier referred to in section 6 permits an object of natural growth to exceed in elevation any of the surfaces set out . . . the minister may make a direction that any person may enter upon the land on which the object is growing and remove the excessive growth thereof.

If this parliament, which all too frequently is careless about the power it gives to the governor in council or to ministers to exercise authority by order in council, wishes that this be done, then let the government come to parliament and seek that power. Let us not leave it to some unknown, unnamed, faceless bureaucrat to make this particular regulation.

I suggest that in substance this authority may not be as much as some hon. members might feel it should be, but to me and to anyone who prizes parliamentary government in this country it seems we should stop and ask ourselves how far we are prepared to go to give authority to governments, to government departments and to government agencies to act by order in council without in any way examining the extent to which use is made of that power.

On several occasions our committee has made representations to the House, we have brought in reports to the House, but they have been ignored and neglected, and it is a matter of considerable importance that the Prime Minister, at the federal-provincial conference of February of this year, proposed that some steps should be taken to examine the growth of the regulatory power to see what should be done to curtail it.

In a letter of July of this year the Prime Minister wrote to the president of the Economic Council of Canada, Dr. Ostry, for whom I have considerable admiration, but in this case the letter was late, probably too little and too late. Dr. Ostry and her advisers only had between July and November of this year to make an interim report. The interim report went some distance along the road, but asking bureaucrats, who are probably members of the task force, or other bureaucrats in government to look at the problem of too much regulatory power is like asking rats to make the rat trap in which they will be forced to put themselves some time in the future. I am speaking figuratively, of course.

The Prime Minister is thoroughly familiar with rats, of course, and I do not feel that what I am saying is unknown to him in that respect. But I point out, Mr. Speaker, that if any body or any forum is going to exercise the care and scrutiny which there should be in respect of a matter of this kind, it is this House and this parliament. We have been careless and slovenly in the extent to which we have given away these powers and in our failure to ride herd on what happens to them after we have given them away. The Prime Minister recognized that, I think. He would make a great man in opposition. If he were in opposition, he would make a great rebel. When he is in power, of course, he believes in exercising all the authority on which he can lay his hands. When the devil is ill, the devil an angel would be; when the devil is well, the devil an angel is he. That is the way I think of the Prime Minister.

This is the situation we face. We have attempted to deal with it. Our committee, at the instance of my distinguished and learned colleague, the hon. member for Grenville-Carleton (Mr. Baker), passed a motion—

Some hon. Members: Hear, hear!

Mr. Baldwin: I am glad to hear that my opinion of my colleague is shared by hon. members opposite.

Mr. Railton: It has changed overnight.

Mr. Baldwin: I do not known what the hon. member did last night, but whatever he did, he was probably driven to it by the behaviour of hon. members opposite.

To come back to the subject, the hon. member for Grenville-Carleton proposed a motion, which was unanimously accepted in committee by members on both sides of the House and from both houses. We are one of the committees which acted with unanimity and our reports are unanimous, so that is why we are getting some credibility for them. The hon. member's motion was to the effect that when bills are brought before the House which contain a clause of a regulatory nature, that enabling clause should be referred to the Standing Committee on Regulations and Other Statutory Instruments for study. Because our committee acts on a post mortem basis.

I think it is terribly important, when the House is being asked to give to the governor in council, to a minister or to an agency these important powers, that we should be entitled to ask why they want them, what they will do with those powers, what it will cost, who they will affect, and what will be their economic impact.

● (1522)

That is the text of the letter of the Prime Minister which was sent to the president of the Economic Council of Canada. Obviously he must feel the same way, and I hope he exercises what authority he still has among members of his own party in an attempt to pursuade them to adopt this particular motion.

I could continue for some length of time, but I do not want to delay the right hon. Prime Minister and other members of my party who wish to participate in the debate on this motion. I hope hon. members on both sides of the House will see the importance of this motion, in that it represents some attempt by the House to once more exercise control, to challenge and scrutinize the vast powers which we are persuaded to give government agencies.

Hon. Otto E. Lang (Minister of Transport): Mr. Speaker, I do not want to detain the House when we are eager for a very important matter of economic business. I am delighted the hon. member for Peace River (Mr. Baldwin) recognized the importance of the statutory instruments procedure once again in his remarks today. He did not translate that recognition into a tribute to the government for seeing to it that these procedures are in place in order to effect a thorough examination of our regulations.

Mr. Baldwin: John Turner brought that in.

Mr. Lang: This is a fact, and it is a tribute to the entire procedure. This regulation was made in a department which is within my area of responsibility. Perhaps I will ask the committee to consider hearing directly from the minister on another occasion, if the committee is moving to recommend, or comment against, a regulation. I say that kindly and in passing, without any great feeling of having missed an opportunity to appear before the committee.

The committee did not indicate that the regulation was ultra vires. It did not attempt to answer that legal question, and it did not indicate that it was necessarily a wrong thing to do. But the committee directed itself to the fact that it would be better, because of the extraordinary nature of the power, if it were done more directly by legislation rather than by regulation.

I have examined this particular question. In any case, it is not a power which is often needed or used. Perhaps a debate in parliament would have been desirable in relation to it. Therefore, I have no quarrel with the unanimous recommendation which the Standing Joint Committee on Regulations and Other Statutory Instruments put before the House. I support the report and therefore I will vote for it if a vote is necessary in the circumstances.

Mr. James A. McGrath (St. John's East): Mr. Speaker, I should like to speak very briefly to the motion of concurrence in the report. I do so in order officially to apprise the Standing Joint Committee on Regulations and Other Statutory Instruments of an order in council which was the subject of a question of privilege brought before the House last Friday. I am referring to order in council No. PC 1978-3243 of October 26, 1978 which was proclaimed in the *Canada Gazette* on November 8.

The reason it was the subject of a question of privilege before the House was that the order in council proclaimed on November 8 enacts or proclaims into law a clause of a bill which is still before the House, namely, clause 2 of Bill C-14. Mr. Speaker intervened during the course of the question of privilege and suggested that in the normal course of the work of the Standing Joint Committee on Regulations and Other Statutory Instruments this matter would come before it. Also Mr. Speaker suggested that the question of privilege could be disposed of by referring it to the Standing Joint Committee on Regulations and Other Statutory Instruments without prejudice to any question of privilege which may arise from it.

My reasons for participating in this motion are twofold. First, I should like to apprise the Standing Joint Committee on Regulations and Other Statutory Instruments of the importance of dealing with this matter as soon as possible because Bill C-14 has not been disposed of. It has not had third reading; it is still before committee. Also, I do so because of the tremendous backlog of work facing the committee. According to the committee report, it has considered 3,047 regulations. It has objected to, queried and requested explanation, including matters raised by counsel prior to submission of an instrument to the committee with explanation attached, of 1,125 statutory instruments or regulations.

In the normal course of events, the committee would not deal with this particular regulation or statutory instrument, passed by cabinet in October and proclaimed in the *Canada Gazette* in November, for some time. It would be considerably after the House gave third reading to Bill C-14 and it passed the other place. That represents the quandary embodied in my intervention.

Before Bill C-14 is passed by parliament, the committee should rule as to whether government had the authority to enact that order in council which embodies the provisions of clause 2 of Bill C-14. If the government did not have that statutory authority, it is in contempt of the House and it would be the legitimate subject of a question of privilege. On the other hand, if the government had the statutory authority to enact the provisions of clause 2 of Bill C-14, then why did it bother to ask parliament to pass clause 2 or why did the government bother to include clause 2 in Bill C-14?

In conclusion, I congratulate the hon. member for Peace River (Mr. Baldwin) and his co-chairman, Senator Forsey, on the excellent work which the committee has been doing as the watchdog of parliament's rights respecting legislation and the power or practice of the government to go beyond legislation all too often by enacting regulations flowing from legislation. I should like to apprise him, his co-chairman and the members of the committee of the urgency of giving consideration to order in council No. PC 1978-3243 passed on October 26. I say this because of its conflict with Bill C-14, and because it may very well put the government in contempt of parliament, which would be a legitimate subject of a question of privilege in the House.

Mr. Walter Baker (Grenville-Carleton): Mr. Speaker, I realize the right hon. Prime Minister (Mr. Trudeau) wants to begin. I do not want to hold him up because his journey has been a long and difficult one. I thank the hon. member for Peace River (Mr. Baldwin) for bringing this motion before the House. If the motion is adopted by the House, it would permit the House to depart from the usual practice of merely referring bills to standing committees, and provide a concurrent power to refer the regulatory aspect of the bill to the Standing Joint Committee on Regulations and Other Statutory Instruments to deal with the matter.

I was pleased with the acceptance of the motion by the Minister of Transport (Mr. Lang). He suggested that it might be appropriate from time to time for ministers to appear before the committee respecting matters which fall under their jurisdiction when regulations made under statute are before the committee. I think that is quite appropriate and would be welcomed. We would welcome advice from time to time from the Minister of Justice (Mr. Lalonde) in his capacity as Attorney General. I have often wondered whether, because the Minister of Justice has certain administrative responsibilities as far as the Government of Canada is concerned and to his colleagues in cabinet, he might stray into a conflict of interest situation or find himself at odds periodically because of his responsibilities as the Attorney General of Canada. Certainly if there was a separation of that department that would

facilitate this kind of work, not only in respect of this committee but in respect of a host of other operations of committees of the House of Commons.

● (1532)

In closing, I want to commend to the Prime Minister the work of the joint chairmen of the committee, Senator Eugene Forsey and the hon. member for Peace River, who has already spoken. I want to speak particularly about the work of Senator Forsey and other senators of the committee who gave excellent service. I would hope that as time goes on the Prime Minister and the government House leader might want to temper their comments in respect of the Senate. The Senate is a very useful organization in terms of the calibre of work I have seen as a member of the committee. I know the Senate has followed the tradition which has existed in their finance committee in dealing with expenditures of the government. They have done an excellent job and have followed up that tradition in this particular committee. I hope the House will see fit to concur in this report.

Mr. Ray Hnatyshyn (Saskatoon-Biggar): Mr. Speaker, I too want briefly to enter the debate on this particular motion and to join with those who have already spoken in support of the proposition we have before us; that is to say, putting into place a procedure which I think will very much improve the effectiveness of the operations of the Joint Standing Committee on Regulations and Other Statutory Instruments. That committee is doing yeoman service not only on behalf of members of this House but on behalf of the people of Canada, looking as it does at the incredible number of regulations that we see in government today and that affect very seriously the lives of people across the country.

I could not help but note that the Minister of Transport (Mr. Lang) in his interjection referred to the fact that this government has introduced a provision in law which allows for the establishment of this committee and allows the committee to look at regulations from time to time. As I recall, this was brought forward on a motion by Mr. John Turner, who is known to the Prime Minister, I think, when he was minister of justice.

I want also to point out the fact that while this move on the part of the government was extremely worth-while, and we in fact want to give credit where credit is due, we do go through a process of evolution in the considerations of this committee, learning from our experience in dealing with various regulations, statutory instruments and a variety of orders in council.

My hon. friend from St. John's East (Mr. McGrath) has pointed out an example of the kind of consideration we might now give in respect of legislation before the House. This is a matter of very considerable importance when there appears on the face of it to be conflict between a regulation which in fact has been passed or proclaimed by order in council and a section of a bill being considered by a standing committee of this House.

[Mr. Baker (Grenville-Carleton).]

I simply want to say that in my estimation we should try to broaden the operations of this committee in the interests of the people we represent, because from time to time there are occasions when it is drawn to our attention as members of parliament that there are regulations in place, or potentialities in terms of legislation, which would have serious consequences in the form of regulatory control on the lives of the people of this country. Sometimes I have felt we have been somewhat constrained within the committee in dealing with these particular matters until they came up in a post mortem sense, as referred to by the hon. member for Peace River.

I want to give my full support and endorsation to that which has been said by those who have spoken already. This is another step in the attempt to come to terms with the ever-growing government by regulation with which we are faced these days. I hope the report will receive unanimous concurrence at this time.

Motion agreed to.

* * *

[*Translation*]

QUESTIONS ON THE ORDER PAPER

(Questions answered orally are indicated by an asterisk.)

Mr. Yvon Pinard (Parliamentary Secretary to President of Privy Council): Mr. Speaker, the following questions will be answered today: Nos. 34, 168, 194, 222, 224, 227, 269, 360, 361, 362, and 369.

[*Text*]

ATLANTIC DEVELOPMENT COUNCIL—PROFESSIONAL SERVICES

Question No. 34—**Mr. Orlikow:**

1. For the fiscal year 1976-77, what contracts for professional services were let for studies, surveys and analyses into (a) present or future policies, programmes or information analysis and their efficiency and effectiveness (b) the examination of the administration or internal operation of the Atlantic Development Council?

2. How much was committed on each contract and to whom?

Mr. Donald Wood (Parliamentary Secretary to Minister of Regional Economic Expansion): The reply for the Atlantic Development Council is as follows: 1. (a) Thirteen contracts were let in 1976-77 for the study and review of various subjects of concern in revising the council's economic development strategy for the Atlantic region. Please refer to following table.

(b) Nil.

2.

Name	Nature of contract	Amount committed
Dr. O. M. Solandt	General advice on approach, planning, elements and technical context for strategy revision project	$10 200
Atlantic Provinces Economic Council	Agriculture	6 500

Name	Nature of contract	Amount committed
Mr. E. S. Fellows	Forestry	$ 4 500
Geological Services Ltd.	Mining	4 500
Mr. C. Karasek	Construction	3 500
Development Planning Associates Ltd.	Manufacturing	10 000
Development Planning Associates Ltd.	Tourism	2 000
Mr. John Brander	Transportation	2 500
Atlantic Provinces Economic Council	Debt and equity financing	5 000
Dr. Angus Bruneau	Prospects in high technology	5 000
Dr. A. W. H. Needler	Fisheries	3 480
Mr. C. Karasek	Maine corridor road	5 000
Atlantic Provinces Economic Council	Service industries	2 500

CIDA—TIED AID

Question No. 168—**Mr. Roche:**

1. Do the proceedings of the Standing Committee on External Affairs and National Defence for May 31, 1977 at p. 20A-2 contain the following statement from CIDA with respect to tied aid "Recently, an interdepartmental agreement was reached for a one-year trial period of limited untying to developing countries? It will take some months to establish appropriate administrative procedures so that this can be implemented without seriously affecting particular Canadian industries or communities."

2. Have the appropriate administrative procedures for proceeding with a one-year trial period of limited untying been established and (a) if so, on what date will the trial period begin or on what date did it begin (b) if not (i) what is causing the delay (ii) on what date will they be established?

3. What is meant by (a) "appropriate administrative procedures" (b) "limited untying" to developing countries?

4. Which are the particular Canadian (a) industries (b) communities that would be seriously affected by limited untying of aid to developing countries?

Mr. Louis Duclos (Parliamentary Secretary to Secretary of State for External Affairs): 1. See Beauchesne's Parliamentary Rules and Forms, citation 171(ff).

2. Administrative procedures were drawn up in 1977 but submission to the minister for approval was postponed, largely in view of constraints imposed by the comprehensive review of CIDA's organizational structure being undertaken at that time. With the re-organization now underway, the question of untying to developing countries is being re-examined with a view to submission of proposals for ministerial approval.

3. (a) "Appropriate administrative procedures" mean that clear guidelines must be established for the issuance of tender calls, their evaluation and approval, for payments, tax exemptions, settlement of disputes, etc.

These procedures are necessary to ensure:

—optimal benefit to the recipient country;

—meaningful bidding opportunities for third country suppliers;

—an acceptable level of CIDA administrative burden while maintaining adequate control over the utilization of aid funds;

—avoidance of serious injury to particular Canadian industries which might result from loss of aid contracts.

(b) The international debate on untying revolves around the concept of phasing in more liberal measures on a gradual basis, moving from "partial" untying to developing countries as recognized by DAC to full or "reciprocal" untying between donors. The expression "limited" untying refers to untying only to those countries eligible to receive Canadian bilateral assistance.

4. When this matter was reviewed in 1977, the industries and activities which might be significantly affected by untying to developing countries were considered to be railway rolling stock, potash and parallel financed EDC-CIDA lines of credit.

MARITIME ENERGY CORPORATION

Question No. 194—**Mr. Howie:**

Did the government agree to assist the Maritime Energy Corporation with its operating expenses and, if so, in what amount?

Hon. Alastair Gillespie (Minister of Energy, Mines and Resources and Minister of State for Science and Technology): The Department of Energy, Mines and Resources reports as follows: Negotiations are not yet completed between the federal government and the provinces. Federal participation discussed has been related to capital and organization costs rather than to operating expenses.

ELDORADO NUCLEAR LIMITED—SASKATCHEWAN

Question No. 222—**Mr. Hnatyshyn:**

What products does Eldorado Nuclear Limited plan to produce in the proposed uranium refinery in the Province of Saskatchewan?

Hon. Alastair Gillespie (Minister of Energy, Mines and Resources and Minister of State for Science and Technology): Eldorado Nuclear Limited reports as follows: The proposed Saskatchewan uranium refinery would be capable of producing uranium hexafluoride (UF_6) as well as intermediate and final uranium products both for Canadian and export markets. The actual product mix for the proposed plant will be subject to further market analysis and feasibility studies.

EXPORT OF URANIUM

Question No. 224—**Mr. Hnatyshyn:**

Is the government contemplating, or has it under discussion, any changes in its policy with regard to the export of uranium?

Hon. Alastair Gillespie (Minister of Energy, Mines and Resources and Minister of State for Science and Technology): The Department of Energy, Mines and Resources reports as follows: The statement on Canada's uranium policy made by the Hon. Donald S. Macdonald on September 5, 1974 has been working well and continues to apply so far as the export of uranium is concerned.

Order Paper Questions

URANIUM ENRICHMENT PLANTS

Question No. 227—**Mr. Hnatyshyn:**

Is the government comtemplating, or has it under discussion, any changes in its policy with regard to the construction of uranium enrichment plants in Canada?

Hon. Alastair Gillespie (Minister of Energy, Mines and Resources and Minister of State for Science and Technology): The Department of Energy, Mines and Resources reports as follows: No.

FINANCE—LAWYERS IN PROVENCHER

Question No. 269—**Mr. Epp:**

From June 1, 1974 to date, what lawyers in the Constituency of Provencher were given work by the Department of Finance and what amount was each paid per year?

Mr. Claude-André Lachance (Parliamentary Secretary to Minister of Justice): In so far as the legal agents of the Minister of Justice are concerned: None.

COST OF URANIUM

Question No. 360—**Mr. Lawrence:**

1. What is the current cost of one pound of (a) natural uranium fuel (b) milled uranium?

2. How much value is added to one pound of uranium during (a) refining (b) fuel fabrication?

Hon. Alastair Gillespie (Minister of Energy, Mines and Resources and Minister of State for Science and Technology): The Department of Energy, Mines and Resources reports as follows:

1. (a) and (b) Uranium is currently bought and sold as a mill concentrate containing in excess of 70 per cent uranium (85 per cent U_3O_8). Costs of producing this product vary considerably from producer to producer depending on such things as the nature of the deposit, the method of exploitation, the geographic location and the tax and royalty structure of the host province. Current prices of uranium are in the order of $130/kg Uranium ($50/lb U_3O_8) in Canadian dollars.

2. (a) and (b) Since Canadian uranium export policy requires that exports be in the most refined form possible, uranium which is destined for export is normally refined to uranium hexafluoride (UF_6). This step adds about $5.50 to $6.00/kg U to the value of the exported product. Uranium destined for the domestic market is first refined to purified ceramic-grade uranium dioxide (UO_2), increasing the value by about $6.00/kg U; fabrication of the UO_2 into CANDU fuel adds a further increment of some $40/kg U.

PERSONS EMPLOYED IN PROCESSING OF URANIUM

Question No. 361—**Mr. Lawrence:**

How many persons are employed in Canada for the purpose of (a) mining uranium (b) milling uranium (c) refining uranium (d) fabricating uranium fuel?

Hon. Alastair Gillespie (Minister of Energy, Mines and Resources and Minister of State for Science and Technology):

[Mr. Gillespie.]

The Department of Energy, Mines and Resources reports as follows: (a) and (b) 5,000 (estimated); (c) 500 (estimated); (d) 600 (estimated).

ATOMIC ENERGY—TRANSFER OF URANIUM FUEL TECHNOLOGY

Question No. 362—**Mr. Lawrence:**

Will AECL, any of its contractors or any other Canadian agency, producer, private firm, corporation, partnership or consortium be involved in the transfer of technology to help (a) South Korea (b) Argentina (c) Romania or any agency, utility or operator in any of the countries, with the mining, milling, refining or fabrication of natural uranium fuel?

Hon. Alastair Gillespie (Minister of Energy, Mines and Resources and Minister of State for Science and Technology): Atomic Energy of Canada Limited reports as follows: (a) No. (b) and (c) Argentina and Romania have expressed the wish to acquire fuel fabrication technology to manufacture their own CANDU fuel. Both will have to negotiate such transfer with the Canadian fabricators with whom such technology resides.

URANIUM FUEL

Question No. 369—**Mr. Lawrence:**

How many pounds of uranium fuel is or will be consumed per year in (a) Pickering NGS A (b) Bruce NGS A (c) Douglas Point (d) Point Lepreau?

Hon. Alastair Gillespie (Minister of Energy, Mines and Resources and Minister of State for Science and Technology): Atomic Energy of Canada Limited reports as follows:

		1977 Actual Mg of U	Future estimated at 80 per cent capacity factor Mg of U per year
(a)	Pickering A	295	268
(b)	Bruce A	222	370
(c)	Douglas Point	12.8	27
(d)	Point Lepreau	0	98

* * *

[*Translation*]

QUESTION PASSED AS ORDER FOR RETURN

Mr. Yvon Pinard (Parliamentary Secretary to President of Privy Council): Mr. Speaker, if question No. 322 could be made an order for return, this return would be tabled immediately.

Mr. Deputy Speaker: The questions enumerated by the parliamentary secretary have been answered. Is it the pleasure of the House that question No. 322 be deemed to have been made an order for return?

Some hon. Members: Agreed.

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

Some hon. Members: Agreed.

[*Text*]

ARMED FORCES—ADVERTISING

Question No. 322—**Mr. Jones:**

1. Does the Candian Armed Forces place any advertising in local newspapers or special events programmes, and if so, what are they?

2. What amount of money is spent on each of these "ads"?

3. Are these ads, from development to lay-out, completed by Armed Forces personnel or do outside private agencies do that work? Are there not sufficient numbers of personnel within the Armed Forces to complete whatever work of this type is necessary?

4. What is the total amount of monies spent on advertising of this sort? What is the purpose of advertising of this sort?

Return tabled.

* * *

[*English*]

MOTIONS FOR PAPERS

Mr. Yvon Pinard (Parliamentary Secretary to President of Privy Council): Mr. Speaker, I would ask that all notices of motions for the production of papers be allowed to stand.

Mr. Deputy Speaker: Is that agreed?

Some hon. Members: Agreed.

GOVERNMENT ORDERS

[*English*]

MINISTRY OF STATE FOR ECONOMIC DEVELOPMENT

ESTABLISHMENT OF DEPARTMENT

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

That the following address be presented to His Excellency the Governor General of Canada:

To His Excellency the Right Honourable Jules Léger, Governor General and Commander-in-Chief of Canada.

May it please Your Excellency:

The House of Commons, having considered the proposed text of the Order in Council laid upon the table of the House on December 4, 1978, in relation to the establishment of a Ministry of State for Economic Development, prays that the making of the said order in council be approved.

He said: Mr. Speaker, before beginning my remarks on this important subject I just want to say a few preliminary words to the hon. member for Grenville-Carleton (Mr. Baker) thanking him for his suggestion that the previous subject be dealt with somewhat expeditiously in order that we get on with this debate. I appreciate his consideration.

I must in turn say that I had not been told that there would be this other matter brought up by my friend and colleague, the hon. member for Peace River (Mr. Baldwin), and I had made plans to leave the House at 4.10. This will not permit me

to listen to the Leader of the Opposition (Mr. Clark) or the leader of the NDP, and I apologize to them.

Since the hon. member for Grenville-Carleton referred to the past 12 hours, I would tell him it is not those hours that have been long, Mr. Speaker, it is the next nine hours that I fear. I may have to step out of the House before hearing the opposition's point of view, but my colleague the President of the Board of Economic Development Ministers (Mr. Andras) will stay throughout the debate and keep me very well informed.

● (1542)

We are talking about Canada's economic problems, and I know they have led to many questions about our future economic prospects. Even though we have created jobs at a record pace, unemployment is still too high; and even though we have managed to bring our domestic costs and prices under control, the lower value of the dollar and the rapid rise in prices for some food products continue to exert inflationary pressures.

Canadians are frustrated by the perception that a country as rich in human and natural resources as ours still is not realizing its economic potential. There is a strong sense that we must work together to strengthen the structure of industry in Canada, to develop our manufacturing, resource and service sectors in a manner that increases our international competitiveness and that allows the economic potential of each region to be realized.

Canadians have looked to the government for leadership and direction, and we have responded through a number of specific measures. It is important to recognize the principles that have guided our actions. We do not believe that governments alone can create a strong and healthy economy. Economic development and growth must be based on a competitive and dynamic private sector. This can be achieved only by the government and private sector acting together in ways that are mutually supportive.

The private sector must lead this process, but government support is necessary in three broad areas: first, to create a climate for growth to ensure that the general policies and programs of government support initiative, risk taking and innovation; second, to assist economic development directly where necessary and desired, to help the entrepreneur to take advantage of new opportunities to promote healthy, viable and dynamic regional economies to ease the burdens of adjustment for those individuals and regions where adjustment is required; and third, to assist in the provision of basic infrastructures that will enable the private sector to develop new initiatives and open up new markets.

[*Translation*]

The steps we took follow the principles I just mentioned and reinforce them. First of all, we are doing everything we can to ensure the recovery and the prosperity of the world economy. Trade being a vital necessity for Canada, we are taking an active part in international meetings to foster that world

recovery and prevent the escalation of protectionism which could jeopardize our economic well-being. I participated in four summit conferences, and particularly in Bonn, as leaders of major industrialised countries, we managed to take firm and decisive steps that will help bring back stability, growth and confidence.

We are actively pursuing the multilateral trade negotiations. We have specific interests to protect and promote as Canadians and we will continue firmly to assert them. At the same time, it is in our interest to fight protectionist policies which will hurt all countries, but particularly Canada.

Second, we have taken and will continue to take steps to create in Canada a healthy economic climate, a climate of confidence favourable to business growth and prosperity. Our anti-inflation program helped our industry regain its competitiveness in Canada and on world markets. We are also clearly determined to ensure that wage settlements in the public sector do not threaten to reduce that competitiveness by moving faster than in the private sector. We are also determined to reduce the part the government takes in economic activity and government interference in private sector decisions. We will continue to examine our social programs to ensure they provide sufficient assistance to those in need without reducing the incentive to work and the spirit of entrepreneurship. And if it is possible to improve on those programs, we will not hesitate to take the necessary steps, as we did recently in the case of family allowance payments and unemployment insurance benefits.

Finally, we took a certain number of specific steps to help Canadian industry:

—We have offered help and incentives to small businesses. We have reduced considerably their paperwork and decided to lower the excise tax and the capital gains tax.

—Changes to corporate income tax have helped industry to face the distortion in real benefits caused by inflation.

—We have increased help to Canadian exports through the Export Development Corporation. And, in co-operation with the private sector, we are setting up a last-risk insurance formula guaranteed by the government.

—We have started rationalizing our programs of direct help to manufacturing and processing industries by establishing the business assistance program. Regional committees were created in all provinces and are directed by representatives of the private sector. Through that program, we have improved adaptation and innovation spirit in Canadian industry. The Minister of Industry, Trade and Commerce (Mr. Horner) also announced recently that the funds available will be doubled next year and that the maximum guaranteed loans to the private sector will rise from $350 million up to $1 billion.

—We have sharply increased our help to research and development in Canada. We hope that expenses for research and development will amount to 1.5 per cent of our gross national product within five years, particularly in the private sector, and we have offered major tax incentives to facilitate the pursuit of that objective. Even though it may vary from one industry to another and from one region to another, enterprises located in the maritimes can now get the equivalent of $1 in new research and development for every 15¢ to 20¢ they spend.

Research and development are necessary if we want to set up highly technical industries which will be able to compete on the international level in the 80's. However, research and development alone are not always enough. This is why the government took some action recently to provide direct assistance on the hand to the aerospatial industry to help develop the *Challenger* which already has had an amazing success and, on the other hand, to the communications industry to promote in Canada the commercial development of communications satellite techniques. This is also why we implemented recently a $400 million program to promote the commercial development of new industries in the field of renewable energy resources. This is also why we shall continue to look for opportunities to break through and means to be successful in various major sectors.

In the context of the new economic development objectives set at the end of last summer, we have announced new expenditures of approximately $450 million for next year. These funds will be used to support the achievement of our industrial development objectives, which include job creation, further training for Canadian workers, naval construction and repairs, as well as the establishment of an infrastructure to promote our raw material industries and our tourist industry.

Finally, in the last budget we announced important measures which will truly help us contain domestic costs after wage and price controls are phased out. At the same time, they will provide a more direct stimulus to economic growth by promoting investment and increasing the purchasing power of Canadians.

All of this has started to bring about some results. The number of jobs has gone up significantly since 381,000 new jobs were created between November, 1977, and November, 1978, including 123,000 in the manufacturing sector. Our trade balance is good and still improving. The use of our manufacturing capacity has expanded during the first half of this year and has now reached the usual level. Confidence is increasing.

• (1552)

Last February, the premiers endorsed the general principles of industrial and economic development I already mentioned. But we went further together. We developed a sophisticated consultation and review mechanism involving businesses as well as unions and governments. Working groups have been established to evaluate the present situation and the future prospects for 21 different manufacturing sectors as well as

tourism and construction. Those working groups have met with some 350 representatives from Canadian enterprises and more than 50 authorized union representatives, most of them presidents of affiliated unions. People from universities and the public service were also involved in that study. All those groups have produced reports and made a total of 850 recommendations on concrete measures.

All those reports have been submitted to the public and to a steering committee composed of five representatives from unions, five from businesses and one from the universities. The report of that steering committee was published last October 23. It includes a summary of sectorial reports and makes a number of specific recommendations.

The government committed itself to respond to that review of various industrial sectors and to give it a new thrust. A first series of response to the steering committee report has just been published. The premiers met two weeks ago to study the progress made and they have agreed that all governments should work very seriously in that respect. We also agreed on the success of consultations and the need to further them in a way acceptable to all parties concerned. However, I wish to express today my congratulations and thanks to all people who have been involved in those consultations. They have been of enormous service to the country, Mr. Speaker.

[*English*]

It is time, Mr. Speaker, to take the next step. We need to continue and strengthen the process that most recently resulted in the second tier exercise, and to ensure by policy decision that needed action is taken: action to influence the development of industries and regional economies to the benefit of all Canadians; action to integrate programs and activities providing direct support to industry in order to increase effectiveness and minimize red tape; and action to foster co-operative relationships with respect to industrial development with the provinces, with business and labour and with other public and private organizations.

To lead and concert these actions, I have proposed the creation of a new Board of Economic Development Ministers.

Under the leadership of its president, that board will be charged with: defining an integrated federal approach to the provision of direct support to industry and economic development in Canada, including government procurement policy, both by industrial sector and by region; it will be charged with reviewing and co-ordinating proposals by departments prior to their submission to cabinet or Treasury Board; and, finally, it will be charged with developing mechanisms to improve and to integrate program delivery at the local level.

The Deputy Prime Minister (Mr. MacEachen), the Minister of Finance (Mr. Chrétien) and the President of the Treasury Board (Mr. Buchanan), who will sit as ex officio members of the Board of Economic Development Ministers, will provide that board and its president with essential counsel and support.

The other members of the board at the outset will be the Minister of Industry, Trade and Commerce (Mr. Horner), the Minister of Regional Economic Expansion (Mr. Lessard), the Minister of Labour (Mr. O'Connell), the Minister of Employment and Immigration (Mr. Cullen), the Minister of Energy, Mines and Resources and Minister of State for Science and Technology (Mr. Gillespie), and the Minister of State (Small Business) (Mr. Abbott). Other ministers will sit in at meetings of the board that deal with matters affecting their responsibilities; the Minister of Agriculture (Mr. Whelan), the Minister of Fisheries and the Environment (Mr. LeBlanc), the Minister of Transport (Mr. Lang), for example, would be amongst these.

I should emphasize that individual ministers will continue to be responsible for the administration of their departmental programs, but their efforts in this area will be led and concerted by the new Minister of State for Economic Development. In addition to his role as President of the Board of Economic Development Ministers, that minister will: advise Treasury Board on the allocation of financial and other resources to programs that provide direct support to industry and economic development, including programs in the field of enterprise development, employment creation, regional expansion, resource industries and research and development; and he will lead and co-ordinate the efforts of the government to establish co-operative relationships with the provinces, business, labour and other groups to promote a healthy, dynamic and regionally balanced industrial sector.

The purpose of this reorganization is to focus and streamline our efforts in this area, to do more with what we have and to do it in a more co-ordinated and consistent way. To underline this, the budget and staff authority for the ministry of state will fall within the already announced budgetary and staff ceilings of the government, so that no new dollars or person-years will be required.

The economic measures we adopted in August are being implemented according to the principles we enunciated in October of 1976 in the white paper called "The Way Ahead". In that document we said:

> Canada's economic prospects in the 1980's are matched by few other industrialized countries. Canada's opportunities for continued real growth lie in its relative wealth of resources, its abundant food producing potential, its technology, and, of course, its highly skilled and educated population. They lie, not least, in Canadians' capacity for enterprise. But to take advantage of these opportunities, to ensure that our substantial potential is indeed attained, Canadians and their governments will have to meet a number of major challenges.

I am confident that the Board of Economic Development Ministers, under the leadership of its president, will make a major contribution to meeting these challenges and, with the co-operation of all Canadians, will help to lay the foundation for a decade of prosperity in Canada.

Some hon. Members: Hear, hear!

Mr. Joe Clark (Leader of the Opposition): Mr. Speaker, at the beginning I want to say to the Prime Minister (Mr. Trudeau) that I understand other engagements will take him out of the House shortly. I appreciate his publicly drawing attention to that as his reason for having to be absent during a portion of my remarks, those of the leader of the New Demo-

cratic Party and others who may want to take part in this debate.

I should say to him also that we welcome him back from wherever he has been, and certainly on behalf of everyone in this House I want to assure him of our continued interest in whatever it is he will be doing.

First of all, I want to deal with the general problem of bringing some order to the management of government in an age that is growing more and more complex and it becomes more and more difficult for governments to bring some kind of coherence and direction to their affairs. There is no question that there is a very serious management problem that faces any kind of government. That problem is likely to continue being serious as the growth of government continues and as demands upon government become more complex.

In my judgment—and I think it is important that this be raised at the time of the creation of yet another layer of government activities by this administration—that natural problem that is associated with growth and complexity has been very seriously aggravated in Canada by the way in which this particular government has approached organizational problems. It has approached them by throwing aside for all practical purposes the traditional central instruments of policy decision in a country like Canada. There has been a virtual destruction of the cabinet of Canada as a source of policy. I am not going to comment on the other evidence of destruction in this particular cabinet. That is there for all to see.

What is important in institutional terms is that with previous governments under previous prime ministers it was clear that the place where policy decisions were taken was the cabinet room. It was clear that a C. D. Howe, a Jimmy Gardiner and other ministers of that era, and, indeed, ministers of the era in which the Prime Minister himself first came to Ottawa during the days of the Pearson government, were clearly people at whose desk the buck stopped. They were people who were called upon to make final decisions, who had power to summon information and who had direct access to the ear of the prime minister, and thus were in a position to act on that information.

That era is finished as far as this government is concerned. It is finished because of a deliberate attempt to move away from cabinet for motives which may well have been valid, although the experience over the last decade has shown that they were very badly considered. It was decided to move away from cabinet in the name of co-ordination and efficiency and to vest the power to decide in agencies other than the elected ministers of a government responsible here on the floor of this House of Commons. This, of course, has been accompanied by an excessive concentration of power in the hands of appointed bureaucrats in the Privy Council office and in the Prime Minister's office .

● (1602)

I should say in passing that this has been quite a new development in Canadian history. There is nothing new at all about public servants, senior public servants in particular, making decisions; that has always been the case. They have always had a heavy influence on decision-making. Some of us in the elected body of government think it is too heavy, but it is in the nature of things that those who come up through the public service should exercise an important influence on policy decisions in fields in which they have detailed, day to day knowledge. What is new is that this Prime Minister, in the interests of efficiency, put aside his cabinet as the central source of advice, and did not turn to the traditional public service, turning instead to a new group of public servants, by and large people chosen by himself and chosen with a purpose, one of the criteria being their ability to fit into his particular view of how government should be organized and what the country was.

We consequently saw the power over decisions move away from cabinet, its traditional source, move away from traditional public servants, and instead become concentrated in the Privy Council office and in the Prime Minister's office . That is an example of one thing that was done. I want to return later to some of the implications of that development as it pertains to the Canadian parliamentary system.

Another factor that is seriously aggravating the difficulty of governing in this country is the difficulty of getting decisions. One difficulty in the way of coherent policy has been excessive insistence on secrecy by the government opposite. My colleagues and I, along with members of parliament from other parties in this House, have made the point before that this is probably the most secretive of governments in the western world. It is not only Canadians at large who do not know what is going on in the government which their tax money pays for; it must be immensely difficult for ministers of the Crown, and indeed for the Prime Minister, to have any certain sense of what is going on in a government where a habit of secrecy has grown up, where a habit of keeping things away from people has grown up. People should know those facts because once you begin to shut out the wider world, the inevitable effect is to shut out the smaller world, no matter whether that is the cabinet, the Privy Council or the Prime Minister's office. They have to have information if they are going to make decisions that will be intelligent in the context of a complex and changing country.

A third action by this government which has seriously aggravated the very difficult problem of organizing to deal effectively with national policy has been the insistent and consistent restriction of the House of Commons, and the restriction of the ability of the House of Commons to hold government accountable. It remains a matter of grave concern to me, sir, and to others who have an interest in the system of parliamentary democracy, to know that one of the first acts by this government in relation to parliament—it was certainly the first thing that happened in their first year of office in 1969—was the imposition by closure of changes in the rules of this House of Commons which took away the power to control spending. By removing that power to control spending, it removed the power of this parliament to scrutinize what was going on in government. This consequently removed from the

ministers, from the public servants and from the appointed little elite in the Privy Council office and in the Prime Minister's office the constraint of knowing that what they might be doing was subject to challenge and question by members of parliament here in this House of Commons. That pattern was established very early in their regime.

By the way, sir, that was the first time in the history of British parliamentary tradition that closure was used to force a change in the rules of the House of Commons. This insistence on keeping parliament distant from its job, interfering with parliament's ability to control, to know what was going on and to hold government responsible, has been a part of the pattern and the approach of this government to parliament.

All of us speak most truly when we lose our tempers. When the Prime Minister lost his temper in this House some years ago and referred to members opposite as being mere nobodies when they were 50 yards from the House of Commons, he was expressing the view of parliament as an institution which has ever since informed this government that that is a view which is inconsistent with, and runs against, the very basic history and purpose of parliament from its earliest days. The refusal to let parliament play its role of holding the government responsible has seriously aggravated the already difficult problem of bringing coherence and direction to the management of government.

Along with others in this House I have often spoken on the subject of secrecy. We intend to open up the system by the introduction of a freedom of information bill along the lines proposed by my hon. friend, the hon. member for Peace River (Mr. Baldwin). Recently on an allotted day we spoke about some of the changes we would want to see in parliamentary practice so as to restore to parliament the power to hold government responsible, the power for which parliament was created and the power which was taken away by this government as one of its very first acts.

Let me speak at a little more length about the role of cabinet traditionally in the Canadian parliamentary system, because there has not been much opportunity to do so in this House. I suppose there are two authorities to whom we can turn for testimony as to the change in the central role of cabinet. One source would be authors who have described the works of parliament and governments over the years in Canada, in Britain and in other systems which have the parliamentary tradition. From this particular source it will be found that the verdict is consistent, that it has always been the cabinet in which the power to decide was located and situated. But perhaps an even more eloquent expression of the change that has occurred in Canada under this government, a change that has involved making the cabinet of Canada insignificant, is offered by the practice of very many strong men who came to this House of Commons as members of parliament in the expectation that the tradition of cabinet as the place of power would continue, but who were forced to leave or who found themselves wanting to leave parliament when they found that the cabinet offices that they held had less influence than the particular portfolio had held a decade ago, or indeed that they as elected ministers of the Crown had less influence on public policy events than members of small, appointed elites of friends in the Privy Council office and the Prime Minister's office .

The real testimony concerning the gutting of the Canadian cabinet as a place of decision comes from people like the Hon. John Turner, the Hon. Donald Macdonald and the Hon. Gerard Pelletier. The people who came to serve in a system where cabinet had power and the ministers had power found instead that they were serving in a system in which it was possible for the Prime Minister and his advisers, for example, to call in seven economic experts and locate them in the Privy Council or in the Prime Minister's office so they could second-guess the minister of finance on national budgetary policy.

• (1612)

That is a precise symbol of what happened under this government in regard to cabinet over the years and the result has been the gutting of the cabinet, the removal from cabinet of the power to establish national policy which, in common sense, has to be the only system within which the democratic, responsibly elected government can function. To put this in perspective, it might be interesting, sir, to—

An hon. Member: I hope so!

Mr. Clark: One of the urban guerrillas is awake, I see.

Mr. Gillies: Socialist International!

Mr. Broadbent: Just two of them.

Mr. Clark: Their leader tells me that not many of the urban guerillas are awake. I cannot contest that. It would be interesting to set on the record some of the figures of growth in the Privy Council office during the period in which it has become the centre of power in Canada, when the cabinet was gutted of the influence it has traditionally held through our system. In 1968 the number of persons permanently employed in the Privy Council office was 63; in 1977 it was 469. The total budget for the Privy Council office is up from $6.4 million in 1968 to $22.2 million in 1977.

One result has been a policy-making process so centralized and so cumbersome that many of the best ministers in the government, people who knew the tradition under which ministers had the power to decide, have quit in frustration. They have done so rather than try to work through the maze of this intermediary agency which has been put in to replace the traditional system of cabinet government.

It is interesting to note that during the same period the budget of the Prime Minister's office increased from $767,000 in 1968 to $2.7 million in the current year. One of the results of this growth has been a continuing isolation of the Prime Minister not only from his cabinet colleagues but also, sadly, from the people whose problems he and his government are here to respond to and resolve.

There is no question, as I said at the beginning, that some of the problems of organization of a government in difficult times

are complex in their nature. And there is no question that the structure presently in place for governing Canada at the federal government level is not working. Clearly there need to be changes made. It seems to me and to this party that there are some principles on which we should stand. One of those should be that ministers of the Crown, elected individuals sitting in and responsible to the House of Commons, should set policy; that responsibility for setting policy, for making the final decisions, should not be cast off to some little elite sitting in isolation in the Privy Council office or the Prime Minister's office, but that it should be the ministers who carry the can. Indeed, one of the shocking things about the last two or three years in the House of Commons has been the frequency with which ministers have been prepared to chuck off to public servants the responsibility which should have properly been residing with ministers. They do that because they have become accustomed to being people through whose offices the buck passes rather than being people in whose offices the buck stops.

Another thing which is obviously important here is the capacity in the capital of Canada not only to set policy but to co-ordinate policy, to make sure, if I might draw some hypothetical examples, that one level of government is not proposing a policy of decentralization at the same time as another level of government is entering into extensive lease-purchase arrangements to buy new space in communities which public servants are being asked to leave. There needs to be some kind of co-ordination to ensure that the left hand of government—the large, left hand—knows what the right hand of government is doing. Clearly, this needs to be another of the principles which should be followed when considering the restructuring of government in this country as a means of trying to ensure that responsible politicians carry the burden of decision and assure co-ordinated direction to national policy.

Normally I would not talk about the internal preoccupations of opposition parties, but since this is a matter of some concern to us today, and since the problems of opposition will be a matter of continuing concern to the hon. members across the floor as soon as an election is called, I think it might be appropriate for me to make reference in passing to the fact that we in opposition, trying to do our job of keeping on top of what government is doing, have had to face some of those problems of organization ourselves and we have certainly taken a long, hard look at what is going wrong with the system which is in place now.

It became clear to us earlier this year that one of the things that is lacking in the Government of Canada—and, frankly, it was also lacking in our structure—was a capacity to co-ordinate the initiatives and the interest of members of parliament, whether ministers of the Crown or critics of ministers of the Crown, who have specific responsibilities. There has to be some means of bringing these different ministers and spokesmen together. For that reason we in the official opposition established the practice of appointing policy co-ordinators, the practice of establishing six broad fields—economic policy, social policy, cultural policy, policy relating to transport and communications, food and resources, and policy relating to government operations.

I have designated a senior colleague in my caucus to serve as the co-ordinator, generally free of line responsibilities, so that he can draw together the activities of other spokesmen and put together a view of what was going on in relevant ministries and departments on the other side. This has worked reasonably well and, indeed, when I first heard the press release indicating the change which is the subject of our discussion today I thought that perhaps the government had borrowed yet another idea from us and was attempting to bring into its own structure that same process of co-ordination which we have pioneered here and which, by and large, has been a success in terms of the organization of our ability to meet our responsibilities. Without offence, I wish to say that this pertains only to parties in opposition which have enough members to organize, but I am sure the leader of the New Democratic Party will take at least an academic interest in what I have been saying.

An hon. Member: If he gets some of the Independents in with him then he'll be okay.

Mr. Clark: I understand he has established a co-ordinator responsible for policy on referenda but that, too, is his problem.

As I said, Mr. Speaker, when the government announced this new proposal, I thought they were borrowing the mechanism we had set in place. But as we look at what they are doing, we realize that they have not done so. They are adding here an extra layer with a co-ordinating responsibility which is not clear in the press release, not clear in the order in council and not clear, I regret to say, in the Prime Minister's remarks, in terms of its limits. It is not clear to us—and perhaps the new minister will enlighten us with some detail—exactly who is co-ordinated and when, exactly where his responsibilities start and stop, exactly what is the continuing power of, say, the Minister of Finance (Mr. Chretien) in relation to a budget or, say, of the Minister of Regional Economic Expansion (Mr. Lessard) who, I think, is the only one of the seriously victimized ministers present in the House today. Where do those regional economic expansion responsibilities start and where do they end? The minister has pointed to three ministers, and I want to come to that point because they are not exactly equals. As I read the terms of reference, some of them appear to have some powers of their own. Others, such as the Minister of Regional Economic Expansion and the Minister of Industry, Trade and Commerce (Mr. Horner), seem to have been reduced to mere shadows of their former selves, such as their former selves were.

• (1622)

Mr. Lessard: That's not true; you will find that out.

Mr. Clark: The minister says that is not true and that we will find that out. The point is that we do not know. We have introduced before us now a piece of legislation setting up a new mechanism. It is not at all clear where the Minister of Regional Economic Expansion fits into this.

Mr. Lessard: I know. y

Mr. Clark: The Minister says he knows. If he knows, he is doing considerably better than his colleague, the Minister of Finance, who the other day under questioning in the House of Commons indicated that he did not know exactly where he sat in this new arrangement. However, what we have here is not a level of co-ordination; what we have here is another level of confusion, and my great fear is that in its interest in putting forward to the Canadian people a face of concern about economic questions, to this government, which is so preoccupied by cosmetic solutions and which has so often ignored real solutions, is putting forward something that looks like action but which in fact will mean confusion. That would be particularly unfortunate for a country facing the problems we are now facing in Canada.

Interestingly, of the departments which are rattling around loosely in this corral over which the minister opposite presides, no department has been replaced but several departments have been very significantly changed. In my judgment, and as I read the terms of reference, four of them have been very seriously downgraded, if the new minister has any powers at all. If he does not and if this is simply a cosmetic appointment, then there has been no change. However, if he does have any powers at all, then four existing ministries have been seriously downgraded, and a fifth, the Ministry of State for Science and Technology, has been virtually eliminated. It has virtually been gutted of all its powers.

One of the principal ministries which has been downgraded is industry, trade and commerce. As I read the responsibilities of the new minister, it seems to me that the present Minister of Industry, Trade and Commerce, the temporary member for Crowfoot, is left with responsibility for little other than the metrication program. There are members on this side of the House who will savour with particular pleasure the idea that the man who before his conversion was the leading critic of the metrication program has now been reduced to having control over only that aspect of government.

Mr. Baldwin: He has been converted to metric.

Mr. Clark: My colleague, the hon. member for Peace River, suggests that the minister has been converted to metric. Let me deal for a moment with the Department of Industry, Trade and Commerce, because it is quite clear that if the new minister's responsibilities mean anything at all, they absolutely gut the mandate of the Minister of Industry, Trade and Commerce. They take away the basic role of that department. That is quite explicit. Because in describing the central role of the new minister, the Prime Minister says that it will be a role of formulating and developing new and comprehensive policies as well as of leading and co-ordinating the efforts of the Government of Canada to establish co-operative relationships with the provinces, business and labour.

That description of duties strikes right at the heart of the whole operation of the Department of Industry, Trade and Commerce last February to co-ordinate the 23 sectoral task forces and to bring them together in a comprehensive package. That was the purpose of that program, which was the major program of the Department of Industry, Trade and Commerce at the time, and that purpose has been taken away holus-bolus, completely. That program is not to be co-ordinated; it is to be run, as nearly as we can make out from these terms of reference, by the new minister. So we have the Minister of Industry, Trade and Commerce standing with one foot in a swimming pool and the other foot in the metric system, with nothing else to hold on to or to administer.

Another department which has been very significantly changed—and I am sorry that the minister responsible had to leave the House temporarily—is the Department of Regional Economic Expansion. I say in passing that one of the failures we in this party most regret has been the failure of this government in relation to regional economic expansion. We remember, and will naturally ensure that the citizens of Atlantic Canada remember whenever an election is called, the undertaking by the Prime Minister to establish a kind of Marshall Plan for Atlantic Canada.

We remember his undertaking to solve the traditional problems of disparity. We know what has happened. We know that the Department of Regional Economic Expansion has been an insignificant department. It has been up against the giants in this government. Every initiative it has taken has been undercut by other policies whether those policies were in the field of tariffs, which have continued discrimination against the Atlantic region, in the field of tax policy, which has failed to recognize the particular needs of that region, or in the field of concepts like "user-pay", which has deeply undercut any sensible prospect of development in Atlantic Canada. Nonetheless, the shell of the department remains.

There is a very real question as to what responsibilities the Minister of Regional Economic Expansion will have when the explicit mandate of the new super minister is to establish, and I quote:

> —the most appropriate means by which the Government of Canada may . . . have a beneficial influence on the development of industries and regional economies in Canada—

What in the world is the mandate of the Department of Regional Economic Expansion, if that is the mandate of the new super minister? I see that the Minister of Regional Economic Expansion has now returned to the House, after my having described how his department has disappeared and has been taken over by his colleague, the new super minister.

The third department which is quite significantly downgraded, it seems to us, is the Department of Finance. The Minister of Finance, for reasons on which I am sure the new minister will elaborate, is only an ex officio member of this new board. It is not exactly clear what that means or how that distinguishes him from other ministers. Perhaps it means that he has the right to say a quiet "no", whereas the others are expected to snap to attention whenever the super minister gives an order. As has been suggested, perhaps some sort of liaison is to be kept open between the Minister of Finance and the super minister, who is really responsible for establishing economic

policy in the country. However, there is no question at all that there has been a significant downgrading of the role, the power and the influence upon policy of the minister, the ministry and the Department of Finance in the country.

I note that one of the powers of the new minister is that he is free to ask advice of the Minister of Finance as long as—

Mr. Gillies: As long as he doesn't take it.

Mr. Clark: As I understand the provision here, the Minister of Finance is free to take actions in his field as minister, as long as they have no impact on economic development. It may well be that that is simply a description of what has been happening in Canada for the last two or three years, because there has been a minister of finance who has had singularly little positive impact upon economic development. This raises some very real questions as to what the continuing role of the Department of Finance and the Minister of Finance will be and whether any of their initiatives which would have an impact upon economic development in the country have to be cleared with some other minister. Just exactly what is the relationship here? Whatever it is, it is clear that the Minister of Finance and his department have been downgraded by the establishment of this new super ministry. The super minister's responsibility will be to do what all of us assumed the Department of Finance has been doing or has been responsible for doing.

● (1632)

I do not think it is clear exactly what the responsibilities of the new minister are in relation to the budget, but certainly on the off chance that this government's budget might have some positive impact on the economy, he would appear to have the obligation to vet that proposal in advance and he might very well have the power to veto proposals for a budget put forward by a minister of finance.

Once again the fourth ministry which, in our judgment, has been significantly downgraded is the Treasury Board. I say that with some regret because one of the causes of great difficulty with this government has been the degree to which the role of the Treasury Board has been diminished in recent years. There is now a provision in these terms of reference which empowers the new minister to advise the Treasury Board—it is not a question of "he may advise"; it is a question of "he shall advise", the Treasury Board—on the allocation of financial, personnel and other resources to federal programs that provide direct support to the development of economic enterprise in Canada.

It would seem to me that that term of reference takes a great deal of the *raison d'être* of the traditional purpose of the Treasury Board away from the President of the Treasury Board and vests it in the new minister. What is he to be left with if he has to take advice which "shall be given" by the new minister? Of course, he would be left with approving LIP grants and one or two other matters, as well as his pay, but most of the important responsibilities that have an impact on the economic development of the country have been taken away from the President of the Treasury Board and his department has been seriously downgraded.

The Department of Science and Technology, to which the Prime Minister made some reference in his remarks, has been virtually eliminated. Its shadow lingers on. It is attached to the Minister of Energy, Mines and Resources, but its power is passed quite clearly to the new super minister who has the authority to initiate and co-ordinate research and development studies, to initiate proposals for new R and D policies, programs and activities, and to evaluate existing and proposed policies, programs and activities to ensure consistency with federal development policies, and to recommend changes therein.

The question to me is: If you are going to take away the powers of the Minister of State for Science and Technology, why not wipe out the department and have those powers exist in only one place in the government, namely, the new super ministry, rather than continuing the fiction that we have a super minister with those powers as well as a Minister of State for Science and Technology with those powers? It reminds me of the situation of the environment where we have two ministers doing one job. It makes very little sense in that case as it makes very little sense in this case.

I must say in passing, since the Prime Minister spoke glowingly about the importance of research and development to the Canadian economic future and about the priorities that his party and his government attach to research and development, that I would like to restate our view that one of the most serious mistakes that has been made by this government—which means it was serious indeed, because they have made a number that were dangerous to this country—was their deliberate decision to buy technology abroad. We are paying for that daily in the leakage out of this country of innovators and researchers, of people whose initiative could help make Canada competitive in the world. They are leaving the country because it was the deliberate policy of the government in the name of research and development to drive them away.

There are a few other matters of curiosity in relation to the ambit of this new ministry of state. For example, while I see the Prime Minister has corrected himself, or left the door open to correction, in his remarks today, the Department of Agriculture is not one of the resource-related departments which will be co-ordinated by the super ministry, nor is the Department of Fisheries. In other words, to the Trudeau government agriculture is no longer a resource for Canada, nor is fisheries a resource for Canada. In a country like Canada you simply cannot have a national industrial policy designed to encourage the development of our farm resources without taking account of the tremendous potential for growth in the country in the fields of agriculture, fisheries and forestry.

Some hon. Members: Hear, hear!

Mr. Clark: The Prime Minister indicated that these departments would be left outside at the outset. That suggests that at some later time they might be incorporated within the ambit of the new minister. My colleague, the hon. member for Don

Valley (Mr. Gillies), asks what is going to be left. Perhaps we have stumbled on something here. Perhaps we should not vacate the field to the Allan Fotheringhams and the Marjorie Nichols. Perhaps, in fact, there has been a *de facto* resignation by the Prime Minister of Canada and what we are being asked to approve here today is the establishment of a new board which will concentrate all the powers of all the other departments under one minister, and then the Prime Minister can step aside and no one will notice he has gone. Perhaps that is what this is all about.

Mr. Andras: Better leave it to Fotheringham; he is much better.

Mr. Clark: We are faced with the question as to exactly what is left in the place of these formerly important ministers which have now had their status downgraded. What exactly are the powers of this new super minister? What can he initiate? What can his officials initiate? What can they stop? What is their power independent of other ministers in the cabinet? What exactly are they there for?

These are questions which I am sure the minister himself will try to answer, but I must say that on the record of this government, our view as to what they are trying to do with this new super ministry is quite simply this: They are trying to fool the Canadian people. They are trying to pretend there is now a new seriousness about economic policy and economic problems in the country, and they are putting together a structure which will look good and do very little.

We in this party, committed as we are to the view that there must be significant structural reforms if responsible members of the government and of parliament are to be able to influence national policy in this country, think we are not receiving that kind of proposal today. We think that what we are receiving today is simply a smokescreen, simply another gimmick by a government that has excelled in gimmicks; and we think there is no major new power that will be assigned to this minister. We think he will have no power to start important things, no power to stop important things, and that his job is simply to be the freshest in a round of soothing faces that the Government of Canada put forth to a community concerned about the failure of economic policy.

What has happened here is that late in its life—indeed, in the first year of its afterlife, its fifth year in office—this government has recognized that it will not be able to survive another election without an economic policy. That was the reason the election was delayed. That was the reason we had the sermon from on high on August 1. The government knew that it could no longer get away with ignoring fundamental economic problems in the country. But true to form, instead of responding to these problems, instead of going to their root, instead of bringing in budgets that might have stimulated growth in the country, instead of starting on a serious exercise of getting the provinces together and getting the other partners in the community together to work toward common economic goals, this government resorted to a series of gimmicks. They brought in a street fighter as Minister of Finance and that was going to solve everything. It has not.

● (1642)

Since the government was not able to change the Minister of Finance again, it came up with another gimmick which it hopes will persuade Canadians that the government is serious about economic development. The government can indicate that of course it is serious, that it has a new minister. But, there are serious questions as to which responsibilities of other ministers this minister will take, and what he will do with them. That is not his most basic problem. It is that he is supposed to co-ordinate economic policy, and the government has no economic policy to co-ordinate.

Some hon. Members: Hear, hear!

Mr. Clark: We have a change of face, a change of clothes, but not at all a change of direction. As questioning day after day by all parties has indicated, there has been no change in the willingness of the government to face the need to stimulate growth in the economy and to bring some order to economic affairs in the country. Instead of policy, we have a new structure and a new gimmick. In the judgment of my party, that is not good enough. The country needs a change in direction in national economic policy, and not simply a change in the face of the apologist. Unfortunately a change in the face of the apologist is all we are offered by the proposal before the House today.

Some hon. Members: Hear, hear!

Mr. Edward Broadbent (Oshawa-Whitby): Mr. Speaker, the new minister across the chamber is politely indicating that he will be right back. I appreciate his consideration, because my comments will deal with the subject we are supposed to be dealing with today, namely, economic planning. If ever we needed a demonstration of the problems with our economy, we received one today from the Prime Minister (Mr. Trudeau). He came in from a flight from Paris and rambled on for approximately 20 minutes. His speech was an abbreviated version of the one which the Minister of Finance (Mr. Chrétien) made some weeks ago. I wish he had taken a longer flight and skipped the entire debate.

Then we heard from the official opposition. I listened with great care for an indication whether they were for or against planning, but I did not hear one. It appears the hon. Leader of the Opposition (Mr. Clark) is in favour of "significant structural reform." If this debate was taking place in any other industrial country of the world, such as Norway, France or Japan, whether social democratic governments or not, it would have been laughed at. The hon. Leader of the Opposition is going to Japan. I hope when he returns that he will feel free to talk about economic planning. Japan is one society which talks about it and does it.

First I should like to deal with the problems in general and specific terms, and then I should like to deal with some workable solutions to those problems. We have had ten years

of the Prime Minister. If we have ever had an admission of failure in terms of national economic policy, it was today when the Prime Minister indicated the need for the proposed planning mechanism. After ten years, the number of unemployed in Canada has tripled; inflation has risen by 100 per cent; income distribution between regions in Canada and individuals within regions has worsened; the rich have become relatively richer and the poor relatively poorer; and there is a problem which is central to our economy, that is, an increase in the degree of foreign ownership in the manufacturing sector, the core sector for an advanced economy. This has increased, not lessened, in the past ten years. These are the significant ten-year old developmental problems associated with the government.

At one point in his speech, the Prime Minister said that it is time to take the next step. He should have taken that step ten years ago. He should have made a commitment ten years ago to deal with economic planning in a manner which would have ameliorated the problems of income distribution, unemployment, inflation and foreign ownership in the manufacturing sector of our economy. In all of those categories, the situation has worsened in the past decade, not improved.

Not only is the need to create this new department an admission of failure of the long run during the past decade, but it is a significant failure also in the short run. This was recognized by the Minister of Finance who brought in three budgets. There is a lower growth rate in our economy than was promised as recently as last August, when the Prime Minister had a new vision after the summit meeting in Bonn. The three budgets have not improved the degree of economic performance in the economy. Monthly the Minister of Industry, Trade and Commerce (Mr. Horner) witnesses the continuing imbalance in trade in manufacturing products between our country and others. This should be a central concern of economic policy.

There is a need for planning in an industrially advanced economy such as ours, and I will attempt to make some suggestions in this regard. Before doing so, I should like to refer to the tacit admission of the failure of the Department of Regional Economic Expansion which in recent years has seen the problems of regional development worsening rather than improving. The economically advanced areas of the country have made more progress, while areas in Atlantic Canada and the province of Quebec have fallen behind.

There have been both short-run and long-run failures which have been acknowledged by the need, at long last, to create a new instrument for planning. The particular mechanism being proposed, is it good or bad? Surely that question should enter this debate at some point. It is relevant to consider whether what is being proposed will work in our economy. To put it euphemistically, the Minister of Finance, the President of the Board of Economic Development Ministers (Mr. Andras) and the Prime Minister have conflicting views as to what this new entity is all about.

The government chose to name the former president of the treasury board the new President of the Board of Economic Development Ministers. That significant phrase came right out of the corporate experience of the government. Initially the Prime Minister said that this new entity would deal with macro and micro economic policy. He made this distinction. The Minister of Finance was to deal with one, and the President of the Board of Economic Development Ministers was to deal with the other. Perhaps it was the first time in Canadian history that a minister of finance indicated that he was not sure of the difference between micro and macro, that everyone believed that he was telling the truth. The Prime Minister gave one description. A number of ministers have interpreted the purpose of the board entirely differently from the Prime Minister. What will happen to the old cabinet committee on economic policy? Will it remain in existence? Will it remain unused, as has been the case in the past decade? Surely if we are talking about a planning board or instrument, some discussion is relevant concerning the priorities. Certainly this would be true in any industrially advanced country.

What will the board do? The new President of the Board of Economic Development Ministers indicated that he believed it would be a one-stop shopping service for business looking for government support.

Mr. Andras: The hon. member is taking that comment out of context.

Mr. Broadbent: The Department of Finance has been a one-stop shopping service for years for corporate handouts which have been unrelated to specific economic performance. He left every implication that he really did not see planning as being relevant at all. The implication he left with me, at least, was that all the government could do was get out of the private sector's way. In some areas that is entirely appropriate, but anyone should know, and I am sure the new president of the board does, that in a modern market economy that is scarcely enough, and there are a number of positive things that a government must do. Some leadership in directing the economy is required. He has downplayed the whole planning role and suggested it is essentially going to be a negative instrument to get out of the private sector's way.

● (1652)

The Minister of Finance in his budget speech went out of his way to say that in a market society planning was probably inappropriate. That statement was specifically in his speech and surely could not have been accidental. Again this is a point that would not be made in any other industrial country. No other industrial country would have the government party and the official opposition somehow saying that in the 1980s, nearly into the twenty-first century, it was inappropriate in a market economy to have planning. That boggles the mind, Mr. Speaker.

The government neglected in the terms of reference for this board to make any reference to the problems of Canadian women. Regional problems are referred to, quite appropriately. Problems in respect of income equality between individuals is referred to and that is entirely appropriate. But where is

reference to that other great dimension of inequality that is still with us in this country in this century, and that is equality of the sexes? Is there any reference there at all? I suggest there is not. This is not merely an academic point.

The government of the United States, to its credit, has established affirmative action programs embodied in legislation which have become the central concern of that government in the United States in respect of economic areas for women. There is nothing, I repeat, nothing, in the mandate given to this new board which deals with that other central inequality in our country which surely should be a leading concern of politicians at every level.

Perhaps the most important structural point I want to make about this board, and I say this candidly, is that a similar mechanism was tried by the Labour party in Great Britain and it failed. Harold Wilson, when he was prime minister early in the 1960s, set up within the cabinet structure in England a planning mechanism which sounds almost identical to the one that has now been established by the Government of Canada. About four years later Mr. Wilson abolished it because it did not work.

Let me say something about why it did not work because it is central to my understanding of whether the government is really serious about what it is doing. In Great Britain it was abolished by Harold Wilson, according to George Brown, the former minister of the Crown who had responsibilities similar to those now taken on by the new president of the board here—

Mr. Gillies: You have read the Crossman diaries.

Mr. Broadbent: Yes, I have read the Crossman diaries and some other information that goes with them. It was abolished because, according to what comes out in the Crossman diaries and what comes out of the published statements by George Brown, who was a minister, that minister was not given overriding authority in respect of economic policy. There was continual confrontation and conflict between the minister of finance, or the chancellor of the exchequer in the British system, and the man who was supposed to be responsible for planning.

If you look at these terms of reference, and if you look at the order in council that was passed to set up this new department, you will get no indication at all that there is a recognition of the problem that is to be faced by the Government of Canada. Quite obviously conflict remains. The responsibilities of the Minister of Finance have not been changed. The president of the board now has some over-all general policy for some kind of economic development, but when there is a conflict how is it to be resolved? Surely if the government were serious about economic planning it would have to give the new ministry precedence over the ministry of finance, and that should have been spelled out in the order in council setting up the department.

Economic planning should have an overriding priority, and if there is a conflict between the Ministry of Finance and the ministry of planning, planning should have the priority, particularly if that is to be the leading concern in the country. However, that is not the case here. I repeat, we are establishing a planning mechanism which even on paper has been demonstrated in the experience of the government of Great Britain to be a failure in practice.

This leads me to my conclusion, and that is that the Government of Canada is not any more serious about planning now than it has been in the past. The Minister of Finance has to be taken as indicating the true direction of the government when he said in his budget address that the Government of Canada really did not believe in planning in a market economy; and the new president of the board has to be taken seriously when he said that really what this new agency is going to do is provide a one-stop service to the private sector in relation to some kind of handouts or the removal of red tape. I would repeat that the removal of red tape is desirable in many aspects of the government's relationship with the private sector. I would also repeat that that cannot be the central purpose of the new planning board.

My colleagues and I see the creation of this new instrument as simply one more public relations gesture by a government that has recognized at long last that its unpopularity is due in the main to its failure to come to grips with the Canadian economy, to deal with regional inequalities, to deal with income inequalities between individuals and to deal with inequalities between the sexes. That is why this government is unpopular. Instead of coming to grips with these problems in a serious way by setting up a serious planning instrument, this government has taken over a program that failed in Great Britain, that was recognized as a failure and abandoned by that government. It is now attempting through public relations to convince the people of Canada before the next election that it takes economic problems seriously. We just do not believe that.

Let me briefly say something about why we think it is important to plan in an economy, particularly in the context of the problems we are facing in our land at this time. I want to indicate first of all that the planning we have in mind is not simply intervention in the economy. We have always had intervention. Let me say to my colleagues in the Tory party that I wish they would read some Canadian history. If they did they would recognize, for example, that unlike the United States we have always had more government intervention in our economy than they have, by a long shot. In fact, if this country had relied simply on market principles it would not have come into existence.

The first government of Sir John A. Macdonald recognized that something called "national policy" was necessary at one point. He recognized that when you have regions as disparate as Atlantic Canada, the west coast, the prairies and Ontario, with the tremendous market forces at bay to the south of us in the United States, government intervention would always be required in our economy at a much higher level than in the United States.

It is not merely intervention that is needed, because all too often that simply means something negative—buying up rail-

ways and creating the CPR at the expense of one generation, or bailing out the aircraft industry again at the expense of another generation. Planning as it has been demonstrated to exist in other countries of the world, and as we see it performing here, has one essential purpose, and that is to take steps now to create something better down the road. Economic planning is central to dealing with the great inequalities that exist between individuals, regions and sexes. It makes sense, particularly in a land like ours, to have a very sophisticated instrument of planning, and perhaps the most sophisticated in the world will be necessary to do the job that is required in our land.

● (1702)

We want further planning, not for its own sake, not to give some bureaucrat or academic the vicarious pleasure of seing an idea worked out, but because it is essentially a human device for human purposes. In this context Sweden, Belgium, Norway, France, Japan and West Germany have four or five-year economic plans with regular submissions to their parliaments. When a government is formed in one of those countries, one of the central tasks it has is to come before the legislature with the economic development plan for the next four or five years, which becomes the central matter for debate on both sides of the House. I wish the other national parties in this country would accept that idea and come before parliament with a plan on which we could have meaningful debate, instead of trivial, nitpicking matters such as whether some bureaucrat is taking another bureaucrat's function or whether a ministry is being removed which ought to be continued in operation. Such debate is most trivial.

What are some of the concrete problems facing us in 1978 and how do we propose to deal with them? The first issue is regional inequality. We believe that it is not right for central Canada, Alberta and British Columbia to see our fellow Canadians in Atlantic Canada and the eastern townships in Quebec dependent on some form of hand-out. It is an illusion to believe that the private sector will remove the difficulties which exist in these areas.

An hon. Member: That is what caused them.

Mr. Broadbent: Indeed, that is what caused them. Market forces if left on their own will always mean that areas such as Toronto, Montreal and Alberta will get richer. If we are going to come to grips with the problems in Atlantic Canada, then we have to do what other countries have done and move in with public capital and long range plans. Why is it inappropriate for the Government of Canada to borrow money for development when it is entirely appropriate for Bell Canada or other huge conglomerates to borrow capital and pay interest on it for the same purpose? Government development through public sector investment can be just as effective financially in the long run, and more so when we are dealing with regional inequality, as in the private sector.

There is in Cape Breton the potential for serious long-range development. Instead of having 30 per cent unemployment, or unemployment ad infinitum, and being dependent on hand-outs which they do not want, they could be financially independent. There are many people on that island who are trained in the steel industry and mining industry. Capital should be invested to build the most modern steel facility in the world for that area. I know that the market situation for steel in the world is tight at the moment, and it may mean for the next year or so that the operation would run at a loss. But I repeat a point I have made in this House before. General Motors does not plan for six months down the road; it plans for six years and, indeed, six decades down the road. It is time we started doing the same thing at the national level. The only way this can be done with federal funds, because Nova Scotia certainly does not have the funds. Such an investment would put that part of Cape Breton on a creative, economic basis on which it could start contributing to the rest of Canada. I am sure that Cape Bretoners would like that much more than the rest of us.

There is another province which has only been part of Canada since 1949 on the east coast and which has one of the last great fisheries in the world. While in Japan recently I was asked why it was that most of the fish caught off Newfoundland was caught by vessels owned by Norway, Poland, Russia and other countries. I had to say that for a variety of reasons the fisheries—

Mr. Breau: You don't know.

Mr. Broadbent: There is a member who has said that I don't know. I can tell him that I have spent some time studying the problem with the government of Newfoundland; and if the hon. member does not watch out his party will lose all their seats, because they have totally neglected this region. I would say to the hon. member who comes from that part of Canada—

Mr. Breau: New Brunswick.

Mr. Broadbent: I said "that part of Canada", if the hon. member would just listen. I did not say Newfoundland. I know very well that the hon. member is from New Brunswick.

Instead of providing hand-outs and unemployment insurance to Newfoundlanders, who do not want that, we could do for them what we did a few decades ago for our farmers on the prairies; we could set up a national marketing board like the Wheat Board, which goes around the world seeking markets for Canadian farmers on a collective basis because a single farmer cannot afford to pick up and travel around the world. Because we have had the Wheat Board and because we have a modern agricultural industry on the prairies, Canadian farmers, for all their problems—they like the rest of us are going through some economic difficulty—are among the richest in the world. Why can we not do that in Atlantic Canada?

Mr. Breau: We are.

Mr. Broadbent: Why can we not do this in Newfoundland—provide capital for inshore and offshore fisheries and fish processing plants, and then get out and hustle for the markets?

The hon. member has made some critical observations. I was in that part of the country recently and was told by the fishermen that instead of using the opportunities provided by an 85-cent dollar to expand our markets in Europe and the United States, they are simply taking in higher profits. That short-run perspective of the business sector is just the opposite to what the Japanese have done. The private sector in Japan has at least had the sense to take lower profits in the short run so that they would expand in the markets and grow in the future. We should be doing this kind of thing in Atlantic Canada with government initiative and imagination.

In recent months new investment has come to the west coast from Japan. They have begun to provide financial assistance to people in our fishing industry on the west coast because those people could not get that financial assistance from the Government of Canada, their own provincial government or the banks of Canada. Japanese investors have come in with better terms, and in exchange are tying that aid to long-range market commitments in Japan.

While it may be beneficial in the short run for fishermen to get a good price right now, they are being locked into long-range commitments to sell fish at a price down the road which may not be advantageous to Canadian fishermen. Another factor is that the Japanese are receiving the fish in bulk and having the processing done in Japan for re-export. Instead of having a developmental policy on our west coast which would not force our fishermen into such long-range commitments, and instead of having a developmental policy which would have the fish processing plants in Canada rather than Japan, we have allowed and we are allowing continuing inroads by a foreign country into a major sector involving Canadian resources.

• (1712)

This kind of imaginative use of federal capital which would take substantial amounts invested in the short run for long-range benefits is what is required. We did it once with the railways of this country. There were a lot of mistakes and give-aways and that ought not to be repeated. But there was a time when we had a long-range perspective in mind in building this country. It is time we had that perspective in terms of industrial development.

The second area of concern is the manufacturing industry. In that context the economic tragedy is of such proportions that one does not quite know where to begin. There are countries in Europe with much smaller populations than ours that have a durable and creative manufacturing base, independently owned. There are countries like Sweden with economic, geographical problems, thousands of miles in length, very diverse, wintery conditions and small markets that have managed to do about 1,000 per cent better than we have in developing their own manufacturing industry. The reality is that we have relied too long on the excuse of a small market in Canada and difficult geographical circumstances. These are just excuses for inaction.

The fundamental decision that was made in this regard in my lifetime, and the decision that has to be reversed, is one associated with the name C. D. Howe and with the Liberals of that time. Some two decades ago they decided that because of our small population this country ought to survive by selling off our resources and we would buy back finished products. It was thought we would have the net benefit because there would always be a shortage of resources and it was argued that other countries, particularly the United States, could produce goods at a lower cost because of their larger populations.

The chickens came home to roost, Mr. Speaker. We are discovering that third world countries such as Venezuela, Mexico, Indo-China and others have resources that we thought were unique to Canada. Instead of cornering the world market on nickel, copper and other minerals, we are facing competition from the third world for resources. As a result we have big lay-offs by companies like Inco in Thompson, in British Columbia and in dozens of other communities. We can no longer rely on selling off our resources as the key to prosperity even if it made sense, and for many reasons it does not.

Since the time of C. D. Howe the industry of western Europe has modernized and has become sophisticated. Japanese industry has also modernized and as the people of Quebec know very well, third world countries are producing shoes and textiles of a sophisticated type. We have lost out on both grounds.

The domestic manufacturing industry, which was set up simply to service Canadian markets and not to go after exports, has to compete with a modern Europe and modernized third world countries in manufacturing. The resources that we have wanted to export as a source of prosperity are having to meet competition from third world countries.

We have to deal with this problem on a long-range basis, Mr. Speaker, and I was hoping to see some commitment to that effect by the government. We have to deal with the problem of foreign ownership. It is not a matter of blaming the United States or Germany or The Netherlands for investment; it is a matter of recognizing who is to set our priorities. Is it to be people in other countries or are we to do it ourselves?

At this moment in Canada there are some 100 large companies which control more than 50 per cent of our manufacturing, mining and forestry industries. Of these, two-thirds are owned and controlled outside Canada. The result is that in 50 per cent of the business area there are companies that do not conduct their own research and development, companies that do not pursue exports because their parent firms in the United States or abroad do that. There are companies that do not innovate because, in the main, the parent firms do the innovation.

As long as we leave that structure intact, as long as we leave foreign control of our major manufacturing sector as the characteristic form of manufacturing in Canada, just so long will we remain in immense difficulty in regard to manufacturing.

The fundamental question for Canadians is: Who is running our country? Who is setting our priorities? Is it to be Gulf Oil, is it to be Phillips, is it to be Ford, is it to be IBM, or is it, for once, to be Canadians? Are we at long last to come to grips with this problem as other industrial countries have? I say on behalf of my colleagues that this kind of action is long overdue.

I should like to put on record some aspects of the economic development policy that we are advocating. First of all, we say that we in Canada should do as the Japanese did and as most industrial countries in western Europe have done, and as the United States did for most of the nineteenth century; we should ensure that most Canadian needs are met by Canadian production. We must restructure the Canadian economy to ensure that most Canadian consumer dollars are spent on goods and services produced in Canada.

Two or three ideas are central to the implementation of this proposal, not because they are dreamed up in some abstract way but because they have worked in other countries. We should realize where people are spending their money. It is known that 80 per cent to 85 per cent of Canadian disposable income is spent on housing, transportation and food. We should concentrate on these sectors. We should make sure we have the best housing industry in the world that could lead to exports in that field, and we should make sure that everything that goes into a house in this country is produced in this country.

In the transportation sector we should make sure that what goes into it is produced in Canada.

We should ensure that most of our food is produced in Canada. Agriculture associations meeting in this city in recent weeks and months have stated self-sufficiency in food as a Canadian goal. The New Democratic Party believes in that for the sake of security for Canadian farmers and as a Canadian economic objective. The more food we produce in Canada, the less we buy abroad and the fewer dollars we send out of the country. That makes good economic sense.

We should specialize in certain key sectors of industry. We should do what other industrialized countries have done and not spread all our economic investment over different sectors, but instead concentrate on the agricultural implements business, for example, and on food processing and equipment. Good economic arguments can be made for saying that they are key sectors in which Canadians already have some leadership in world terms which, if developed further, would lead to access to export markets, and this is very important.

● (1722)

Central to all of this has to be a major shift in resource policy. We as a people should be exporting steel products, not iron ore. We as a people should be exporting furniture and paper, not raw pulp and unprocessed paper. We should be exporting plastics and petro-chemical products, not unrefined gas and oil.

This is the central concern of my party for the development of Canada in the future. We must at long last recognize that Canadian resources ought to be developed by Canadians primarily for the benefit of Canadians. That has to be a central economic concern. We must stop exporting our fish to Japan and buying back the finished product. We must stop exporting so much lumber to the United States and buying back the finished product. We must at long last begin exporting finished goods and not raw resources.

There are a variety of instruments to implement these objectives. In my remaining time I want to indicate how these goals could be achieved. The central reason that we have not done this before has nothing to do with our proximity to the United States or to geographic difficulties, or indeed with the cultural tensions we have experienced from time to time. It has everything to do with the lack of political will. That has been the central problem in this country.

There are a number of instruments we can use that have been developed by other countries which have worked well. One is tariffs. We must be very concerned now that we are moving from a high tariff country with no planning to a low tariff country with no planning. That seems to be the general drift of the GATT negotiations. In certain sectors we may have to create—

The Acting Speaker (Mr. Turner): Order, please, I regret to inform the hon. member that his allotted time has expired. He may continue with unanimous consent. Is there unanimous consent?

Some hon. Members: Agreed.

Mr. Broadbent: I appreciate the consideration of other members and I will try to be brief. We must use our tariff policy, but not in a mindless way. In changing tariffs we must, as other countries have done, build in in certain sectors non-tariff barriers so that we can preserve certain sectors now, and indeed lay the foundation for broader and more long-range growth in those sectors in the future. We must not simply phase them out, which seems to be the current inclination of the government.

With respect to purchasing policy, Mr. Speaker, in the United States for years they have had a policy in which something like 30 per cent of the purchases of the federal government had to be from small businesses. That happens to make good economic sense. Unlike large firms, most small businessmen do indeed compete and innovate and create more jobs.

We could have a purchasing policy like that in Canada where there is a commitment on the part of the national government to buy, say, 30 per cent of all their requirements from small businesses. Small businesses are almost uniformly owned by Canadians. They are not owned and controlled outside our borders.

Another instrument is the use of planning agreements. Planning agreements have worked very well in Holland, Great Britain, France, Belgium, Sweden and Norway. In these countries a specific set of tax policies is negotiated with major firms over a five-year period. In this way the firms know where they

stand and know that tax policy will not change from one year to the next. The private sector must be aware of that information. In return for specfic tax concessions, specific benefits would accrue in terms of creation of jobs, research and development and export commitments. Planning agreements are something that have worked well in other countries and ought to be duplicated here.

Another instrument we have advocated is the establishment of a Canadian investment fund. I could speak at great length about this, but I simply want to make the point that it has worked well in Sweden where a special tax is levied on large companies. If companies put money into this fund, they do not pay tax on that part of the revenue. The government then plans where that fund could be used best to stimulate new development, and then the private company from which the revenue was originally derived would ultimately receive a benefit. The important thing is that this could be an instrument of the government to make sure that development occurs in certain areas and in sectors that need it.

Second, in terms of the cyclical nature of the economy, in Sweden this method is used most effectively in stimulating the economy. The level of investment can be controlled in terms of timing as well.

Finally, as I said earlier, we say that certain key sectors which have a particular potential for export should be concentrated on for development. I repeat that planning is not something new. It is not something that did not work in other countries, and it is not a panacea. A commitment to planning now will not remove all our difficulties overnight.

In conclusion, planning in a modern economy has been undertaken in other countries and it has worked very well. On behalf of my colleagues in this House I say that it is time we planned. It is time that we made our decisions. It is time we shaped our future. It is time that Canadians controlled Canada.

● (1732)

[*Translation*]

Mr. Armand Caouette (Villeneuve): Mr. Speaker, may I first of all say a few words on this motion we of the Social Credit Party of Canada consider very important. On December 4 last, the right hon. Prime Minister (Mr. Trudeau), tabled in the House of Commons a motion dealing with the establishment of a Ministry of State for Economic Development. That motion followed the creation of a super ministry of state to revive the Canadian economy. I think it is right to say, Mr. Speaker, that with this government our economy is being not constantly revived but re-re-revived. First of all, at the provincial level, then at the level of the Department of Regional Economic Expansion, and finally by the board for economic expansion.

You would think, Mr. Speaker, that they are now using a repeating rifle, particularly in the last few years, to try to revive the economy. And at what price, Mr. Speaker? That is precisely what is important for the average taxpayer because after all those revivals, those multiplications, those duplications of departments, John Q. Public always ends up paying the bill. What is odd, Mr. Speaker, is that at the same time the government decides to reduce its spending, it is trying hard to increase them by creating new departments, always to centralize more and throw the weight of its taxation and spending power on the provinces which cannot take it anymore. The government seems surprised to hear the cry of the provinces against the central government.

The motion introduced today, Mr. Speaker, is a perfect example of the dictatorial behaviour of this government. We would be in favour of it if the purpose of the creation of the super-ministry was first to eliminate economically-oriented federal departments which are just a duplication of provincial departments in the same formerly-provincial areas which should be returned to the exclusive jurisdiction of the provinces. In this way, future departments would have to co-ordinate the efforts of provincial departments for a better performance at the national level.

But when we examine the formation of the Ministry of State for Economic Development we realize that that super-ministry will be a perfect instrument of centralization to further control natural resources and agriculture in every province which have been asking for the patriation of their jurisdictions in those areas.

We can thus see a duplication of departments in all sectors to the economy—forestry, mining, fisheries, regional economic expansion, energy in its various forms, science and technology, agriculture and food industry, and so on. A new department was created a few years ago, the Department of Amateur Sport. How is it that the government has so much money that it can—afford duplicating departments which already exists in the provinces? A little while ago I contacted the Minister of Amateur Sport in order to get a grant for our region, which this year will host a national curling match, so as to make this a success like in all other provinces. And every time I contacted this minister I received the same reply: no funds available for grants to regions or provinces.

The money was allocated to the Canadian Amateur Sport Federation. The government went to see the Amateur Sport Federation and distributed the money to the provinces. What it did, Mr. Speaker, was to appoint a minister to collect the money and send it to the federation just like it was done for many years. I believe we have reach a point where we may well wonder whether the Canadian government has too much money to do what it did in the past.

There is also the Department of Transport. For one year, I have been trying to come to an agreement with the minister on a matter which has been in suspense for seven years, that is the question of the Chibougamau airport. Neither me nor the elected representatives of the people concerned on the city council have succeeded. First of all, only one meeting was held

with the minister under the pretext that the Quebec transport department did not want to co-operate. In Quebec city we were told that it was Ottawa who did not want to cooperate. No one wants to see us. However, when there was an election campaign, the predecessor of the minister came to my constituency and especially to that part of the area where the people are separated by hundreds of miles from northwestern Quebec and the Lac Saint-Jean area.

Mr. Speaker, why must the government always duplicate everything that this department does, even though it does a very good job in my opinion? Of course, the department could be given more responsibilities. The government prefers to establish other departments instead of taking that money and distributing it. Mr. Speaker, that is only one example of the efforts made by the government to control all sectors of provincial jurisdiction. In the name of national unity, the government is doing everything to divide our country even more.

Mr. Speaker, the right hon. Prime Minister is well aware that not a single province is willing to give up one of its fields of jurisdiction to the central government. Every day we can read in the newspapers in the western provinces and in Quebec that these provincial governments oppose the centralizing tendency of the federal government. We may seriously wonder whether the federal government does not consciously want to prevent economic development in Quebec. The Prime Minister seems to have both feet in Ontario and his head in Quebec. What will be the results? Obviously to try to consolidate his base in Ontario but by doing so he also risks losing his head in Quebec or vice versa. Mr. Speaker, we had too many bad experiences with the super-department of federal-provincial relations which was headed by the current Minister of Justice (Mr. Lalonde), a department which was nothing more than a propaganda agency for the Liberal party of Canada against the Quebec government. Mr. Speaker, I will come back to that in a few moments.

We are afraid, Mr. Speaker, that this super-ministry will have the same effects as the Department of Federal-Provincial Relations, that is, first to increase the present crisis, the fight of some federal politicians against the Quebec government particularly and generally against the autonomy of the provinces, in order to lead to that federative dictature which the present government is hiding under the guise of renewed federalism. The Liberals are creating crisis ministries.

● (1742)

And I refer to the Liberals because I realize that the idea of the super-ministry was not the result of consultations with the various economic partners of our country but a result of the Quebec Liberal caucus held last August. And, in that respect, we can read in *Le Devoir* of November 25, and I quote:

Need we recall that, on the advice of its youngest members at its Mont-Gabriel meeting last August, the Quebec Liberal caucus had proposed the establishment of a super-ministry of economic affairs.

[Mr. Caouette (Villeneuve).]

To conclude, those are not the first emergency measures tabled in this House by the present government since 1968.

Let us remember, Mr. Speaker, the War Measures Act of 1970 which has yet to be justified. And what about the famous 1975 anti-inflation measures about which Mr. Paul Weiler, Chairman of the British Columbia Labour Relations Board said in the periodic *Policy Analysis* of last fall, and I quote:

One of the lessons we have learned from the experience of the Anti-Inflation Board is its incapacity to control prices and consequently the injustices caused to some workers.

So, according to the comments of that labour relations expert, those measures were not only inefficient but absolutely unfair. In January 1975, the Prime Minister established the Federal-Provincial Relations office. Far from demonstrating to the citizens of all provinces the advantages to stay together, that office directed by the present Minister of Justice, through its famous publications, tried only to demonstrate to Quebeckers the non-viability and the bad aspects of sovereignty in Quebec. Considering its promotional efforts, that office should have been called the office of the constitutional crisis.

After the budgetary cutbacks of last August, it is now the generalized state of crisis, a crisis which we fully owe to the Trudeau government that has been officialized under the name of the Board of Economic Development Ministers which is actually a department of economic crisis. Mr. Speaker, just like all other Canadians, Quebeckers are fed up with these war games. Canada needs competent and responsible individuals to implement serious programs aimed at economic recovery. Let the government discard such projects and stop increasing the cost of the federal government with its super ministries of crisis. The members of the Social Credit Party of Canada will then be pleased to give their support to this government once it understands for good as I said earlier that these are not crises which will solve the most serious problem presently afflicting Canada, namely the economic issue.

To conclude my remarks Mr. Speaker, in the name of all my colleagues, I think that rather then creating again a new ministry, the Prime Minister should seriously study the proposals put forth for so many years by the Social Credit Party of Canada which are first and foremost a guaranteed annual income which would remove all the serious problems we are now experiencing with unemployment insurance. The unemployment insurance recipients are no longer the only ones with problems because now the government itself is compelled to make as many cutbacks as possible to incite people and the recipients to stop cheating the system.

I hope the Prime Minister will do as he did in the past, because a number of positive suggestions have been made by the Social Credit Party of Canada, especially by our late leader, Mr. Réal Caouette, who led the government to realize how important it was to delve on the economic problem, as faced by middle income people, and the likes of which the

newly established super-ministry of economic development is destined to solve.

Mr. Herb Breau (Gloucester): Mr. Speaker, I welcome this opportunity to contribute to the debate stemming from the resolution tabled by the Prime Minister (Mr. Trudeau) on December 4 on the establishment of the Board of Economic Development Ministers. I would firstly indicate that I support the motion as strongly as I can. Time has come in Canada to set up a process ensuring better co-ordination and cohesion in our economic development programs and policies.

I would like at this point to draw a distinction which apparently escaped the attention of a number of people who commented on the Prime Minister's announcement at the end of November last and his resolution tabled on December 4. I noted this afternoon the Leader of the Opposition (Mr. Clark) and the Leader of the New Democratic Party (Mr. Broadbent), the hon. member for Oshawa-Whitby also made the same error. Apparently they do not see the difference between fiscal and monetary policies on the one hand, and policies concerning the development of the internal economy, the domestic economy of Canada. There is a difference. When the Leader of the Opposition criticizes the fact that the Minister of Finance (Mr. Chrétien) will lose influence, he nearly implies the whole development issue can be left to fiscal, monetary and tax policy-making in general. This is wrong in my view. I give my wholehearted support to the establishment of this new board, especially since it is chaired by the hon. member for Port Arthur (Mr. Andras). He has been in cabinet for so long we do not always remember his constituency, but I think the former president of treasury board is the hon. member for Port Arthur. The minister has proved in the past can give practical meaning to government policy, and therefore ensure that all government programs better meet with the situation—at hand.

[*English*]

Mr. Speaker, today the Leader of the Opposition could really just have repeated one of the speeches he used to make in 1973 when he was his party's critic on matters having to do with government organization. He does not seem to have evolved very much since those days with regard to government organization. The Tories, and particularly their leader, criticize the fact that the Prime Minister and this government have given a greater role to the Privy Council office, to the Prime Minister's office and to the institution of cabinet.

The Leader of the Opposition says that ministers should have more personal power and that that would be better for Canada. However, giving more power to the Prime Minister's office and to the Privy Council office is not to reduce the influence of politicians. It is not to reduce the influence of parliamentarians and parliament. The Prime Minister is, after all, a member of parliament. We seem to forget that. He is accountable not only to parliament but also to his caucus and to a political party. He must make sure that in the management and the chairmanship of a large committee, which is cabinet, he has proper advice on a political basis in order to make sure that whatever the civil service is doing and whatever parliament is doing are proper and responsive to the political situation.

Both before and after becoming leader, the Leader of the Opposition has said that this process reduces the effect of parliamentarians. He does not understand how to lead a government or to fill the position of prime minister. I think that a prime minister must make sure that the elected part of government is competent and well advised as to what goes on in government. It has never offended me that the Prime Minister's office has been strengthened in the last ten years, because the Prime Minister is an elected person. He is accountable not only to parliament but also to his caucus and to his political party.

The Leader of the Opposition suggests that ministers should have more power. I jotted a few notes down as he was speaking. He did not say this, but it struck me that what he was really saying—

Mr. Paproski: You don't know; you were asleep.

Mr. Breau: —was that ministers are just an association of politicians.

Mr. Paproski: Don't misquote him.

Mr. Breau: I am not misquoting him. I am not even quoting him. I am interpreting the position he was taking. I felt that in his mind he was taking the position that ministers should be an association of politicians. To me his position was that ministers should meet over lunch once in a while—sometimes in Jasper after skiing—to let each other know what is going on in government.

That is the kind of government the Leader of the Opposition would lead. That is a backward view. That is a view of governments in the 1940s and 1950s when governments did not have much to do in society. The role of government then was merely to make sure that there was a Department of National Defence, a Department of Finance, a Department of National Revenue to collect taxes, a Treasury Board and a few other things. In those days parliament sat only a few months of the year. Governments did not have much to do. However, in our modern society things have changed, and I wish the Leader of the Opposition would come out with some better ideas than the ones he learned in school 20 or 25 years ago.

The Privy Council office, the cabinet and the Prime Minister's office should co-ordinate what goes on in government and make sure that things are put together. To me that is the proper way to run a government.

• (1752)

Again the Leader of the Opposition complained about the terrible thing that happened in 1969 when we took the control of spending away from parliament. I was here in 1969. The hon. member for Rocky Mountain was not here but he may have been an assistant somewhere. Spending control has not

been taken away from parliament; parliament still votes on the estimates and on appropriations. If it wants to refuse appropriation, it just has to vote against it.

Apparently the Conservatives are not sufficiently competent or efficient to bring forward exactly what the weaknesses are, in their terms. They complain that it is the institution of parliament that is not good enough. What happened in 1969 was that we provided for a better system of examination of estimates. The opposition is complaining about having the control of spending taken away from the House, but what has been taken away from them in reality is their capacity to frustrate the work of the government by filibustering debate on the estimates, and that is what they are worried about. Now there is a more effective way of examining the estimates in committees than was possible in the House of Commons.

What is happening is that opposition members do not always come to committees because the members of the press gallery are not always there. Opposition members do not do their homework in committees, so they complain and say they would like to be able to come to the House and make speeches here and frustrate the work of the House.

An hon. Member: You are misleading the House.

Mr. Breau: There is better control of the spending of government now than there ever was before. What opposition members have lost is the capacity to frustrate the work of the government.

An hon. Member: Absolutely false.

Mr. Paproski: Mr. Speaker, I rise on a point of order. I do not think the hon. member is trying deliberately to mislead the House, but I wish he would keep to the bill instead of trying to tell us how to run the committees and whether or not members appear in the committees. That has nothing to do with the bill before us at this time.

The Acting Speaker (Mr. Turner): Order, please. I suggest to the hon. member that that is not a point of order.

Mr. Breau: Thank you, Mr. Speaker. I agree the hon. member did not have a point of order and he was wrong when he spoke about a bill. We are debating a resolution. I wish the hon. member had also told his leader that he should have spoken about the resolution instead of the phony things he spoke about which have nothing to do with the resolution before us.

The Leader of the Opposition said that DREE has been ineffective and has been undercut because other departments have done what DREE has been doing. What the government is doing by the establishment of the Economic Development Board, after eight or nine years of experience with DREE, at a time of very rapid economic growth in Canada, and now that we have serious adjustments to make, is to refine the means and the tools for the economic development of the country. This board will bring about better co-ordination and cohesion and will ensure that economic development programs of the federal government are more effective when we are not in a period of rapid growth, when we have to make serious economic adjustments, when we have to decide, because of the new economic context, what exactly will be the role of the government and what kind of society we want to organize. It becomes more important now to assure ourselves that the tools of the government are more efficient. This board does not reduce the influence of the other departments.

The role of the Minister of Finance is to deal with monetary matters, taxation matters and economic policy. The Leader of the Opposition does not know the difference between economic policy and economic development programs. There is a large difference between them. He said this afternoon that the country's economic policy will be impaired because we will have better means of making sure that economic development programs work better. Does he mean he would not have economic development programs and he would leave everything to macroeconomics? Does he wish us to believe that in the enunciation of a budget, which is one statement of economic policy, one can deal with all possible problems in terms of economic development programs? That is a complete fallacy; there is no way you can do that.

The Leader of the Opposition mentioned the role of the Treasury Board. I hope that the new board will not be a board exactly like the Treasury Board which, by its very nature, must be a regressive institution because it must ensure that all programs and initiatives stay within a certain fiscal context. The job of the Treasury Board is to put on the brakes. The role of this economic board is one of a positive agent. It is to make sure that things are done, not like the Treasury Board which makes sure that things remain within the fiscal context which has been set by the economic policy. That is the basic difference between the two boards, and I am glad to see that the government makes that difference.

In Canada we have in one part of the country, in the west, great opportunities in terms of economic development, and in the east the economy lags. However, I would just like to point out that the challenge in both cases is exactly the same. When things go well, as they do in western Canada and in the north, when we have an opportunity to do things, the challenge is to ensure that the organization of society will be such that what you want will happen. In areas which need assistance, the challenge is there also. The challenge is the same whether there is too much development or not enough development. I am glad to see that at this time in our economic history we will have this kind of co-ordination in our economic programs at the federal level.

Mr. Hamilton (Qu'Appelle-Moose Mountain): May I call it six o'clock, Mr. Speaker?

The Acting Speaker (Mr. Turner): It being six o'clock, this House stands adjourned until tomorrow at two o'clock, pursuant to Standing Order 2(1).

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

HOUSE OF COMMONS

Thursday, December 14, 1978

The House met at 2 p.m.

• (1407)

ROUTINE PROCEEDINGS

[*Translation*]

BILINGUALISM

REQUEST FOR REPORT ON INQUIRY INTO QUEBEC AIR CONTROLLER TRAINEES IN CORNWALL—MOTION UNDER S.O. 43

Mr. Roch La Salle (Joliette): Mr. Speaker, under the provisions of Standing Order 43, I ask for the unanimous consent of the House to introduce a motion dealing with an urgent matter of pressing necessity.

In view of the fact that the Quebec air controller trainees have decided to boycott their training in Cornwall to protest against the discrimination of which they are the victims and that the minister responsible has deemed advisable to launch an inquiry into charges of discrimination against Francophone students, I move, seconded by the hon. member for Kingston and the Islands (Miss MacDonald):

That the House unanimously appeal to the Minister of Transport (Mr. Lang) to table as soon as possible in the House the report on that inquiry to avoid a repetition of the sad story of the Gens de l'air du Québec.

Mr. Speaker: Order. The House has heard the motion of the hon. member. Under the provisions of Standing Order 43, the motion requires the unanimous consent of the House. Is there such consent?

Some hon. Members: Agreed.

Some hon. Members: No.

* * *

[*English*]

AWARDS AND DECORATIONS

SUGGESTED AWARD FOR SIR WILLIAM STEPHENSON—MOTION UNDER S.O. 43

Mr. Donald W. Munro (Esquimalt-Saanich): Mr. Speaker, in light of the failing health of that distinguished but retiring Canadian, Sir William Stephenson, otherwise known as "Intrepid", head of a special allied intelligence unit during the war, and his outstanding contribution to the success of the allied forces during the Second World War, I move, seconded by the hon. member for Halton-Wentworth (Mr. Kempling):

That this House support the move beginning to gather momentum to have Sir William Stephenson designated as a Companion of the Order of Canada.

Mr. Speaker: I am sure the hon. member will recognize that, in another form that is a motion which I have not consistently put to the House under this Standing Order.

* * *

HOUSE OF COMMONS

NDP FUND-RAISING ADVERTISING—MOTION UNDER S.O. 43

Mr. John C. Crosbie (St. John's West): Mr. Speaker, I rise on a matter of urgent and pressing necessity under the provisions of Standing Order 43.

In view of the fact that I, as well as many thousands of other innocent Canadians, have received, unsolicited, through the mails an appeal for a contribution to the NDP from one Terry Grier who states correctly that "Ed Broadbent needs help", and in view of the fact that the contribution is requested not for the purpose of winding up that party but to enable it to continue to spread noxious doctrines among the electorate, I move, seconded by the hon. member for Dartmouth-Halifax East (Mr. Forrestall):

That the Leader of the NDP and Mr. Grier be awarded jointly the trash mailer of the year award for 1978 and that both also be awarded—

Mr. Speaker: Order, please.

* * *

INDIAN AFFAIRS

INDIAN BAND'S PARTICIPATION IN POLICY ON SCHOOLS—MOTION UNDER S.O. 43

Mr. S. J. Korchinski (Mackenzie): Mr. Speaker, in view of the urgent and pressing necessity of this matter, I wish to move a motion under Standing Order 43.

In view of the continuous representation since October 27 by the band council of the Montreal Lake reserve, supported by resolutions, reaffirmed by a selection board comprised of the Department of Public Works, the Indian Affairs regional office, my representation as their member, a telex from the president of the Federation of Saskatchewan Indians and a telex from the director of operations, Department of Indian Affairs, in spite of which a decision has not been rendered on the selection of an architect for an approved school, I move,

S.O. 43

seconded by the hon. member for Lambton-Kent (Mr. Holmes):

The adjournment of the House for a debate on government policy whether or not Indians have been excluded from the consultation and decision-making policy involving Indian schools.

Mr. Speaker: The presentation of such a motion would require unanimous consent. Is there unanimous consent?

Some hon. Members: Agreed.

Some hon. Members: No.

* * *

AIR TRANSPORT

ADDITIONAL WESTERN ROUTES FOR CERTAIN AIRLINES—MOTION UNDER S.O. 43

Mr. Dan McKenzie (Winnipeg South Centre): Mr. Speaker, I rise, under the provisions of Standing Order 43, to move a motion of urgent and pressing necessity.

In light of the current lay-offs of qualified pilots by Transair Limited of Winnipeg, in light of the fact that Air Canada does not exercise its prerogative on the Winnipeg-Chicago run, for which it holds the rights, and considering the fact that Pacific Western Airlines and Transair have applied for several new western Canadian air routes which, if implemented, would alleviate the work slowdown and allow PWA and Transair to hire back all the pilots on lay-off, I move, seconded by the hon. member for Edmonton Centre (Mr. Paproski):

That the House direct the Minister of Transport to instruct the Canadian Transport Commission to allow Pacific Western Airlines and Transair additional western routes and the Chicago-Winnipeg run immediately.

Mr. Speaker: The introduction of such a motion for debate at this time can be done, pursuant to Standing Order 43, only with the unanimous consent of the House. Is there unanimous consent?

Some hon. Members: Agreed.

Some hon. Members: No.

* * *

TRADE

INTRODUCTION OF IMPORT QUOTAS ON LOW-WAGE COUNTRIES—MOTION UNDER S.O. 43

Hon. George Hees (Prince Edward-Hastings): Mr. Speaker, I rise to move a motion, under Standing Order 43, on a matter of urgent and pressing necessity. As imports from low-wage countries are taking away a steadily increasing share of the Canadian market from Canadian products, thus causing Canadian workers to be laid off in ever-increasing numbers, I move, seconded by the hon. member for Halton-Wentworth (Mr. Kempling):

[Mr. Korchinski.]

That this House direct the Minister of Finance to introduce import quotas, to be applied against imports from low-wage countries in order to retain the same high proportion of the Canadian market for Canadian producers as the United States and European Common Market do to protect their domestic producers.

Mr. Speaker: Such a motion can be introduced at this time for debate, pursuant to Standing Order 43, only with the unanimous consent of the House. Is there unanimous consent?

Some hon. Members: Agreed.

Some hon. Members: No.

* * *

● (1412)

PENITENTIARIES

CANCELLING OF CONSTRUCTION OF PENITENTIARY AT SELKIRK, MAN.—MOTION UNDER S.O. 43

Mr. Dean Whiteway (Selkirk): Mr. Speaker, I rise under the provisions of Standing Order 43. In light of the decision of the Government of Canada to cancel the building of a new maximum security prison in the town of Selkirk, I move, seconded by the hon. member for Portage (Mr. Masniuk):

That the Solicitor General table all studies and supporting documents which now validate the reversing of the definite decision made by his department in May of 1977 to "proceed immediately with the construction of a maximum security prison for Manitoba".

Mr. Speaker: Such a motion can be introduced at this time only with unanimous consent. Is there unanimous consent?

Some hon. Members: Agreed.

Some hon. Members: No.

ORAL QUESTION PERIOD

[*English*]

INDIAN AFFAIRS

HEALTH CARE PROGRAMS FOR INDIAN COMMUNITIES

Mr. J. R. Holmes (Lambton-Kent): Mr. Speaker, my question is directed to the Minister of National Health and Welfare. As the minister knows, or should know, the Indian and Inuit people of this country have health problems of a magnitude far greater than the general population of Canada.

How can the minister justify unilateral action which will affect adversely the health of Indians and Inuit in Canada and the delivery of health services to these people without consulting the Indian community? By way of example, I mention the 30 maritime Indian chiefs who are in Ottawa at the present time and with whom the minister has refused to meet despite repeated representations by myself and, in particular, by my Conservative colleagues from the Atlantic provinces.

Hon. Monique Bégin (Minister of National Health and Welfare): Mr. Speaker, I do not understand the last insinuation of the hon. member. I never received the two representations to which he referred. However, for the first time on Monday I received telexes from four Indian groups representing different interests in the country. They asked to meet with me today. Unfortunately, my agenda has been fully booked for a long time and I could not accommodate that request. It was unknown to me prior to Monday.

Two or three weeks ago I met at length with representatives of the National Indian Brotherhood, but I do not remember the exact date. The hon. member is wrong when he says there are changes in the health delivery system. There are no such changes. We continue to provide all the health care for which we are responsible. We are talking here only of uninsured health expenditures such as eyeglasses, dental expenditures and transportation.

Mr. Clark: And drugs.

Miss Bégin: I have answered the question often. I issued guidelines in the month of September because of expenditures which could not be justified by anyone.

Mr. Holmes: Mr. Speaker, with all due respect to the minister, let me re-emphasize this. As I interpret it, and other people who have read the guidelines, many people will be affected, such as those who are diabetics and those with heart problems. When one looks at factors such as infant mortality and life expectancy in the Indian and Inuit communities of Canada, one will realize that they are absolutely abnormal and beyond comprehension when compared to an average community. I would say to the minister—

Some hon. Members: Order.

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

Mr. Holmes: Will the minister reconsider her position and meet with the maritime Indian chiefs who are present in Ottawa today? This is a problem which is reflected in Indian and Inuit communities across Canada. Will the minister do that?

Miss Bégin: Mr. Speaker, no changes in circumstances permit me to change the guidelines. I ensured that the appeal system was the simplest and fairest possible. I think that is very important. The guidelines assure to all Indians in need of assistance 50 per cent more than provincial assistance gives people on welfare in Canada.

• (1417)

Those are my guidelines. I cannot accept the concept of there being no guidelines because as a result costs will skyrocket. I take my responsibility seriously to define the rules of the game and ensure that they are fair for everybody.

Mr. Clark: Except for diabetics, those with heart trouble and those who happen to be Indian.

NUTRITION PROGRAM FOR NATIVE PEOPLES

Mr. J. R. Holmes (Lambton-Kent): Mr. Speaker, my supplementary question is to the Minister of Indian Affairs and Northern Development. As the minister knows, the nutrition survey study indicated that the Indian and Inuit people had severe nutritional problems not experienced by the vast majority of Canadians.

In view of that fact, how does the minister justify the unilateral discontinuance of noon-hour lunches to Indian children, which are essential as part of a nutritional program in many Indian communities in Canada, and yet approve a movement of the department to Hull which cost over $500,000, with an annual rent of $6 million? This move, which was opposed by the Indian community—

Mr. Speaker: Order, please.

Hon. James Hugh Faulkner (Minister of Indian Affairs and Northern Development): Mr. Speaker, I am not sure that the comparison is a fair and equitable one. If the hon. member is seriously interested in the nutritional question, and I believe he is, the answer is not simply noon-hour lunches; the nutritional problem in the north largely relates to the over-all diet.

We have probably done more in the last two years in an attempt to get country food circulated through the communities than has ever been done before. That is, in large measure, the direction we would have to go in dealing with the nutritional problem.

INDIAN BANDS' PARTICIPATION IN POLICY ON SCHOOLS

Mr. S. J. Korchinski (Mackenzie): Mr. Speaker, I have a question for the Minister of Indian Affairs and Northern Development. In view of the fact there was a meeting involving the Department of Indian Affairs, the Department of Public Works and Indians, at which an architect was to be selected and to which a unanimous recommendation has already gone forward, and the Minister of Public Works this morning told a delegation that he alone is the one who must make the decision, has there been any change in the policy which was announced in 1973 in which the then minister of Indian affairs stated that full participation would be accorded Indian bands in determining questions affecting Indian education?

Hon. James Hugh Faulkner (Minister of Indian Affairs and Northern Development): Mr. Speaker, as far as I am concerned, in my area of responsibility the policy of full consultation continues.

Mr. Korchinski: Will you, then, consult with the Minister of Public Works?

Oral Questions

HEALTH AND WELFARE

FUND TO COMBAT OCCUPATIONAL HAZARDS IN ASBESTOS INDUSTRY

Mr. Derek Blackburn (Brant): Mr. Speaker, my question is to the Minister of National Health and Welfare. As the minister knows, the federal government has already given doctors McDonald, Corbett and Gibbs $100,000 to look into the problem of occupational hazards in the asbestos industry.

Is the minister also aware of the fact that the privately financed Institute of Occupational and Environmental Health, of the Quebec Asbestos Mining Association, has given six times that amount of money to the same doctors to look into the same problem?

Hon. Monique Bégin (Minister of National Health and Welfare): Mr. Speaker, I was not aware of that but I will look into it.

Mr. Blackburn: Mr. Speaker, I would like to ask the same minister whether or not there is a conflict of interest, in view of the fact that these doctors, particularly the doctors McDonald—a husband and wife team—have refused to divulge their findings to the public even though they were publicly financed in the amount of $100,000. Is there a conflict of interest, or not?

Miss Bégin: Mr. Speaker, I would like to have some time to look into the matter. I shall investigate fully and report to the House.

Mr. Blackburn: Mr. Speaker, I find the minister's responses totally unacceptable. Obviously, she—

Miss Bégin: I was not aware.

Mr. Blackburn: The minister should have been aware. My supplementary is this: will the minister table in the House all the information, not only from the public inquiry but also any private information which this team of researchers—academics who find it beneath their dignity to divulge their information to the public—may have? Will she make all this information public, and not just that held by this private group of asbestos mining companies?

Miss Bégin: Mr. Speaker, I would have appreciated receiving notice of the hon. member's question, because it is a detailed question on one particular case. I do not understand why he prejudges the terms of the contract for which these people have received research money. I said I will look into it, and I will and report to the hon. member.

[Mr. Korchinski.]

• (1422)

NATIONAL DEFENCE

COMMITMENT TO INCREASE DEFENCE BUDGET

Mr. Allan B. McKinnon (Victoria): Mr. Speaker, I have a question for the Minister of National Defence. During his recent visit to Brussels, was the minister able to reassure our NATO allies that Canada would fulfil the commitment made by the Prime Minister and the minister himself to increase the over-all defence budget of Canada by 3 per cent, in real terms, each year for five years?

Hon. Barney Danson (Minister of National Defence): Yes, Mr. Speaker. Our NATO allies were pleased with the progress we are making: not as pleased as with some other countries, but in the main very pleased with the progress that has taken place in Canada's contribution to the alliance.

Mr. McKinnon: A supplementary question, Mr. Speaker. I take it that the minister believes we are going to fulfil our commitment of 3 per cent, in real terms, for the year. Last May, the minister's officials estimated that we would not quite be able to reach the 3 per cent figure. Since that time the Prime Minister has announced his reductions and the Department of National Defence has accepted a $150 million reduction although, granted, it is not all for this year. By what percentage, in real terms, is the budget going to increase according to NATO standards this year?

Mr. Danson: Mr. Speaker, it will be about 2.2 per cent for this year, and it will be somewhat less than that in the 1979-80 period when that reduction does take place.

* * *

EXTERNAL AFFAIRS

SAFEGUARDS APPLIED ON SALE OF CANADIAN NUCLEAR REACTORS

Mr. Allan Lawrence (Northumberland-Durham): Mr. Speaker, my question is for the Secretary of State for External Affairs. In answer to an opposition inquiry on November 16, the minister told the House that he would look into the safeguards treaty in respect of Argentina to find out if it was within the power of Canada to prohibit any more nuclear or uranium assistance or supplies to that country in the event it was going into the reprocessing cycle. The member of the opposition was quoting from a dispatch in the *Latin American Review* which indicated that Argentina was actually doing that.

Has the minister looked at the safeguards treaty, and could he tell the House whether we can now prohibit that type of assistance to Argentina in the event that they are doing this?

Hon. Donald C. Jamieson (Secretary of State for External Affairs): Mr. Speaker, my recollection is that I answered that question for the hon. member for Nanaimo-Cowichan-The Islands. My first response was that there had been a denial

that the quote attributed to the Argentinian spokesman was correct, as least that he was not a spokesman for the Argentinian government.

As for our rights under the safeguards treaty, I am speaking from memory and I would ask the hon. member to give me the opportunity to check it again: I think the answer is that our safeguards treaty does, in fact, give us authorization to cease shipments or cease co-operation in the event of the kind of development to which that particular story referred; but, once again, I am speaking from memory. I will look into it again and try to respond in more detail.

Mr. Lawrence: A supplementary question. Is the minister also aware of a story in the Washington *Post* under the byline of a gentleman by the name of Benjamin who has indicated that he has taped the actual conversation with Rear Admiral Madero who is spokesman for the Argentinian government on nuclear and uranium matters. He has very definitely indicated that Argentina is doing just exactly that. Mr. Benjamin is willing to make this tape available to Canadian embassy officials in Washington.

Is the minister aware of these developments, that the Argentinian authorities are doing this so they can stay ahead of Brazil in the arms race and, if so, what is the action of this government?

Mr. Jamieson: Mr. Speaker, I am aware, as I said in my first answer, that we have been assured that this is not a spokesman for the government. That is point No. 1.

The second point is that there was initially a claim that the admiral in question was being misquoted. Subsequent to that I heard reports along the lines the hon. member has just quoted. I have asked for further details on these to have them confirmed. When I get that information I will be in a better position to answer more definitively.

Speaking from memory, once again, I think what they are talking about is some kind of experimental arrangement. That may be where the distinction is in terms of the denials in Argentina and the understandings we have in this country. It is a very complicated matter and I will be glad to try to get a written response for the hon. member.

* * *

● (1427)

FINANCE

SALES TAX REBATE ON AUTOMOBILE INVENTORIES

Mr. Bill Kempling (Halton-Wentworth): Mr. Speaker, I have a question for the Minister of Finance. The minister has received hundreds of letters and telegrams from automobile dealers across Canada. Would the minister advise if he has come to a decision on the request for a rebate of excise tax on the difference between 12 per cent and 9 per cent on automobile inventories that were in place at the time of the budget on November 16?

Hon. Jean Chrétien (Minister of Finance): Mr. Speaker, when I appeared before the committee last week I said that it was impossible to refund those taxes for inventories. If we did that for the automobile dealers, we would have to do it for everybody. This would be very expensive in terms of the number of bureaucrats who would have to work on the procedure. At the same time, we would be losing $300 million of revenue and adding $300 million to the deficit—and the opposition are always complaining that we have too large a deficit.

Mr. Kempling: Mr. Speaker, I have a supplementary question for the minister. Not everyone sees the situation the way he does. Will the minister agree to meet with the Federation of Automobile Dealers in the immediate future? The federation has had a request in to his office for several weeks. Will he agree to meet with them?

Mr. Chrétien: Mr. Speaker, I will certainly be pleased to meet them if we can arrange a meeting. I do not know what the usefulness will be, but if they insist, I can meet them.

* * *

PUBLIC SERVICE

TABLING OF STUDY ON OVERCLASSIFICATION

Mr. Harvie Andre (Calgary Centre): Mr. Speaker, I have a question for the President of the Treasury Board. My question deals with the overclassification study undertaken by the government with regard to the public service. The minister's predecessor, on at least three occasions, made a commitment to my hon. friend, the hon. member for Hamilton West, that this study would be tabled in the House and action arising from it would be indicated to the House. Can the minister tell us now if he is prepared to table this report?

Hon. Judd Buchanan (President of the Treasury Board): Mr. Speaker, I indicated to the hon. member for Hamilton West that I would be tabling it late last week or early this week. Unfortunately, there have been a couple of complications. I hope to have it ready for tomorrow; if not, Monday.

Mr. Andre: Mr. Speaker, will the minister, at the time he tables the report, indicate to the House what action will flow from it? Will he indicate whether he is going to engage in red-circling dismissals or just what procedures will result from this study? Also, what opportunity will the House have to discuss it—in response to a statement on motions, by referral to the appropriate committee of the House, or through some other method if one can be found?

Mr. Buchanan: Mr. Speaker, I am considering whether it will simply be a tabling of the report or, as the hon. member suggests, a statement on motions. I will make a decision later today or tomorrow.

Oral Questions

COST OF BOOKLET CIRCULATED TO EMPLOYEES

Mr. Lloyd Francis (Ottawa West): Mr. Speaker, I have a question for the President of the Treasury Board. Could he advise this House of the cost of the booklet being distributed by Treasury Board, entitled "Proposed Changes in the Public Service Staff Relations Act" and whether it is the intention of the government to permit the bargaining agents access to the same delivery system for reply to this booklet?

Hon. Judd Buchanan (President of the Treasury Board): Mr. Speaker, I think the cost of this publication was in the vicinity of 9 cents per copy, which we felt was a reasonable cost to be incurred for distributing it to members of the public service.

In so far as the latter part of the question is concerned, it is interesting that I was with my friend, the hon. member for Grand Falls-White Bay-Labrador, when Bill C-28 was before the House and I was accused, as a member of the government, of having failed miserably in communicating our side of the issue to all public servants in Canada: they have heard a great deal about the union side and were very distressed that they had not heard a single word from their employer, the government. We felt it was very important that we put before them the position of the government, their employer, on this issue. We feel the cost of less than a dime per employee is not unreasonable.

* * *

CANADIAN NATIONAL RAILWAYS

TRAIN SERVICE IN NEWFOUNDLAND—GOVERNMENT SUPPORT

Mr. John C. Crosbie (St. John's West): Mr. Speaker, my question is for the Secretary of State for External Affairs in his capacity as acting minister of transport.

A week ago Tuesday there was a meeting in Newfoundland about the Newfoundland railway. The House of Assembly has since passed a resolution, supported by all parties, that the railway should continue and be supported by the Government of Canada.

Could the minister tell us whether it is now the policy of the Government of Canada—as he said in a telex of last Tuesday, a week ago—that the government will provide direct payments to CN to cover clearly identifiable losses sustained by CN in carrying out their special responsibilities in Newfoundland in order to maintain effective rail service in Newfoundland and to avoid serious dislocation and lay-offs. Is that now government policy, and when will these arrangements come into effect?

● (1432)

Hon. Donald C. Jamieson (Secretary of State for External Affairs): Mr. Speaker, I am not the acting minister of transport.

Mr. Speaker: Order, please. I wanted to be clear in what capacity the Secretary of State for External Affairs is answering the question. It would have to be in some capacity related to his responsibility as Secretary of State for External Affairs, or Acting Prime Minister.

[Mr. Buchanan.]

Mr. Crosbie: Mr. Speaker, my question is to whoever is acting minister of transport or whoever is prepared to accept responsibility for the Secretary of State for External Affairs' telex of November 30. My question will be to whoever that is.

Is it now the policy that the government will make direct payments to CN for the operation of the Newfoundland railway?

[*Translation*]

Mr. Charles Lapointe (Parliamentary Secretary to Minister of Transport): Mr. Speaker, first the hon. member should say whether it is a telegram from the Secretary of State or from the Secretary of State for External Affairs. As for particulars on the matter, I will take good note of it and provide details to the member.

[*English*]

Mr. Speaker: The hon. member for Simcoe North.

Mr. Crosbie: Here is your telex from the Secretary of State for External Affairs.

Some hon. Members: Order.

Mr. Speaker: Order, please.

* * *

HEALTH AND WELFARE

GOVERNMENT CONTRIBUTION TO HEALTH CARE PROGRAM

Mr. P. B. Rynard (Simcoe North): Mr. Speaker, I have a question for the Minister of National Health and Welfare. In view of the galloping increase in geriatric care costs across Canada due to an aging population, necessitating more teaching research and chairs of medicine in the universities, what contribution is the government making to the health care and disease prevention plan of the former minister of national health and welfare?

Hon. Monique Bégin (Minister of National Health and Welfare): Mr. Speaker, the need for Manpower training courses to cover the field of geriatrics properly in Canada has not yet been satisfactorily defined. As soon as I receive from the deans of medical schools and other interested bodies a better definition of the needs, I will raise it immediately with my provincial colleagues at a federal-provincial meeting.

Mr. Rynard: Will the minister consider broadening the field of health and welfare to include the geriatric field?

Miss Bégin: Mr. Speaker, I can assure the hon. member that the new bureau on aging which has started operating in my department will include geriatrics. I thank the hon. member for his suggestion.

SPORTS

WHITE PAPER ON AMATEUR SPORT

Mr. Bruce Halliday (Oxford): Mr. Speaker, I have a question for the Minister of State (Fitness and Amateur Sport). I think it is one her legal counsel will allow her to answer.

About a year ago the minister refused to extend the deadline for submissions in response to her green paper on sport, the reason being that she had a deadline to meet in preparing the report. Will the minister now tell us why she is delaying the issuing of her white paper on amateur sport, and whether that is due to the postponement of the election or the disruption within her department because of resignations?

Hon. Iona Campagnolo (Minister of State (Fitness and Amateur Sport)): Mr. Speaker, the response to the question is quite simple. Due to new economic priorities within the government, I have had to take a little more time with my white paper. I am sure the critic of my department will be very pleased to know that in spite of the deadline for the white paper, we have continued to receive representations from sports people all over the country which we have been taking into account in its preparation.

Mr. Halliday: Mr. Speaker, I am sure the sports people will be disappointed to learn that their priorities are not as high as the minister seems to imply they are. Will the minister confirm that negotiations are under way and that a bill is being drafted to change Sports Canada into a Crown corporation? If so, is that one of the reasons for the delay in both the white paper on sport and the green paper on recreation?

Mrs. Campagnolo: Mr. Speaker, with regard to the matter of the green paper on recreation, I expect that to be before this House very shortly.

With regard to the other question the hon. member raises, that is a possibility but one might want to consider other options. Of course, what we are looking for in sports is to have a better system with more flexibility so that sports people can have more to say about their affairs. This will be included in the white paper. I trust the hon. member will wait until it is released to hear about that.

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[*Translation*]

TRANSPORT

REQUEST FOR ONE-YEAR MORATORIUM ON PHASING-OUT OF CNR SUBURBAN MONTREAL LINES

Hon. Francis Fox (Argenteuil-Deux-Montagnes): Mr. Speaker, my question was for the Minister of Transport, but as he is absent, I shall direct it to his parliamentary secretary. In view of the representations made to the Minister of Transport by the suburban mayors of Two Mountains, Mount Royal, West Island and South Shore at the meeting which the hon. member for Chambly and I had called together, could the parliamentary secretary advise the House whether the Minister of Transport is now prepared to ask the Canadian National Railways to impose a one-year moratorium on its program to phase out its commuter service around greater Montreal, in view of the fact that a recently published report to the Montreal Urban Community recommends both the integration of commuter service and the acceptance of the responsibility for the payment of the operation deficits on a large section of these lines?

Mr. Charles Lapointe (Parliamentary Secretary to Minister of Transport): Mr. Speaker, the minister has read with much interest the findings of the Gascon report to the effect that commuter trains should be integrated into the Montreal urban transport system. Following this report and also the representations made by the hon. member for Argenteuil-Deux-Montagnes and his colleague the hon. member for Chambly, the minister has accepted to officially request the president of the CNR to reconsider his phasing-out plan and to greatly reduce the rate increase, if there is one, to become effective on January 1.

[*English*]

Mr. Joe Clark (Leader of the Opposition): Mr. Speaker, can the Acting Prime Minister tell the House whether the same fellow who wrote the question wrote the answer?

Some hon. Members: Hear, hear!

Some hon. Members: Oh, oh!

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POST OFFICE

OFFICIALS RECEIVING AIRLINE PASSES FOR VACATIONS

Mr. David Orlikow (Winnipeg North): Mr. Speaker, my question to the Postmaster General is a follow-up of the question I asked him last Friday.

Have officials in the Post Office Department received for themselves and/or their families passes from airline companies? If so, has the minister given consideration to whether or not the receiving of such passes raises the possibility of a conflict of interest on the part of his officials, as the Post Office Department is involved in awarding very substantial mail contracts to airline companies?

Hon. J. Gilles Lamontagne (Postmaster General): Mr. Speaker, that question was asked by the hon. member last Monday, I believe. I verbally asked the Deputy Postmaster General if any of these passes were being used for anything other than business matters. I was verbally told they were not. However, I have also asked the Deputy Postmaster General to make a full report on this. As soon as I receive a reply, I will inform the hon. member.

Mr. Orlikow: Will the minister also ask the deputy minister to find out whether passes were obtained not just for officials

in his department but for members of their families, which would certainly not be considered part of their work?

Mr. Lamontagne: Mr. Speaker, I am as anxious as the hon. member to get the reply from the Deputy Postmaster General. As soon as I receive it, I will let him know.

* * *

● (1442)

COMMUNICATIONS

INVITATIONS TO LAUNCHING OF ANIK B

Mr. J. P. Nowlan (Annapolis Valley): Mr. Speaker, my question was to be directed to the Minister of Communications, who has been in the House one day this week. Today she is in Florida, so I direct my question to the Acting Prime Minister, whoever he may be. I am glad to see it is the Minister of Finance who has spoken about restraint to the Canadian people.

Some hon. Members: Oh, oh!

Mr. Nowlan: I will get to the question, if hon. members opposite will keep quiet. In this time of restraint which the Acting Prime Minister and others have been professing, could he please explain to the House the reason it is necessary, at the launching of Anik B tomorrow, to have present one minister, two Liberal members, two deputy ministers, two assistant deputy ministers and two executive assistants, separate and apart from 35 staff and directors of Telesat and 100 other invited guests? This is the third or fourth launching of a satellite, and it is not a novel event in Canadian history.

Hon. Jean Chrétien (Acting Prime Minister): Mr. Speaker, I do not have the details of this. I will look into the matter. I can appreciate the frustration of the hon. member over the fact that the minister forgot to invite him.

Some hon. Members: Hear, hear!

Mr. Nowlan: Mr. Speaker, I must say that I appreciate that answer, and the minister is quite correct. In 1968, at the launching of the first satellite we ever put up, there was all-party representation and at subsequent launchings—

Some hon. Members: Oh, oh!

Mr. Speaker: Order, please.

Mr. Nowlan: —there was not this great extravaganza. I appreciate the Acting Prime Minister's handicap. Can he assure the House that he will try to obtain the financial details and the involvement of the Canadian government? Admittedly, many of these people will pay part of their expenses but the expenses of many others will be paid for by the Canadian taxpayer.

[Mr. Orlikow.]

Mr. Chrétien: Mr. Speaker, it is very simple. If the hon. member puts his question on the order paper, he will receive a quick answer.

Some hon. Members: Oh, oh!

* * *

[*Translation*]

AGRICULTURE

OPPORTUNITY TO CREATE NATIONAL POULTRY MARKETING BOARD

Mr. Adrien Lambert (Bellechasse): Mr. Speaker, because of the noise, I was not sure you had recognized me. I thank you very much.

My question is for the Minister of Agriculture whom I know as an honest man, one who can take his responsibilities. I would like to ask him, Mr. Speaker, what progress has been made in cabinet regarding the decision on the establishment of a national poultry marketing board. I asked the minister about it on several occasions. He answered me every time and he gave some information to the House, but the fact is that we are almost at the end of December and producers are still waiting for a decision of the cabinet on this issue. Could the minister tell us now, in his usual sincere and straightforward fashion, when producers can expect a final decision to be made about the establishment of this marketing board?

[*English*]

Hon. E. F. Whelan (Minister of Agriculture): Mr. Speaker, I appreciate the honest words spoken by the hon. member at the beginning of his question.

Some hon. Members: Oh, oh!

Mr. Whelan: With regard to the national broiler marketing agency, the answer is "very soon".

[*Translation*]

Mr. Lambert (Bellechasse): Mr. Speaker, I would like to ask a supplementary question.

Can the minister tell the House if, when the establishment of this marketing board is finally decided, production quotas will be set according to December figures or if provincial production quotas will be set according to the request for the establishment of the board, in order to be as fair as possible to all producers?

[*English*]

Mr. Whelan: Mr. Speaker, we want to be as fair as possible and we will use the historic production records over a five-year period. That may go back to the first time or the second time the hearings were held, but the historic production of producers will be protected. Negotiations have been going on for

several months with our main trading partner in this commodity, the United States.

* * *

[*Translation*]

TRANSPORT

REQUEST FOR REPORT ON INQUIRY INTO QUEBEC AIR CONTROLLER TRAINEES IN CORNWALL

Mr. Roch La Salle (Joliette): Mr. Speaker, my question is directed to the Parliamentary Secretary to the Minister of Transport.

Since the minister has decided to launch an inquiry into the discriminations against French-speaking trainees who are studying to become controllers, can the parliamentary secretary tell the House today if this inquiry has been completed, since students have returned to work, and if so, can he give us his word that he will table the report in the House and make it public?

Mr. Charles Lapointe (Parliamentary Secretary to Minister of Transport): Mr. Speaker, I hope the Leader of the Opposition will not say that I wrote my answer with the hon. member for Joliette. Be that as it may, I am very happy the latter brought up this matter. Indeed, 16 Quebec students went back to Cornwall last Monday, and we promised them two Francophone instructors as early as on that day, as well as a co-ordinator of training in the French language. With regard to the possibility of discrimination at the school, we have asked the administration to make an inquiry. It has not yet been completed. I cannot therefore promise, Mr. Speaker, to table a report whose contents I have not seen. In addition, I should like to say to the hon. member that the Official Languages Commissioner is also to give us a report within the next few days.

REPORT ON INQUIRY INTO QUEBEC AIR CONTROLLER TRAINEES IN CORNWALL

Mr. Roch La Salle (Joliette): Mr. Speaker, on a supplementary.

The parliamentary secretary will understand why the Leader of the Opposition made that remark: I put the same question to the hon. member, the parliamentary secretary, two months ago. As the latter pointed out that progress has been made in the inquiry and because those complaints were made publicly, I honestly believe that the report on the inquiry should be made public to let us know whether a compromise was made, which I think was imperative, and also whether justice was done in fact as was requested. Therefore, can the parliamentary secretary tell us at least that the report will be made public?

Mr. Charles Lapointe (Parliamentary Secretary to Minister of Transport): Mr. Speaker, with regard to the question the hon. member put to me two months ago, may I remind him that the Gascon report had not yet been published at the time.

Mr. La Salle: I know that report, that is for sure!

Mr. Lapointe: As for the supplementary he just put to me, Mr. Speaker, I cannot promise to table the report.

* * *

[*English*]

CANADIAN WHEAT BOARD

PURCHASE OF HOPPER CARS

Mr. Arnold Malone (Battle River): Mr. Speaker, in the absence of the minister responsible for the Canadian Wheat Board, I will direct my question to the parliamentary secretary, if I might have his attention.

The Canadian Wheat Board has found it necessary to put out tenders for 500 to 2,000 hopper cars because the Canadian government has not supplied the necessary number. Would the parliamentary secretary indicate whether any further tenders are to be put out by the Canadian Wheat Board for hopper cars?

[*Translation*]

Mr. Charles Lapointe (Parliamentary Secretary to Minister of Transport): Mr. Speaker, my responsibilities as parliamentary secretary of transport do not cover the Canadian Wheat Board. However, I will take the hon. member's question as notice and as soon as he is back the minister will be able to give an answer.

[*English*]

Mr. Malone: Mr. Speaker, trusting that someone on the other side is responsible at this moment for the Canadian Wheat Board, I will direct my question to whoever that may be. Would that person undertake to let the House know if there is any limit in the statute to the number of cars which can be ordered by the Canadian Wheat Board? The money comes from farmers' pockets and it has been stated that some 20,000 new cars are needed. Is there any limit to the number the Canadian Wheat Board can order?

Hon. E. F. Whelan (Minister of Agriculture): Mr. Speaker—

Some hon. Members: Oh, oh!

Mr. Whelan: —hon. members opposite sound like turkeys flapping their wings. I will take the hon. member's question into consideration and report back. He is asking for an interpretation of the law and I would have to talk to legal officials.

Oral Questions

INDUSTRY

DEFICIT IN AUTOMOTIVE PRODUCTS TRADE WITH UNITED STATES

Mr. F. A. Philbrook (Halton): Mr. Speaker, my question is for the Minister of Industry, Trade and Commerce and it is with respect to automotive products trade with the United States.

It was announced recently that the deficit for the first nine months of this year was down by over 40 per cent compared with the first nine months of last year. Can the minister identify the main reasons for that great improvement, and can those same factors be applied successfully to other areas such as trade in auto parts and trade in automotive products with other countries?

● (1452)

Hon. Jack H. Horner (Minister of Industry, Trade and Commerce): In the first nine months of this year we had a greatly improved trade balance in auto parts and in automobiles with the United States. Basically, truck sales were up some 40 per cent and car sales were also up, but we still show a significant deficit in auto parts.

With the Reisman report now before the cabinet, we will be studying in particular what we can do to enhance the automotive parts industry in Canada and to improve our balance in part sales to the United States.

* * *

EXTERNAL AFFAIRS

NEGOTIATIONS WITH UNITED STATES ON FISHING BOUNDARIES

Mr. Donald W. Munro (Esquimalt-Saanich): Mr. Speaker, my question is addressed to the Secretary of State for External Affairs in his capacity as minister responsible to the House and to the Canadian people for the Canadian side in the Canada-U.S. negotiations on maritime boundaries.

In light of the rather unsatisfactory answer provided yesterday to my colleague, the hon. member for South Shore, as reported at page 2079 of *Hansard*, to the effect that there was lack of clarity in the situation on the west coast in this matter, would the minister give an undertaking to make a statement on motions or find some other equally satisfactory method of informing the House and the Canadian people as to the situation on the west coast in terms of the fishing boundary negotiations?

Hon. Donald C. Jamieson (Secretary of State for External Affairs): Mr. Speaker, I want to express my thanks to the hon. member for giving me notice and having a short consultation on this matter so that, indeed, I can try to eliminate some of the lack of clarity which surrounds this issue.

As of today, there is a representative of the Canadian negotiating team on the west coast discussing the various issues with representatives of the fishermen, the provincial government and all the other parties concerned. As the hon. member knows, much will depend upon what kind of agreement is achieved among them as to the position which Canada should put forward. So far as I can see, that is as far as I can reasonably be expected to go at this time.

I will be more than pleased, either on motions or in some other way—I will do it in consultation with hon. members, if they so desire—to indicate progress, or the lack of it, or whatever develops as soon as I think there would be some useful purpose served by that decision.

* * *

FINANCE

RIGHT TO DRAW ANNUITIES ON RRSPs

Mr. Bob Corbett (Fundy-Royal): Mr. Speaker, I have a question for the Minister of Finance. Is he aware that a provision in the budget bill of April, 1978, prohibits persons under 60 years of age who are disabled or otherwise physically unable to support their families from drawing an annuity from the registered retirement savings programs to which they might have contributed for several years?

Hon. Jean Chrétien (Minister of Finance): Mr. Speaker, the hon. member is asking me for an opinion on a piece of legislation which has been voted upon by the House of Commons. However, we will have occasion to debate that aspect of the budget because there will be some changes to the RRSPs when the budget bill is before the House.

* * *

EMPLOYMENT

CLARIFICATION OF PROVISIONS OF OUTREACH PROGRAM

Mr. Rob Parker (Eglinton): Mr. Speaker, my question is for the Minister of Employment and Immigration. At a committee meeting some weeks ago, the minister justified his refusal to make public project assessments under the Outreach program by saying there may be situations where, in the evaluation of a project, it might be found that someone in charge of it is a hopeless alcoholic, is a drug addict or has some kind of problem at home. That has left some 80 or 90 people responsible for administering those projects under something of a cloud.

I should like to ask the minister if indeed he found that in any specific cases and, if he did not, would he make it clear? If he did find it, could he narrow it down a little so that all these people are not left with the broad suggestion that some of them might be alcoholics or drug addicts?

Hon. Bud Cullen (Minister of Employment and Immigration): Mr. Speaker, the hon. member is really reaching today, and I am surprised. I indicated this as an instance. There might be personal information on individuals which they would not like to be made public in the evaluation process. I was

commenting on the fact that, in the interest of protecting their civil liberties and their personal rights, it might not be appropriate to make public a particular report.

* * *

FOREIGN INVESTMENT

TAKEOVER OF PANCO POULTRY COMPANY IN B.C.—REVIEW BY FIRA

Mr. Stuart Leggatt (New Westminster): Mr. Speaker, my question is directed to the Minister of Industry, Trade and Commerce: it concerns the announcement that the publicly-owned Panco Poultry Limited in British Columbia has recently been purchased by Cargill Grain Company, one of the largest multinational grain firms in the world.

Can the minister tell us, first of all, whether this transaction has been reviewed or is under review by the Foreign Investment Review Agency, and whether it will receive the government stamp of approval?

Hon. Jack H. Horner (Minister of Industry, Trade and Commerce): Mr. Speaker, I can look into the matter to see whether or not it is before the Foreign Investment Review Agency, but certainly I cannot say whether or not it will receive the government stamp of approval because it has to go through the process of being reviewed by the agency on whose recommendation the government acts.

Mr. Leggatt: I wonder if the minister can advise us whether good corporate citizenship is one of the criteria of the Foreign Investment Review Agency and, if such is the case, whether the agency will take into account the fact that the Cargill Grain Company has committed at least 105 violations of the Wheat Board's regulations and is not a particularly good corporate citizen in this country. Will that matter be considered by the agency?

Mr. Horner: Hundreds of thousands of farmers have violated one regulation or another of the Canadian Wheat Board, at one time or another, but in my opinion they are still good Canadian citizens.

In assuring the hon. member, let me point out to him that what the Foreign Investment Review Agency looks for is significant benefit to Canada and I am sure that in this case, as in many others, the agency will try to ascertain how much benefit Canada can derive from this proposal and whether or not significant benefits will be gained from this takeover, if the takeover takes place.

* * *

LOTO CANADA

REQUEST FOR CLARIFICATION OF MINISTER'S STATEMENT

Mr. Cecil Smith (Churchill): Mr. Speaker, my question is for the Minister of State for Fitness and Amateur Sport. About an hour ago I said to a colleague of mine that I hoped he was having a Loto fund, and the minister turned around and said to me—

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

Mr. Smith (Churchill): I have a question for the Minister of State for Fitness and Amateur Sport. The minister said to me that if I was good, I would be getting it in Churchill. I should like the minister to clarify that statement, because if you do not get it very often, you want to know what you are going to get.

Some hon. Members: Oh, oh!

Mrs. Campagnolo: Privilege, Mr. Speaker—

Mr. Speaker: Order, please.

Some hon. Members: Explain.

Mrs. Campagnolo: Privilege.

Mr. Speaker: Order, please. The hon. member for Selkirk.

* * *

ADMINISTRATION OF JUSTICE

POSSESSION OF FIREARMS AMNESTY PROGRAM

Mr. Dean Whiteway (Selkirk): Mr. Speaker, in the absence of the Solicitor General I will direct my question to the Acting Prime Minister. It has to do with the firearms amnesty program. I wonder if the Acting Prime Minister could tell the House whether that program has been extended.

Hon. Jean Chrétien (Acting Prime Minister): Mr. Speaker, the Solicitor General is not in the House, but his parliamentary secretary is here.

Mr. Roger Young (Parliamentary Secretary to Solicitor General): Mr. Speaker, may I say, on behalf of the minister, that I am happy to have this opportunity to clarify the nature of what has been referred to as an extension of the amnesty period.

There have been some misleading generalizations in press reports which have created the impression that the amnesty was to remain in effect indefinitely. In fact, what the minister said, and what his November 30 press release said, was that the full penalties of the law were once again in force, but that he was encouraging police officials across the country to co-operate with any person who wished to come forward voluntarily to legalize their possession of firearms.

Mr. Whiteway: My question is for the parliamentary secretary. Would he ask the Solicitor General to make that clear to the attorneys general of Canada, because the telegram received by a Mr. Roy Cooper, chief provincial firearms officer of the attorney general's office of Manitoba, from the

Solicitor General of Canada was very ambiguous and the attorney general of Manitoba is today waiting for clarification. Therefore, would the parliamentary secretary assure the House that a clarification will be sent out today, at least to the attorney general of Manitoba?

Mr. Young: I will be very happy to draw that to the minister's attention. I think the effect of the discussions which took place was that we were hoping that police officials and provincial officials across the country would co-operate in the same manner as they did while the amnesty program was in total effect, for those people who still voluntarily wish to come forward and surrender or legalize any firearms they have.

* * *

[*Translation*]

PRIVILEGE

MR. LAVOIE—REQUEST FOR INQUIRY ON ORAL QUESTIONS PROCEDURE

Mr. Jacques Lavoie (Hochelaga): Mr. Speaker, I am sorry to take the time of the House for a second day in a row on a matter of privilege of which I gave you notice. My privilege is in two parts, first it concerns a parliamentary committee which is sitting right now and, second, a very short remark on the question I put yesterday to the Chair as regards question period.

I thought, following the suggestion I had made to the Chair, that I would at least obtain an answer on whether or not it is possible to hold a meeting to try and correct this situation. Also, Mr. Speaker, yesterday I attended a parliamentary committee and I believe that as member of this parliament, I have the right to speak at a parliamentary commission.

I understand that there are rules to follow. But when we have a right to 11 members on a parliamentary committee and that I am the eleventh, if the twelfth is not there it is not my fault. I think I have the right to sit and speak. When we are considering legislation like Bill C-14 which concerns all Canadians and particularly people in my constituency, I think I have the right to speak, and I would wish that once for all this House can correct that situation because otherwise, Mr. Speaker, this parliamentary institution will be threatened. That is what will happen if an elected representative of the people does not have the right to speak, because they cannot be here themselves to do so. They have elected us and I think we have the right to speak in this House and in committees.

[*English*]

Mr. Speaker: Order, please. The hon. member raises a question about the identification or the granting of an opportunity during question period for persons to participate in the question period. Of course, that is never a question of privilege; it is a matter which lies within the sole discretion of the Chair. That is the way it must remain. It is not a question of privilege and cannot be under any circumstances.

[Mr. Whiteway.]

The second matter raised by the hon. member has to do solely with procedure within the standing committee, which is not within my jurisdiction to deal with in any manner as long as the matter is before the committee. If any hon. member at any time has any grievance to raise about his rights being affected adversely in any way by any decisions or procedures of the committee, they must be resolved in that committee. The committees have the power to set their own rules in any way they wish. If there is a grievance, it may come before this House at the time the committee reports to the House; or if the matter is raised in the standing committee and in itself as a grievance becomes part of a report when it is reported to the House, then the House can take it into account. But as long as the proceedings remain in the committee, the decisions to govern its own procedures remain the business of the committee and not the business of the Chair.

● (1502)

MR. CROSBIE—REQUEST THAT ACTING MINISTER OF TRANSPORT BE PERMITTED TO ANSWER QUESTION

Mr. John C. Crosbie (St. John's West): Mr. Speaker, I have a question of privilege. During the question period, I addressed a question to the Secretary of State for External Affairs (Mr. Jamieson) in his capacity as Acting Minister of Transport, the Minister of Transport (Mr. Lang) not being here today. It is a matter of great importance in Newfoundland. It has to do with the Newfoundland railway and a statement of policy which was contained in a telex sent by the Secretary of State for External Affairs himself last Tuesday to the railway labour unions in Newfoundland.

Within the last three or four weeks, a question was addressed by the hon. member for St. John's East (Mr. McGrath) to the Secretary of State for External Affairs as Acting Minister of Transport, the minister not being there. Your Honour permitted the Secretary of State for External Affairs to answer that question having to do with the railway in Newfoundland. Then the Parliamentary Secretary to the Minister of Transport (Mr. Lapointe) answered it.

The thing is: I was trying to question the minister on a statement he himself made in a telex, where he said that the Minister of Transport has indicated he is prepared to recommend to government the system of direct payment to Canadian National Railways to cover clearly identifiable losses sustained by CN in carrying out the special responsibilities assigned to it by government in order to maintain effective rail service in Newfoundland and offset the serious dislocations that will occur, to see if that is now official government policy.

Today six employees in the accounting department in St. John's were laid off effective December 31, one of them with 36 years' service. This is a fine Christmas present for the CN to give six of their long service employees, particularly in view of the statement of the Minister of Transport and the statement of the Secretary of State for External Affairs.

My grievance is: the minister is the acting minister but he was not permitted to answer. As this is an urgent matter,

perhaps if he could answer now, that would solve my question of privilege.

Mr. Speaker: I am sure it would solve the question of privilege of the hon. member for St. John's West (Mr. Crosbie), but it would raise a great many more difficult problems for me. First of all, the hon. member wants a minister who was not evidently serving in an acting capacity today to be permitted to answer that question; and second, now he would like him to answer the question after the question period is over. I would dearly love to grant that to the hon. member for St. John's West on this very important subject. The only trouble is that I do not know how I would stop the call of other members every day after three o'clock. There is simply no procedural way in which we can pursue the matter at this time.

* * *

LOTO CANADA

PROSPECTS FOR DISADVANTAGED REGIONS

Hon. Iona Campagnolo (Minister of State (Fitness and Amateur Sport)): Mr. Speaker, in response to the remark made by the hon. member for Churchill (Mr. Smith), I simply think that the record should be clear on this issue. I have heard numerous rather humorous remarks concerning Loto Canada. As a fellow northerner of the hon. member for Churchill, I am very well aware of the seeming incapacity of the provinces to be able to equalize the advantages and opportunities for Canadians within their boundaries. It is my hope following our present obligations that in 1980, when we have a new Loto Canada program, we will be able to advantage those sections of the country which are not now advantaged by their own governments.

In regard to the sexism of his remarks, and to bring it to a more germane issue—

Some hon. Members: Oh, oh!

Mrs. Campagnolo: —I wish to place a motion. Simply the motion is that the hon. member for Churchill should consult with his wife on whether or not he will have an answer to that question.

Some hon. Members: Oh, oh!

Mr. Speaker: Order, please. The hon. member for Bellechasse (Mr. Lambert).

Mr. Smith (Churchill): Mr. Speaker, on a question of privilege.

Mr. Speaker: Order, please. The hon. member for Churchill (Mr. Smith) was permitted one salvo which did not resemble a question in the question period. The minister begged a reply, which is not a question of privilege. I think they are even.

[*Translation*]

PRIVILEGE

MR. LAMBERT (BELLECHASSE)—ESTABLISHMENT OF NATIONAL POULTRY MARKETING BOARD

Mr. Adrien Lambert (Bellechasse): Mr. Speaker, that is where we see the importance of having someone to preside over our debate and to ensure order. I would like to rise on a question of privilege concerning a very important issue which I raised during question period, namely the establishment of a national marketing board. Mr. Speaker, this is a very important matter and as a representative of a large percentage of poultry producers, I would like to voice very sincerely the great desire among poultry producers in Quebec and indeed throughout Canada for the creation, in the very near future, of this marketing board.

I would like to ask the Minister of Agriculture (Mr. Whelan) for his attention as we are dealing here with a crucial matter. The issue has been brought to the cabinet's attention and an order in council should be issued in the forseeable future. But in view of the importance of this matter, I would like to ask the minister, on behalf of all producers, to exert pressure on his cabinet colleagues so that an order can be issued as soon as possible to prevent a deterioration of the market which would benefit those who are monopolizing the marketing of this important foodstuff. Since the minister is responsible for food in our country and must ensure that consumers can avail themselves of the best priced and best quality foods, I would like to ask him, and cabinet also, to examine this matter very seriously and make a decision as soon as possible. I am certain that the Minister of Agriculture understands my concern and that is why I considered that this was a very important question of privilege, which calls for a decision.

Mr. Speaker: The hon. member for Bellechasse (Mr. Lambert) realizes, I am sure, that the situation here is the same as in the case of the hon. member for St. John's West (Mr. Crosbie). We absolutely cannot continue the oral question period beyond three o'clock.

* * *

• (1512)

[*English*]

BUSINESS OF THE HOUSE

Mr. Baker (Grenville-Carleton): Mr. Speaker, I wonder if I could ask the deputy government House leader whether he can tell us the intention of the government for the balance of today, tomorrow and into next week in respect of government business?

Mr. Cafik: Mr. Speaker, it is the intention of the government to continue today with the Prime Minister's motion

Reference to Committee

dealing with the board of economic development, to be continued into tomorrow. Following that it would be our intention to call Bill S-5, dealing with the business corporations act, followed by the non-profit corporations act, which is Bill S-4, followed by Bill C-28, which deals with the Northwest Territories Act; and following that we would call Bill C-9.

An hon. Member: It's going to be a long day.

Mr. Cafik: It would be the intention, as previously indicated, that the UIC bill, which is now being reported back from the committee, Bill C-14, be called on Monday.

ROUTINE PROCEEDINGS

[*Translation*]

LABOUR, MANPOWER AND IMMIGRATION

First report of Standing Committee on Labour, Manpower and Immigration—Mr. Savard.

[*Editor's note: For text of above report, see today's Votes and Proceedings.*]

* * *

[*English*]

CRIMINAL CODE

AMENDMENT TO OUTLAW USE OF LIE DETECTORS

Mr. Stuart Leggatt (New Westminster) moved for leave to introduce Bill C-448, to amend the Criminal Code (commercial use of lie detectors).

Some hon. Members: Explain.

Mr. Leggatt: Mr. Speaker, the purpose of this bill briefly is to outlaw the use of lie detectors in commercial enterprises. The reason this bill needs to be introduced is that a number of commercial operations in Canada continue to require their employees to take lie detector tests. This is a severe invasion of their civil liberties and it is time the law was changed in order that these devices be severely restricted.

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

* * *

JUSTICE AND LEGAL AFFAIRS

REFERENCE TO STANDING COMMITTEE OF MINUTES AND EVIDENCE

Hon. Norman A. Cafik (Minister of State (Multiculturalism)): Mr. Speaker, I move:

[Mr. Cafik.]

That the minutes of proceedings and the evidence adduced therein of the Standing Committee on Justice and Legal Affairs respecting the supplementary estimates (A), 1977-1978, relating to the Solicitor General be referred to the Standing Committee on Justice and Legal Affairs; and

That the committee be authorized to make any such evidence adduced in camera available to the commission of inquiry concerning certain activities of the Royal Canadian Mounted Police under such terms and conditions as may be established by the committee.

Mr. Speaker: The House has heard the terms of the motion by the hon. member for Ontario. Is it the pleasure of the House to adopt the said motion?

Mr. Baker (Grenville-Carleton): Mr. Speaker, in answer to your question as to whether it is the pleasure of the House to adopt the motion, the answer from this side is yes. There have been some discussions in respect of the matter and we are prepared to have the motion go now.

Mr. Speaker: Is it the pleasure of the House to adopt the said motion?

Some hon. Members: Agreed.

Motion agreed to.

* * *

[*Translation*]

QUESTIONS ON THE ORDER PAPER

(Questions answered orally are indicated by an asterisk.)

Mr. Yvon Pinard (Parliamentary Secretary to President of Privy Council): Mr. Speaker, the following questions will be answered today: 45, 394, 482 and 493.

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

[*Text*]

FISHERIES—PROFESSIONAL SERVICES

Question No. 45—**Mr. Orlikow:**

1. For the fiscal year 1976-77, what contracts for professional services were let for studies, surveys and analyses into (a) present or future policies, programmes or information analysis and their efficiency and effectiveness (b) the examination of the administration or internal operation of the Department of Fisheries?

2. How much was committed on each contract and to whom?

Mr. Jack Pearsall (Parliamentary Secretary to Minister of Fisheries and the Environment): In so far as fisheries and oceans is concerned:

1. (a)	J.C. Barclay: Study of post benefit—Cost analysis of selected salmonid enhancement projects.	$20,000
	Underwood McLellan and Associates: Study under the salmon enhancement program to assess the competitiveness and efficiency of the B.C. salmon processing industry.	$79,950

Underwood McLellan and Associates Limited: Study of supply and demand characteristics for B.C. salmon as part of the economic assessment of the salmonid enhancement program.	$11,500
Edwin, Reid and Associates Limited: Study of the socioeconomic impact of the salmonid enhancement program on native people in remote communities along the B.C. coasts.	$33,319
Laval University, Quebec: Biological and ecological study of eel, St. Lawrence River basin.	$60,303
Grand Council of the Crees, Val d'Or: Selective sampling of fish in northwestern Quebec to analyse mercury levels.	$54,870
Various Provincial Departments, Quebec: Cost sharing industrial development to encourage fishing expansion in Quebec.	$56,500
McGill University, Montreal: Study of algae in Magdalen Islands lagoons.	$20,000
Fisheries and Marine Associates Limited: Consultation services on the Atlantic coast herring industry program and on the Bay of Fundy herring industry.	$30,000
Systemhouse: Analysis of Halifax system 2000 landings project.	$ 2,000
(b) P.A. Lapp Limited: Alternative proposals study for the development of an Aquatic Sciences and Fisheries Information Centre.	$ 9,350
C.F. Wilson and Associates: Word processing and related office systems study.	$33,500
Manex Inc., Quebec: To define structure and positions to reorganize the Quebec region, fisheries branch.	$ 8,215

2. See 1(a) and (b) above.

CANADA STUDENT LOANS ACT—QUEBEC

Question No. 394—**Mr. Herbert:**

In each of the past five years, what amount was paid to the Government of Quebec under the Canada Student Loans Act?

Hon. John Roberts (Secretary of State):

Canada Students Loans Program
Alternative Payments to Quebec

	$ (Thousands)
1973-1974	9,036
1974-1975	10,698

Economic Development

	$ (Thousands)
1975-1976	12,708
1976-1977	13,190
1977-1978	13,559

CBC—LAWYERS AND LAW FIRMS IN VICTORIA

Question No. 482—**Mr. McKinnon:**

What were the names and addresses of all lawyers and law firms in the Constituency of Victoria who performed services for the Canadian Broadcasting Commission during 1977 and, in each case, what was the total amount paid?

Hon. John Roberts (Secretary of State): I am informed by the Canadian Broadcasting Corporation as follows: None.

CANADA COUNCIL—LAWYERS AND LAW FIRMS IN VICTORIA

Question No. 493—**McKinnon:**

What were the names and addresses of all lawyers and law firms in the Constituency of Victoria who performed services for the Canada Council during 1977 and, in each case, what was the total amount paid?

Hon. John Roberts (Secretary of State): I am informed by the Canada Council as follows: None.

[*English*]

Mr. Speaker: The questions enumerated by the hon. parliamentary secretary have been answered. Shall the remaining questions be allowed to stand?

Some hon. Members: Agreed.

GOVERNMENT ORDERS

[*English*]

MINISTRY OF STATE FOR ECONOMIC DEVELOPMENT

ESTABLISHMENT OF DEPARTMENT

The House resumed from Wednesday, December 13, consideration of the motion of Mr. Trudeau:

That the following address be presented to His Excellency the Governor General of Canada:

To His Excellency the Right Honourable Jules Léger, Governor General and Commander-in-Chief of Canada.

May it please Your Excellency:

The House of Commons, having considered the proposed text of the order in council laid upon the table of the House on December 4, 1978, in relation to the establishment of a Ministry of State for Economic Development, prays that the making of the said order in council be approved.

Hon. Alvin Hamilton (Qu'Appelle-Moose Mountain): Mr. Speaker, the problem we are dealing with today in setting up a new ministry of state to provide authority for one minister to speak on behalf of the co-ordinated policies of the government is not a new problem to any government in the world. I should think it is safe to say that since the war in every country of the

world that has some form of representative government, and that includes communist states, there has been a battle for power between those who have elected positions of power, such as the communist power in Russia or in China, and the elected members of parliament and the cabinet as in countries of the west.

I had the privilege of discussing this matter with the senior members of the People's Republic of China in 1964. It is not a new problem there. They were worried in their new government how to control the tremendous bureaucracy which had to be developed to do all the things the government has had to do involving the business of the country.

Likewise I have had discussions with senior members of the Russian hierarchy. As I remember those conversations, this resulted in the cultural revolution in China in 1966-67 where high school students and university students were freed from school to go out and attack their teachers and civil servants, with the hope that by yelling at them they might get across the message that they were supposed to be carrying out the policies of the people and not policies to perpetuate themselves.

This problem relating to the control of bureaucracy has been in existence here in Canada as well. Those of us who were here from 1962 to 1968 will remember the technique used by the Pearson administration. That administration saw this problem as one of political science. When there was a problem that could not be met, that administration created a new department. This resulted, I think it is fair to state, in a weakening of some of the in line or regular departments, such as the Department of Agriculture, with various functions belonging to the regular departments being put into these separate portfolios.

Nothing new came from this practice except a continual flow of ministers. I suppose if you looked at the length of time served by ministers of various portfolios under both the Pearson and the present administration, you would find that never before in the history of Canada were ministers able to serve for such a short period of time.

I point that out for a reason. It was very evident in the days of the Pearson administration that there had to be some control by elected representatives over those who were fully paid representatives, civil servants if you like, in this country. The reason for this can be found in previous history. It actually goes back to the 1930s following which there was a reform of the civil service. The Bennett administration brought in a top notch man with instructions to build the best civil service possible in Canada. Mr. Clark was recruited to build that civil service. There is a statue here in Ottawa, quite properly, as a result of that service. He brought together in the 1930s and into the war period some of the best minds from universities and businesses across the land, which enabled Canada to go through the war without even going into high gear. We went through the war in a cruising posture because of the efficiency of the direction of the civil servants here in Ottawa. It was a high level mark in the running of a government by paid employees of the Crown.

[Mr. Hamilton (Qu'Appelle-Moose Mountain).]

• (1522)

As time went on and ministers became accustomed to accepting directions and ideas from the civil service, we have this management concept of government taking hold. The ministers in the latter period of the Mackenzie King government became accustomed to taking orders which came up from their departments, presenting them to cabinet and having Mr. Howe look at them and nod his acceptance. In the St. Laurent period the same thing occurred even more smoothly. He was quite content to hand the details of any policy over to the civil servants who would propose their ideas to their ministers, and if Mr. Howe nodded his head then it went through.

This was the situation when a new government was elected in 1957. Clearly this new government had different policy points of view which were tied around the word "development". Historically, this was the traditional position of the Conservative party, and we had this program of development and all its concomitant policies ready to go. However, these policies had not originated in the traditional civil service milieu of officials who had been accustomed to administering the country purely as a managerial function.

This clash between the elected representatives and the appointed representatives of the people came to a head in what is now known as the Coyne episode. When the budget was read in 1959, cabinet ministers were surprised to find that the policies enunciated in it were the opposite to what the cabinet wanted to do. There was a discussion with the people who devised this policy which went on through the winter of 1959 into the summer of 1960. As a result of those discussions, Mr. Coyne refused to accept the government's expansionary policies, the government would not accept his restrictive policies, and we had to announce our intention in parliament to have him dismissed. This was probably the first clash in the history of the western world between the elected representatives and the senior mandarins of the civil service regarding their respective ideals.

This decision on the part of the Diefenbaker administration probably cost them the reins of government because a feeling went through the establishment of the civil service, business, university and all the opinion leaders across this country which was expressed in this way: "How can this country be run by a group of prairie cowboys?" Actually we were right. Our policy at that time set this country moving in an upward direction economically that lasted from 1961 to 1968, the longest period of sustained wealth foundation growth in the history of our country.

Because of that clash and because of the fact that the cause of the civil service was defeated, it was only good sense on the part of the Pearson administration to take a look at this situation to see how they could get control and have some say over the civil service, which had welcomed Mr. Pearson back into the fold as one of the same flock of sheep that had been there for a long time. That was the beginning of this war which has gone on continuously.

As I have said, this war is not only going on in Canada. Prime Minister Wilson of Great Britain, during his administration, decided to put four or five top men in charge of groups of portfolios. Hon. members can read all about that disaster in his book, which he wrote after he lost the prime ministership and went into retirement.

Approximately six or seven years ago, in 1971 the Ontario government set up four co-ordinating ministers—as a matter of fact, one of them sits in this House today—who were to co-ordinate the work of several ministries. One needs only to speak to them to learn the results of that attempt to control departments and thereby control civil servants.

In the year 1974—the United States government, faced with the energy crisis, appointed an economic and energy czar in the name of William Simon. He is no longer in that position but he has written a book called "It is Time to Tell the Truth". Every parliamentarian in the world should read that book, which outlines how a brilliant man set up as a czar was beaten by the forces that were in place. All the techniques of delay were used. There were pressure groups, and there was complete subjugation of the leading publishers and the media of the country. They had to fit in with the establishment or they were not in.

This is something I have already mentioned, and it brings me to the present administration. The best way to understand the situation is to let your mind go back ten years when the new emperor took power. The first thing that he did was to realize that the civil service had to be controlled, and as a result the Prime Minister's office was set up. It was a deliberately planned effort to give himself and the people around him enough knowledge and power that they could direct, instead of taking direction from the bottom, from the same tired, old group of people who had made their last serious effort in 1946 to be constructive and innovative. That was the way the government worked from 1968 to 1972 when it had a majority. The Prime Minister's office put up a gallant fight to match the controls of the Privy Council, which has now grown very big and powerful and put up a fight against the tremendous knowledge and strength of the various departments in the civil service.

In 1972 there was a minority government. The Prime Minister (Mr. Trudeau) must have blamed his failure to get a majority on the fact that the people believed that the Privy Council Office or his Prime Minister's office was not doing a good job of running the country. In effect, he scuttled for a period of time his Prime Minister's office and began to draw more heavily on the civil service mandarins, particularly those in the Privy Council office.

If one looks at the events over those years and then looks at the events of the last four years when the majority was restored to the government, one gets a good picture why this order in council is before parliament today. This government has been guided for ten years by a two-fold philosophy. Part of it is that by political science techniques, by putting boxes on a diagram and arrows in those boxes, this will solve the problem. The Prime Minister is on public record as having declared that as his policy.

The Prime Minister thinks that all we need to do to run this government is to appoint knowledgeable people to run it and then he can sit back and take his holidays skin diving or whatever. This is the managerial concept gone mad, the concept of all control going to the Prime Minister through his Privy Council office, to the Prime Minister's office and the civil service, and making an occasional report to cabinet.

I have rushed through this history of the last 16 years. I will simply say that the last episode of August 1 when the Prime Minister came back from Bonn and Morocco and announced a $2 billion restraint program, which ministers will get the civil service to bring in, indicates that the Prime Minister's battle, will simply be continued in a continuing war with the civil service.

• (1532)

If we visualize this as a war for power, we begin to see the picture a little more clearly. Ministers were called back from their holidays and told that the government wanted a $2 billion restraint program rammed through. The ministers did not know what to do. They cannot do anything because they know nothing to start with. When they were asked to do this, they called on their deputy ministers and told them that the Prime Minister wanted them to save a certain number of dollars. The civil service showed who was boss. They picked where the cuts would take place. They decided that the forestry service in Petawawa should go. That does not affect any of their friends in Ottawa. They decided that fisheries research should go and that ARDA should go. All these things were put in place by parliament to help the country make more money and fight inflation. They were wiped out partly as a policy of the civil service to show that it could take these instructions and do whatever it liked and, to use street language, screw the government in the process.

The government is taking an awful beating in terms of public opinion over the so-called restraint program. On some occasions it has even tried to back away from it. The civil service has won the war, although at times they seem to be losing it. I will return to this point and give some details at the end of my remarks.

A word or two should be said about the position of the Progressive Conservative party. I have related the Coyne episode on many occasions because it is crucial to an understanding of what we were trying to do. In our innocence we were trying to demonstrate that we, as elected representatives of the people, having decided on a fundamental policy of expansion, wanted the country to expand and did not intend to let any senior official of the civil service or any department or agency stand in our way. What we did was right and proper but we paid a heavy price for it in the next election in the cities where propaganda works most effectively.

It has to be made clear, as the key point of my remarks, that the only time an elected government ever stood up against the civil service was in that episode in 1959. That is why I stand

here today in support of our leader, the hon. member for Rocky Mountain (Mr. Clark), whom I expect very shortly to take over the job of prime minister of this country.

Some hon. Members: Hear, hear!

Mr. Hamilton (Qu'Appelle-Moose Mountain): I look back over the experiences of the last 30-odd years from the high point of the civil service in 1946 to where it is now, running like a bunch of sheep from one corral to another—we all know the sheep are going to end up in the same place before they are clipped. Then I look at this young man who leads the official opposition today. I speak from the experience of having known and seen in action Mackenzie King, St. Laurent, Pearson and the present Prime Minister. I have watched and worked with men like John Bracken, George Drew, John Diefenbaber, Robert Stanfield and our present leader, and I do not think I misstate the case at all when I say unequivocally that, in my judgment, our present leader is the best qualified and best prepared person out of these nine to settle this war between the elected representatives and the civil service. I knew his interests when he worked for various ministers in government as well as in the opposition. I know something of his thinking as to making it possible for the will of the people to be restored in Canada through their elected representatives.

This is not the type of thing that is talked about on every street corner; it is a battle, a war that is going on across the world. In our part of the war, in Canada, I think we have a leader in the Conservative party who has a better chance of understanding how to utilize the tremendous merit and strength of our civil service and move it into the innovative and creative thinking of the Conservative party, thus producing a winning team.

We must be aware of power groups, however, Over the last 30 or 40 years in Canada, business has had tremendous power and since the war labour has developed tremendous power. We have a new rival for power—the media in radio and television, and even the newspaper have a little left. Since 1956, these people no longer report the news. They are an editorial power group who feel their views on what should be done are closer to the truth than the views of the elected representatives in the government or the opposition. They must be accepted as a rival for power. They have long since lost the innocence of reporting the news in a factual manner and, in effect, have moved into the job of the opposition. Their excuse is that we are not strong enough to get our opposition across so they will decide what has to be done.

I sat in this House during this last session and witnessed one or two very good debates. Just two weeks ago there was a debate on the motion of the Social Credit party and every person who spoke in that debate actually spoke on the subject of the motion. That is very unusual. But what was usual about that debate was the fact there was no news of it. A debate on a subject of very great importance apparently is not news.

In the present circumstances the only news that is reported is on the techniques of the government. That is all they study—public relations. Members on that side use every trick of the trade to get their names in the newspapers, on television and on radio. They crawl around here like hyperactive ants trying to get their faces on television or their voices on radio. A minister is not selected on the basis of what he or she knows or can do, but on the basis of ability to communicate. We end up with a group of communicators running the country. Their skill is what I have just described, namely, getting it out. It does not make any difference whether it says anything sensible—just get it out. Naturally, ambitious young members of parliament think this is the way things are done, but to win the battle I am talking about it is necessary to have someone or a group in any party know something about something.

I suggest that the leader of this party knows that he must have people around him who know something about something and are prepared to put their experience into practice. He knows that he must have around him someone who knows something about resources, because this is a resource country. He also knows that this person must appreciate that we live in an interdependent world. We must know the extent of world resources, the demand for those resources and the supplies available. Above that there must be an industrial strategy based on those resources. Such an industrial strategy must have its priorities and its related policies in finance, trade, manpower and development, and there must be co-ordination of all these factors.

This is the type of thing that I think the young leader of the Conservative party is aware of. He knows that he must have people around him in all fields, not just resources, who know something about their subject. That is the only way to cope with the tremendous efficiency and know-how of the civil service. Everything we want to do must draw on those assets—the know-how, ability and knowledge of the civil service. We must put them to work formulating policy on those subjects in line with the philosophy of the government of the day.

● (1542)

The leader of our party knows the history of the civil service in Ottawa. He has been around here for 20 years and he knows that the civil service has failed to grow in ideas since 1946. That is where the weakness is. He knows that to climb in the civil service one has to belong to a pyramid and keep one's nose at the right angle to make progress. This conformity principle that is so strongly entrenched in the civil service bars from that upward movement many of the ideas and know-how that are there in the civil service. Who knows about this situation better than the present leader of the Conservative party? I know of no other person.

I would like to mention next the public relations propensity of the present government. Ever since the days of Mr. Pearson the governing party has put the emphasis on public relations. There was a problem in 1963 so they brought in a whole team of fellows as evidence that they had strong men around Mr. Pearson who could run this country. They had a picture of a bus which shows all these bright young fellows getting off the bus with briefcases and suitcases with all their plans ready. When the government changed in 1963 they walked back and

forth from the East Block to this block, carrying some document or reading a book—not the red book of Mao, but the same thing, and a lot bigger. They were going to give us 60 days of decison. Actually it was an image for the public.

The first decision came in the budget on the fifty-seventh day, and one of the better qualified ministers of that government came a cropper because he forgot one little detail. And that detail? If you bring in an outsider who knows something about what you want to do and have him do it for you, you get rid of him a few days before the budget is announced or you will be under the suggestion of a leak. What we are witnessing here today is the present version of the same technique of the bus with all these young fellows getting off it and pretending they are busy and that they will be able to solve everything in 60 days. All they have is an idea in this order in council. It is that if we could only get the ministers who deal with economic matters to sit down together under one minister who could co-ordinate their efforts and put their views before the cabinet, then we would solve our economic problems.

Let us take a look at this image they are now trying to create. Remember that nothing succeeds so poorly as the blind trying to lead the blind. But this is what we are witnessing. They have even left out the portfolios of agriculture, forestry and fisheries. It never crossed the minds of the political scientists who drafted the order in council that a great part of the wealth of this nation over the next few decades will be coming from the production of food, fibre and energy. Nearly half of the energy for the future needs of Canada will be drawn by farmers. Yet the Minister of Agriculture (Mr. Whelan) is left out. I am not suggesting the Minister of Agriculture could make any contribution, but there may be some people in his department who know what is possible, and biomass is more than just a swear word, it is a very valuable product. I would like to have seen some realization of this by those who drafted the order in council. In image-making one always slips up.

As I look at this matter, I also look at things which have happened before, and I am not alone in my observations. I refer, for example, to the federal-provincial ministry that was set up in 1977. Most members can remember back that far. I have a story from a local paper, the *Journal*, dated September 27, 1977. The article is written by a man who served as one of the inner group in government; he is now a pundit. The headline reads "Bureaucrats Wins Latest Round Against Top Federal Ministers." What else have I been talking about for the last 20 minutes? Let me read some selections from this article. The first one states:

> I am informed . . . that the federal-provincial relations office will continue to report directly to the Prime Minister, but will work closely, . . . very closely, with the Minister of Federal-Provincial Relations.

That is gobbledy-gook. It means they have made a new man the Minister of State for Federal-Provincial Relations (Mr. Reid) but that he and the department are to always report to the Prime Minister. Here is a situation where a federal cabinet minister is appointed who has no civil servants at all. Mr. Gwyn, the author of the article, goes on to describe the political in-fighting. He says:

> The interest in the battle of the Dotted Line is that it has matched Ottawa's best political in-fighter against the town's best bureaucratic in-fighter. The significance in the affair is that the bureaucrat won. If you still cling to to that quaint theory that cabinet ministers run the mandarins, now is the time to chuck it.

Let us take another example, that of the committee system. I have an article from the *Citizen* dated January 26, 1978. I have clippings here over the last 15 years, but I am not going to go into all of them. This article is about a top mandarin. At the particular time he was president of the Canadian Broadcasting Corporation. He gave a speech to the Institute of Public Administration of Canada. His speech was very similar to the remarks made by the deputy minister of finance. This was the statement, and I quote:

> —innovation and creativity are being frustrated by committee style policy-making.

This was the belief of Simon Reisman and Al Johnson, two top mandarins, one in the field of finance and the other in the field of broadcasting, who were complaining about the committee system. Taking the speech in detail, I will quote one paragraph:

> —the representative committee approach almost inevitably creates a bargaining situation . . . Sometimes this means the acceptance of constraints before the advantages of new policy directions can be measured against possible changes in constraints; sometimes it means a succession of compromises which lead to the lowest common policy denominator. Or both.

Here is an example of civil servants complaining about this system and about being so frustrated. One more layer is put in here and another one put in there to make sure there is enough bargaining for all groups, but nothing will be done. That is a translation of that quote, which is a quotation from a speech delivered to the Institute of Public Administration of Canada around January 26, 1978.

I could go on and on. I have talked a little bit about Pearson's new departments every month. I could talk about the Trudeau technique of shifting portfolios. Politically it is simply a device called the "moving target principle of responsibility". If you have ten ministers running across the stage over a ten-year period, it is hard to get a lead on them and catch them. One is out of the damned picture before you can get a lead on the next.

These poor ministers do not get a chance to learn their portfolios. You cannot blame the civil servants for saying they come and they go but we stay on forever. That is how you lose control over the people you are supposed to be directing. That is what the Leader of the Opposition meant yesterday when he called it the downgrading of cabinet. This cabinet has changed so fast that all you can think of is a bunch of assorted Grits in a pot.

An hon. Member: Like shaking a box of Rice Krispies.

Mr. Hamilton (Qu'Appelle-Moose Mountain): I think I have made my point about this legislation. We are being asked to conclude that by putting in a czar we will end all this confusion, that by doing that their struggle for power will be

won. I am simply saying, "Oh, no, you are not." It is simply a part of the struggle and everyone knows it. When it is all over, the headlines will come out "Civil servants still in control".

● (1552)

With regard to the suggestion of a super minister, there is only one thing in the whole statement that intrigues me. I quote from page 2 of the order in council, at the bottom of the page:

> His Excellency in Council is further pleased to direct—
>
> (b) He shall advise the Treasury Board on the allocation of financial, personnel and other resources to federal programs that provide direct support to the development of economic enterprise in Canada;

The word "shall" sounds impressive. It means you must ask advice. However, the question has to be asked, do you have to take that advice? Does the Minister of Finance (Mr. Chrétien) really think he is going to sit at the head of his department and let this group walk all over the top of the department? The Department of Finance will show who is boss. They have been running the show here for 20 years. They do not give up easily. They also run the minister.

This proposal is ridiculous. It was described by somebody as fraudulent. Let us call it what it is, a roaring farce. In this battle to control the power brokers in the civil service, they have more cards in this poker game than you can shake a stick at. Ministers come, ministers go, but they stay on forever. They decide who gives up. They decide who from the outside comes in.

They pretend to this House that by setting up a super ministry to guide economic problems and giving the power to advise, an amendment will be made to that order in council. I know the amendment that will be made, and so does the Minister of Finance. The order in council can be amended in such a way that it will cause a real battle.

This is not even a threat to the Department of Finance and Treasury Board; it reads "shall advise". I remember writing legislation, when I was innocent, giving the power to the National Energy Board to advise the minister. The minister never got any advice from the National Energy Board. I asked why. What I got from the officials in the minister's office, in that case energy, mines and resources, was that those guys did not know enough about it. There was not a single man in the department of energy who knew anything about energy. However, the administrators, the top mandarins, knew what would happen. They did not want advice from the National Energy Board.

We are not the only ones being taken. I got taken in a very elementary manner. I thought when you said "shall advise the government" it meant put in the advice and it will be accepted. However, that does not hit the root of the problem. The power has to have some core or centre, either an individual or a small group.

What we have in Ottawa is a small group of six or seven which controls the decisions of the federal government of Canada. They do not see any rivals in this present cabinet. In fact, I suspect they do not think there will be any rivals when we form the government. They intend to run the show even after the government changes. It will be quite a battle.

In 1959 we had enough guts for a central theme on financial direction to take on the civil service. After 15 long years in opposition, we have ourselves steeled up sufficiently that we will take them on this time as well. The only difference is that this time we will know how to tackle them, matching their cards with higher cards and matching their people with stronger-willed people. The war will be won by the type of person put into the cabinet. We will see whether we can move the power from where it is now in the civil service back to the elected representatives.

We may make mistakes, but at least they will be our mistakes and we will be responsible for them. There is more than one reason why I hang around this place. I fought the battles for a few years. I lost more than I won. I want to live long enough to sit on those treasury benches just to take another crack at them. I want to see whether the elected representatives have enough backbone to win this battle.

I know these people have to learn something, and know something about something, because you are dealing with some of the most able men you could deal with. This problem exists in every country in the world. However, I want to see this job tackled in my country. I do not think it will be done with this legislation. In fact I know it won't. It will not be done with this government. It lost the will to fight before it was born in 1963. I hope that after a sufficient period in opposition, about 15 or 30 years, they will have the opportunity to recruit the type of people who will sit down, study and learn something, and then be able to do something about it when they are elected. By that time we may have the country back in shape.

Hon. Jean Chrétien (Minister of Finance): Mr. Speaker, I am glad to have the opportunity to speak on the very important motion before the House this afternoon. The creation of the Board of Economic Development Ministers, under the chairmanship of my colleague the new minister of state, is a logical step in the redirection of our economic priorities. The focus of this new body will be on the co-ordination of federal policies and programs directed at economic development. This is an important initiative; it will help considerably in achieving what I have been calling for in the last year, and I support it.

As a former minister of industry, trade and commerce, and as a member representing one of the lagging economic regions of Canada, I am the first to appreciate the significance of this new approach.

As Minister of Finance, I have been very conscious of the limitations of the traditional policies for demand management. I have explained many times that demand management policies and income policies alone will not by themselves ensure the economic performance which Canadians want. We also need structural policies which will create the right climate for the improved effectiveness and efficiency of the market. This in turn will lead to greater economic growth and to more jobs. This has been one of the key messages of my budget statements, and I think it bears some repeating in today's debate.

I would like to give some examples of what I have in mind when I talk about structural policies and programs. I mean those which are directed at labour markets, at the industries that might be affected by the trade negotiations, at regional development, at the problem of government regulation, at the large tourist deficit, at our difficult energy problems.

I have also noted the importance of structural change in two discussion papers on Canada's medium-term prospects. Hon. members will recall that last February I issued a paper entitled "Canada's Economy—Medium-term Projections and Targets". That paper was basically a medium-term analysis of the aggregate components of economic growth. It recognized that broad economic conditions are a vital factor in determining our prospects. But it emphasized that a favourable medium-term economic performance would be a great deal more certain if other supporting policies were implemented which encouraged investment, improved efficiency, or helped the current account of the balance of payments.

In February, it was difficult to tell how rapid the progress would be in integrating policy approaches in these areas, or in developing innovative policies for specific sectoral problems. I believe that the creation of the Board of Economic Development Ministers is a major step in answering that question.

As Minister of Finance, I will continue to be concerned primarily with the performance of the economy at the aggregate level, as the Prime Minister (Mr. Trudeau) explained when he announced the creation of the board. But I have repeatedly called for structural policies that support the economic recovery, so I am very pleased that the new President of the Board of Economic Development Ministers (Mr. Andras) will devote himself entirely to putting these policies into place.

● (1602)

It should be clear from the examples of structural issues I have just given that their successful resolution requires the co-ordinated input of several departments of the Government of Canada. I look forward to working with the new minister of state on these matters.

I have also noted several times the need for consultation and co-operation with the provinces and with labour and business. As hon. members know, this is a task in which I have been engaged quite extensively, particularly before my recent budget. I will continue to consult widely on what the government's fiscal and monetary stance should be. I think it will be most helpful to have the new minister of state looking after arrangements for ongoing consultation in matters of economic development.

In his statement two weeks ago at the conference of first ministers on the economy, the new minister of state emphasized that few people want rigid five or ten-year economic plans or detailed scenarios for the future. He did not promise a single industrial strategy. I made the same point in my recent budget speech when I expressed my scepticism about the search for a single grand industrial strategy in a competitive market system.

I said that we can and must have a set of sensible industrial policies designed to provide a healthy framework for all industries and specific incentives tailored to particular needs. I applaud the setting up of a mechanism which will allow federal ministers to concern themselves with such issues in a co-ordinated and systematic way.

My budget statements have all been centered on, first, general fiscal measures such as the reduction from 12 per cent to 9 per cent in the federal sales tax and the increase from $250 to $500 in the employment expense deduction announced in my November budget. Second, I have included measures designed to improve the climate for business and investment, such as the investment tax credit. Finally, I have taken into account the special needs of our regions and of our industrial sectors. Such measures are illustrated in my recent budget by the different regional rates for the investment tax credit and by tax measures helpful to the mining industry.

The new minister of state himself explained last week that his board would review the economic development proposals submitted by program departments—and I quote:

—through one perspective that has three parts: how proposals support economic growth in Canada's regions, in industry sectors, and in the general economy.

I believe that the new Board of Economic Development Ministers will provide the knitting together of the government's broad, aggregate economic policies with its specific structural policies. This is a very important undertaking, as I have been saying since becoming Minister of Finance. This approach to economic development has been evolving, in fact, since the beginning of the anti-inflation program three years ago.

As decontrol is becoming widespread through the economy, it is quite timely to pay particular attention to structural problems and policies. I believe the goals of the motion before the House are the right ones in this government's program of providing more jobs, less inflation and a greater balance in our country's regional economies.

[*Translation*]

Mr. Speaker, I am pleased to endorse the resolution before us today for a number of reasons. First, because the establishment of the Board of Economic Development will permit me to achieve what I have wanted to achieve since becoming Minister of Finance. I have explained on a number of occasions that the traditional fiscal and monetary levers will not be sufficient by themselves to set the economy back on a recovery path as all Canadians want.

The problems in key areas such as economics, energy, regional development, government regulation, the labour market, multilateral trade negotiations and their industrial impact, have become too complex to expect that general policies of demand management will solve these problems adequately. My budget speeches have emphasized this theme. In my April budget speech, for example, I spoke of a structural reform challenge and I emphasized the progress we have made in regulating tourism, fishing and agriculture.

I also had two important studies published dealing with our medium-term prospects which show clearly that success stems not only from a wise policy of demand management, but also from sustained attention to the specific problems of certain regions and certain sectors of our economy. That is why, my last budget includes, for instance, measures to help the pulp and paper industry and increase, from 10 to 20 per cent, the investment tax credit in the Atlantic provinces and the Gaspé Peninsula.

As Minister of Finance, I must above all be concerned with the over-all fiscal and monetary policies. I can only agree when I see that my colleague, the new President of the Board of Economic Development Ministers (Mr. Andras), will be able to devote all his time to ensuring that the proposals of the various departments in economic development matters are consistent with the fiscal and monetary policies of the government. I am convinced that the new Board of Economic Development Ministers will be of considerable help to the government in increasing the number of jobs for Canadians, reducing inflation, and better distributing our economic activity among the various regions of the country.

[*English*]

In some speeches hon. members have questioned what the relationship between the board and the Department of Finance will be. I do not see any problem. I think it is very important that the different departments be able to work in order to implement the structural changes they want to put forward. Very often one department has to concentrate on the problems it has to face. Such problems relate to energy, industry, trade and commerce, regional development and so forth. Sometimes there has not been enough co-ordination in developing policy and in making sure it is co-ordinated.

I worked with my colleague when he was president of the treasury board. I am used to working with colleagues. It used to be that the minister of finance was the president of the treasury board. Those portfolios were split up. I worked with two different ministers of finance when I was president of the treasury board. As Minister of Finance I worked with my colleague when he was president of the Treasury Board. Some might have said that at times the two organizations held different views. Of course, that is normal, but we always managed to sit down and talk problems over. We always managed to be in agreement when we were together in the cabinet.

The hon. member for Qu'Appelle-Moose Mountain (Mr. Hamilton) says that bureaucrats do not listen to ministers and that we are always changing ministries. I have been a minister for almost 12 years.

Mr. Paproski: Good for you.

Mr. Chrétien: I know how bureaucrats operate. They give us good advice, and when we do not agree with them, they change their advice. That often happens. I held one portfolio for a long time. I was minister of Indian affairs and northern development for six years, one month, three days and two hours. I felt no more or less comfortable in that portfolio than I feel now in the Department of Finance after 15 or 16 months. When one has been in cabinet for 12 years, one knows how the government operates.

The hon. member said we should go back. There is a kind of spirit of vindictiveness in that. I do not like that approach. Public servants give us advice, and we can accept it or reject it. The hon. member for Qu'Appelle-Moose Mountain was a minister who was able to reject advice. Some cannot, but that is not the fault of the system. Perhaps some ministers are not sure of themselves, do not comprehend or whatever. Some come, some go, but a minister who wants to run his department has no problem. However, running a department does not mean a minister must reject all the advice he receives. He must be able to select from the advice he receives.

● (1612)

What we are doing now is making sure that in the line departments there will be a political co-ordination, under the chairmanship of the new president of the board. There will be no problem between him and me. The fiscal, monetary and economic policies will be set by me. If he comes to me to give me good advice, I will welcome it. I need good advice.

An hon. Member: You sure do.

Mr. Chrétien: Yes, and I accept it. I am not at all embarrassed by it. If I have another political minister who can look into any other department and say to the Minister of Finance, "We are having a problem in the development of an industrial strategy; perhaps we could use the tax system", then so much the better. I am not preoccupied by that. I do think the Minister of Finance has retained the same power as he had before. I see no problem. I know the opposition would like to create division within the ranks of the cabinet. If I were them, I would try to do the same thing. But I can assure hon. members that I do not see any problem arising with my colleague. I have worked with him for more than two years since I left the Treasury Board to become Minister of Finance and I have had no problem with him, nor do I expect to have any problem with him in his new job.

I do think that the new ministry will have a better political input in the co-ordination of the policies of the government. He will be consulting me. The responsibility for the budget remains with the Department of Finance, but if he gives me good ideas, I will accept them with pleasure. I am willing to do that.

So I do not know why hon. members on the other side are trying to see in this move a downgrading of some departments. What we are doing is to try to make the government apparatus work more efficiently. We want better co-ordination and more political input. That will be good. This will not start fights between ministers. Anyway, we have cabinet meetings all the time where we can disagree. When policies are developed, there will be some more political input, and I welcome it. I am not at all embarrassed by the move. We are just trying to do the right thing because we have said that we want to develop

the right policies to make sure that the development of the economy of Canada proceeds properly.

When I was minister of industry, trade and commerce I started this idea of having the 23 different sectors studied. And that is carried on by the present minister. That was a very positive aspect where both the management and the unions work together with the provinces and the federal government in trying to analyse and develop the proper policies for the different sectors. We said that because a policy was successful we must carry on that type of consultation. We decided we want a minister to do that on an almost full-time basis. What is wrong with that? Of course, if you are minister of industry, trade and commerce you have many other responsibilities. You have to travel abroad to stimulate business for Canada. So instead of these consultations being conducted only by bureaucrats, they will be conducted by my good colleague, the new minister. I see no problem and I think it will be very good. It will be a step in the right direction.

I do not think any power has been taken away from the Minister of Finance, and if it has been, I do not mind if it is the right thing. I think that the economy and the fiscal and monetary policies of the government will continue to be the responsibility of the Minister of Finance, whoever he is.

The development of new industrial policies and the co-ordination of those policies for the benefit of Canadians can be better handled by the new board because there will be more political input. That should have been the point made by the hon. member for Qu'Appelle-Moose Mountain. Instead of criticizing this new move, if I followed the logic of his argument, I believe he should have been applauding it.

Mr. James Gillies (Don Valley): Mr. Speaker, I am pleased to have the opportunity to join in this debate, particularly after hearing what the Minister of Finance (Mr. Chrétien) has had to say about this proposal which the government is bringing forward. I do not think anyone denies that all governments must try to find better ways to organize their approach to the processes which they have to administer, and it is particularly interesting to look at this proposal because it brings to the forefront two important questions which we have to solve. First, how do we get a proper economic policy in this country—which, I presume, is what this board will try to do—and, second, what is the appropriate administrative way to approach the issues of economic policy-making in our country.

Everyone agrees that the complexities of government these days are great. With a $50 billion budget, no one would think a country can be administered in the same way it was administered in the past. Our modern problems are far removed from those of Sir Alexander Mackenzie 100 years ago when he was prime minister and could operate without even a prime minister's office and personally administer the most extensive ministry of the time, that of supply and services.

It is a far cry from the days of the Hon. Edward Blake who, when he was elected to parliament, was the premier of Ontario and represented two federal seats, or even of the days of Mr. Bennett who could serve as his own minister of finance, or even the days of Mackenzie King when minutes of the cabinet meetings were not even kept. Those indeed are times that are far behind us.

The hon. member for Qu'Appelle-Moose Mountain (Mr. Hamilton) pointed out in a masterful speech, which I hope hon. members will take time to read with care when it appears in *Hansard* tomorrow and which I hope the press will read with care, some of the problems of administration as witnessed by a man who has had extensive, significant and important experience in governing. The leader of the NDP has also pointed out the problems that Mr. Wilson had as prime minister of Great Britain when he tried to find ways of administering better.

The inner story of that battle was told, as I suppose it has never been told about any other cabinet, with the publication of the Crossman diaries, which some authorities in Great Britain tried to have suppressed. However, they were published and so now all of us know more about the operation of cabinets than has ever been known by any group outside of cabinet before. What becomes so clear are the difficulties of finding new ways and structures of administering in these complicated times.

We all know the experience of the province of Ontario in the development of its policy ministeries, as well as all the experiments that have taken place in the United States in trying to find better and more efficient ways to administer. I remember when the present Prime Minister (Mr. Trudeau) came to office that one of the members of the cabinet at that time told me that it was a refreshing experience to see a new type of administrative operation for the prime minister brought into play, a new system which he thought was going to work more effectively. I am sure that members on the government side in particular will recall the development of an extensive series of cabinet committees: the co-ordinating committees that were evolved at that time and through the last few years, the committee on priority and planning, the committee on legislation and House business, the committee on federal-provincial relations and the Treasury Board—all designed to make the government operate more efficiently. Also there are five subject matter committees: external policy and defence, economic policy, social policy, science and cultural policy, government operations, and then an ad hoc committee.

● (1622)

Approximately a decade later, we know the system has not worked. If the co-ordinating committees of cabinet were working, this order in council would not be before us. If the economic policy committee of the cabinet is operating, why do we need a new tier of bureaucracy in the system? It is well known that the more levels of decision-making a matter has to go through, the more difficult it is to operate efficiently and effectively. The administrative procedures put in place by the government have not worked, and consequently the government is looking for something new.

This debate cannot be as highly politically partisan as some debates. All of us must be concerned about finding a structure

of government which will deliver service efficiently and effectively to Canadian taxpayers. I do not think anyone would suggest that our potential in terms of the resources and people in the country has been fulfilled. I am sure all of us deplore this, even the Minister of Finance and the President of the Board of Economic Development Ministers (Mr. Andras). Obviously we must find a way to make economic policy work effectively.

One must ask oneself if this new board is the correct way to do it. One must look at the establishment of this board with great care, concern and considerable scepticism. The tradition of this country, dating back to the Rowell-Sirois commission when there was a centralization of authority and economic policy-making, has been that the Department of Finance establishes the economic policy of the nation. We have had the benefit of some very strong ministers of finance and deputy ministers of finance in our history. The practice has developed that the Minister of Finance and his deputy minister are the senior officials in the development of policy as far as economic affairs in the country are concerned. For the present Minister of Finance to suggest that the creation of this board will not result in a lessening of power within the Department of Finance is ludicrous. If one compares the traditional operation of the Department of Finance, one will discover that the very things the new board will attempt to do are matters which have been looked after by the Minister of Finance and his department for the last 25 years, with mixed degrees of success.

With respect, the decline in the existence of strong ministers in the cabinet of Canada came about with the co-ordinating operations in cabinet. A strong minister does not want to develop a policy which must be sold repeatedly to a variety of other ministers. The exodus of strong ministers from the government has been a product of the existing system. Also the change in management philosophy with respect to deputy ministers has been a factor in many strong deputy ministers leaving the government. The administrative philosophy relating to deputy ministers now is that one must know how to manage in order to be a good deputy minister. I agree with that. But another element of that administrative philosophy is that one does not have to know much about the substantive nature of the material one is administering. That is a mistake. Will we receive the required results if a deputy minister is deputy minister of department X on Monday, department Y on Tuesday, and department W on Thursday? Is it a good idea to move a deputy around because he knows how to manage but has no knowledge of what he is supposed to manage? We require the fixing of responsibility and authority, with strong people within strong departments, if we are to receive the type of policy the country requires.

I should like to refer to page 2093 of *Hansard* dated December 13, 1978, where the Prime Minister gives the reasons for the establishment of the board. He said that the board will take—

—action to influence the development of industries and regional economies—

[Mr. Gillies.]

I thought that was the responsibility of the Minister of Regional Economic Expansion (Mr. Lessard). Surely it must be. The Prime Minister continued:

—action to integrate programs and activities providing direct support to industry—

Surely that is the responsibility of the Minister of Industry, Trade and Commerce. He continued:

—to increase effectiveness and minimize red tape—

A minister has been appointed to minimize red tape. He continued:

—action to foster co-operative relationships with respect to industrial development—

Surely that is the responsibility of the Minister of Industry, Trade and Commerce. He continued:

—direct support to industry and economic development in Canada, including government procurement policy—

Is that not the responsibility of the Minister of Supply and Services (Mr. De Bané)? On and on it goes. My point is a very important one. In order to arrive at good policy, we do not require another board. We require a redefinition of the line responsibilities of various departments of government.

The establishment of the board indicates that there has been a confusion in the operations of different departments. The confusion is such that they are constantly overlapping each other, with each department doing the same things over and over again. No one knows what he is supposed to do. There is no fixing of responsibility or authority.

If the government is serious about restraint and streamlining its operations, another board should not have been created. The government should have asked itself why it required another board. If the government found out that it was because of the overlapping, then it should get rid of that overlapping.

Another function of the bureau is to bring together economic policies of the government. What economic policies? Surely the departments have line functions to perform. The government knows what the Department of Industry, Trade and Commerce and the Department of Regional Economic Expansion are supposed to do within the framework established by the Department of Finance. If there is so much overlapping that the departments do not know what they are supposed to do and they have to be co-ordinated, the responsibilities of departments should be redefined in order to eliminate the overlapping so that they can operate more effectively.

The comments of the Minister of Finance were very interesting, yet at the same time they were quite shocking. He said that the board will work well because he has been around for a number of years and he gets along with the minister who will be his super minister. Surely the Government of Canada is not proposing the creation of a new bureaucracy and saying that it will work because the ministers are old friends. I cannot think of a less reasonable explanation for the development of the board. One must put forth management proposals or administrative changes on the basis that they will work effectively and last. Neither of those ministers may be there very long. The

probability is that they will not. To defend the establishment of the board on the ground that we should not worry because the ministers get along is just preposterous.

● (1632)

Indeed, the whole speech of the Minister of Finance on the serious issue of how we should make economic policy in the nation is a travesty, one not worthy of being recorded in the Journals of the House of Commons. I thought this was a serious proposal of government, but I have to confess after hearing the Minister of Finance, and it is his department that is the most seriously affected by this proposal, that there cannot have been serious consideration given to the plan.

I can tell you one thing; I would be willing to wager a considerable sum of money that if the Hon. John Turner was still the minister of finance for Canada this proposal would never have been made, because he would not permit a downgrading of his department. If it was suggested, it would not be defended on the ground that "everybody can get along with me so it is okay." Fortunately, the Hon. John Turner is not here, and I say "fortunately" meaning fortunate for the country as a whole because of what happened under his administration.

Mr. Andras: You very nearly slipped there.

Mr. Gillies: The sort of defence put up by the Minister of Finance for the abdication of the responsibilities of his department is, indeed, something less than one would have expected. He argues that this is the way in which his sector policies are to be co-ordinated. If that is so, one has to worry a great deal about the future of the nation.

He also makes the point that the change does not matter. If I were the incoming minister of this new board I would be very worried about a Minister of Finance who says it really does not matter that we have this new board because "we meet in cabinet all the time anyway." If ever there was a statement suggesting that we do not need this board and that the taxpayers of Canada should not be asked to pay for it, that is it. If they meet in cabinet all the time anyway in a co-ordinating committee, why do they need a new bureau? Why do we have to put another layer of bureaucracy of this sort on top of the existing bureaucracy? The Minister of Finance says they all get along together in the government and it doesn't make any difference. He just laughs it off, saying "we are old friends, charge the taxpayers, it is okay with me. We meet anyway." That shows the absolute ludicrousness of the proposal being put before us.

What we really need, and need badly, is a total redefining of the line responsibilities of the departments so there is no such overlapping of functions and responsibilities. If the departments knew what they were supposed to do and knew the limits of their responsibilities, we would not need this new bureaucracy the government is creating. Indeed, what an opportunity this government has lost. It has talked of the need for restraint. If the government thought there was too much overlapping, surely there was a golden opportunity for restraint by redefining the responsibilities of departments and getting rid of the confusion, rather than bringing in a board designed to co-ordinate the confusion.

Having said that, there is no question that we do need a better way of formulating economic policy in this nation. The answer clearly is not found in this sort of board, because there is just going to be more of the same input in the same way.

If we are to get the economic policy the country ought to have we have to start back in parliament. We have to start back in the standing committee on finance. We have argued as strenuously as we can that that standing committee, as is the case in almost every legislative assembly in the world, ought to get appropriate pre-budget papers prepared by the government. That committee should be able to call the most able and best witnesses from across the country. No one thinks that economic policy-making in this country is easy, and we should get all the best minds together providing input before the budget, that principal document of economic policy-making, is brought down. This committee should have some staff to assist it in its work.

It is interesting to note that the executive vice-president of the Bank of Nova Scotia made a speech two days ago, I think, suggesting that the Economic Council of Canada has outlived its function and that the staff of that council should be attached to the standing committee on finance. In that way we would have a properly staffed forum in this country in which could be brought forward the best ideas of the best economists, the best industrialists, the best manufacturers, mining people and so on. This would help not just the government, but the people of Canada as well, to get better economic policy-making than we have had in the past.

To propose that the government meets the situation by establishing a new sort of board is absolutely ludicrous. We need more openness in the making of economic policy in the country. We have the most closed economic policy-making process of any democracy in the world. We have no forecasts about what is to happen. If you were a citizen of the United States today you would know, because the government has said, that its goal is to reduce the federal deficit in that country to $30 billion by 1981 or 1982. No one has any idea what the goal of this government is in respect to reducing the federal deficit. To have a similar proportionate deficit in this country we would need to have a deficit of $3 billion by 1981 or by 1982.

We have a strange situation here. Everyone who is considering economic policy-making and the situation that now exists is calling for reduced deficits, yet ours is going up. We have a billion dollar a month deficit. It is a deficit that is running, depending on which measure you use, almost four times higher proportionately as the deficit of the United States. This is a critical situation.

We do not need a bureau or a board made up of existing cabinet ministers, advised by the same people, to co-ordinate policy. If we are to get to the root of our problems what we really need is some place in the Government of Canada where there is someone who says what the objectives of economic policy-making are. For example, we should have someone

declare that it is an objective of policy to reduce the size of the federal deficit. We need a place where economic policy is set in a definite way. Until that is done I am not sure we will be able to do what we ought to do in this country.

No one can object to the government trying to find a way to make better economic policy. We have had slow rates of economic growth, high levels of unemployment, increasing regional disparity of income and a devastating situation in respect of our balance of payments, to which there does not seem to be any solutions put forward by the government either for the medium or the long term.

We have a squandering of our resources, and financial controls that do not seem to have worked. We have a financial system that seems almost out of control, according to the Auditor General. We have enormous problems. One would think the government would try to find some new way of dealing with these things rather than through the creation of a new bureaucratic board. Anyone who thinks that such a board will do anything to improve the creation of economic policy in this country is deluding himself.

With all the problems before us, with the need for the development of economic policy-making, with the need for restraint and with the need for redefining the functions of various departments, how sad it is that this government has once again missed an opportunity, and once again has brought in something which has been well described as cosmetic and which will achieve nothing. We in this party believe it is not going to work. We hope that the government will not go ahead with a proposal which will do no good. It will probably cause harm by slowing down the government process and costing money. It would be better if they turned their attention to the real problem, namely: "How do we design better economic policy for this country?"

● (1642)

[*Translation*]

Hon. Marcel Lessard (Minister of Regional Economic Expansion): Mr. Speaker, I am quite pleased to rise and take part in this debate on a resolution introduced by the Prime Minister (Mr. Trudeau) establishing a Ministry of State for Economic Development. It is an appropriate opportunity, when we take into account the discussions held inside and outside the House over the past two years, more especially since the government paused to analyse the economic conditions two years ago. During a day spent together, the members of the cabinet discussed a new direction to be given to government action as a result of the failure experienced by the implementation of so-called traditional policies to solve unemployment, inflation or lack of investment in some sectors of our Canadian industry, more especially as far as some resources are concerned. As a result of the review of some failures following honest attempts and discussions, recommendations and suggestions made to us, after having implemented and experimented with all these policies, we were still facing, as Canadians and as a government, a rate of unemployment and a rate of inflation which were clearly too high.

We therefore had to consider our tools for action, that is the existing laws, in order to face and deal with a situation which appeared to be of increasing complexity. That is why we had during the last two years a whole series of federal-provincial meetings in Ottawa as well as in the provincial capitals during which the federal government, together with the various provincial governments, analysed each sector of the country's economy in order to identify their weak spots, but also to come to an agreement concerning the ways to solve the problems. Mr. Speaker, after two years of concerted effort and consultation with and analyses, recommendations and suggestions from all parties concerned, we found it was necessary that the Canadian government established a mechanism for the purpose of dealing with all these recommendations from the private sector, from the labour sector and from the provincial governments.

Mr. Speaker, after some three years carrying out my duties as Minister of Regional Economic Expansion, I had come to realize that it was necessary to better co-ordinate the efforts both at the federal and provincial levels, if we really meant to reach our objective of better regional equality.

The reason I am saying this, Mr. Speaker, is to better situate myself within this debate. We heard yesterday the Leader of the Opposition (Mr. Clark) make a somewhat negative speech. We were not at all surprised, for we have come to expect from him speeches like this, and for some 30 or 40 minutes yesterday, I listened to him as he criticized us and I read again his remarks this morning. I have been unable to discover one single positive remark. I shall return in a little while to the speech made by the Leader of the Opposition, for I should like to deal now with the speech made by the Leader of the New Democratic Party (Mr. Broadbent). On a number of occasions, I was very tempted to applaud his remarks, and I could not help in fact applauding when he resumed his seat. The hon. member told us what he really thought had to be done by the government and I tend to believe that the ideas put yesterday afternoon by the Leader of the New Democratic Party are largely similar to those we are developing and implementing. However, it is not an easy task. That will not be achieved right away. I would even go further, Mr. Speaker. When the Prime Minister (Mr. Trudeau) announced some weeks ago the creation of an economic development board, I was most happy. Indeed, I had written to him some months ago to inform him of my views, my orientations, how I felt it was possible to better co-ordinate our economic decision-making policy. At that time I meant to inform him of my approach and appreciation of the situation. I wanted him to know that—although I was in charge of an economic portfolio having a specific task to achieve—I was aware of the fact that I could not take up such a challenge alone—although I could count on my department, its publics servants and a budget of half a

billion dollars—unless the government and other departments would make a similar joint arrangement.

We could not meet this objective, Mr. Speaker, while ignoring the other economic problems of our country and the need to develop other sectors in other areas of Canada. I cannot believe that we will lessen economic disparities by curbing development in other regions. Some people do believe that we should slow down development in some areas to allow others to catch up. I am not quite prepared to agree with this theory, Mr. Speaker.

I think we must help all regions develop as much as possible and achieve their potential. It is only this way and by allowing potentially rich regions to develop as fast as possible that we will get the human and financial resources we need to help other regions which occasionally fall behind. It is within this context that I look at the role DREE will play as a very positive component of this new committee, this board of ministers, of that I can assure the House.

In the last three years, to give you an idea of the importance of the task and of the difficulties, when I came in DREE, we began to operate under a formula called the general development agreement. We negotiated and signed those agreements with the nine provinces in Canada, as there was a completely separate agreement with Prince Edward Island. It was the result of a three-year experience in MEER which made us realize that we needed a much more flexible piece of legislation, a much more flexible working tool.

The hon. member for St. John's West (Mr. Crosbie) opposite understands very well what I mean. I think that that mechanism is not perfect, Mr. Speaker, but it is one of the best mechanisms the federal government has ever developed with the provinces to be able to work together, to fulfil both the objectives of the provinces and of the federal government. I hear criticism from time to time both on the opposition side and outside the House, namely that the federal government, through DREE agreements, forces its own will on to the provinces, but there is nothing less true.

If I take Newfoundland as an example, where DREE contributes 90 per cent of a project on which we have agreed, we do not impose our views upon the province. We have a discussion with the province representatives and they set forth their priorities and all their needs. We examine this along with them and we indicate where we think we could join and help them. We do not impose anything upon the province. The province has the last word on where our effort will be most useful when we accept to help. So we do not impose anything. We have signed with the province of Newfoundland a long list of agreements covering all sectors of economic activity in this province. We did the same with New Brunswick. We have practically completed the whole gamut of intervention sectors in Nova Scotia and, of course, we are involved in all sectors in Prince Edward Island. We are now involved in three-quarters of the areas of economic activity in Quebec, through agreements already in place. This is concerted action by both levels of government which want to attack the evil at the root, which want to activate and accelerate the development of their economy and particularly the resource sector.

Why is the federal government taking part in this effort? It is obvious, Mr. Speaker, since the provinces, under the Canadian constitution and the jurisdiction which is given to them, are responsible for and owners of these resources, that the federal government does not control the development of the Canadian economy 100 per cent. That is obvious to anybody who examines the situation. Since the resources belong to the provinces, are managed by them, and are subject to provincial legislation, their development will necessarily take place as and how the provinces see fit, according to their potential and the general economic outlook, both in Canada and around the world, and that is why we now have a general development agreement and we have signed subsidiary agreements in the past four years, over 100 in fact, Mr. Speaker. I have personally negotiated 80 of those agreements, and 60 major amendments to those agreements. It is no wonder that since I have been appointed head of the department, that is for three years, I have spent a large portion of my time in ministerial meetings, together with our officials, with the various provincial governments in a constant, commendable and sincere effort to help one another in achieving the common objectives of the two levels of government, namely the rational, reasonable development of the potential of each one of our provinces according to its possibilities and resources.

• (1652)

We signed those agreements and since its inception, Mr. Speaker, with the provinces and industry DREE has spent $3,600 billion. At this point in time, another $2 billion has been committed, money still to be paid out as a result of my own commitments or those of my predecessors—though they are largely mine for the last three years—as I was saying, over $2 billion will be paid to the provinces and industries under the Regional Development Incentives Act. To a very large extent, in fact my data confirm it, 82 per cent of my budget represents amounts committed under agreements signed with the various provincial governments in every field of economic activity.

As a result of that effort we are making together and will continue to make together we will do more together and in a more efficient way during the coming months thanks to the creation of that instrument of co-ordination. Mr. Speaker, I would not want to disclose any secrets but I am standing here with a little pride today, and more particularly today, and you understand what I mean, Mr. Speaker. Today, that board sat for the second time and today it made its first decision. So much for the criticisms made yesterday by the Leader of the Opposition who said that DREE would disappear that DREE would be weakened, that its role would be less important. He said so yesterday. I am proud to be here today and announce that the first decision by the board this morning, a major

decision, was made on a file submitted by myself, by the Department of Regional Economic Expansion, and in support of the most destitute province in this country, Newfoundland, that today the government of Canada made a clearly positive decision in support of the economy of the province of Newfoundland. That is the first step.

I can assure you, Mr. Speaker, and through you hon. members of this House, that the Department of Regional Economic Expansion is not about to disappear. Rather the opposite is happening thanks to the experience acquired in the past ten years, the work of our officials all across this country, the rather special situation in which we find ourselves with officials in every provincial capital working on a daily basis with the people at a provincial level, the people in each of those provinces, with industry people and groups representing the workers. The officials of the Department of Regional Economic Expansion are those who are—and it is with great pleasure that I say this—are those who are best informed about local situations and who are in the best position to help this government reflect not only the situation but also the needs and projects it must support to increase economic activity in those areas. That department is doing its work and will continue to do so as effectively as possible through that co-ordination instrument.

To give you a better idea of the work they have done, Mr. Speaker, I said a while ago that we have signed more than 100 agreements. Over the last three years, and I said so in committee, in this House and publicly to the media, I tried to get the support of my colleagues. Did I succeed? Here is a little clue: out of 88 agreements signed during that period, 57 of them, from departments other than DREE, seconded my efforts.

The Department of Energy, Mines and Resources joined DREE to sign agreements with the provinces on nine occasions. The Department of Transport—and transport is very important—joined DREE to sign agreements with provinces on 13 occasions.

I have signed agreements with the Department of Industry, Trade and Commerce on ten different occasions. I could give the whole list. On 57 occasions, federal departments jointed with DREE to support my action and my objectives in co-operation with the provinces not only by providing the technical assistance of federal public servants, but also by providing us with millions of dollars, even though not as much as I would have liked, I hasten to add. I did not get as much money as I would have wished from my colleagues when they jointed in my efforts. They gave me their moral support. They gave me the support of their policies. They gave me the support of their officials, and occasionally, the support of their funds, but not as much as I would have wished.

The Department of Transport has committed $60 million in co-operation with DREE, Employment and Immigration $46 million, Energy, Mines and Resources $10.5 million and Environment and Fisheries $9 million. You can see all the money that my colleagues have committed to my programs in addition to the contribution of DREE. All together, they have contributed $131,836,670. This is the effort of co-operation and co-ordination that I have tried to obtain and that I have been rather successfull in obtaining in the last three years. I am convinced that I have had enough discussions with my colleague, the president of the new Board of Economic Development Ministers, whom I know very well, to know what are our objectives. I can see that it is now five o'clock, so I shall continue at eight o'clock, Mr. Speaker.

PROCEEDINGS ON ADJOURNMENT MOTION

[*English*]

SUBJECT MATTER OF QUESTIONS TO BE DEBATED

The Acting Speaker (Mr. Ethier): Order, please. It is my duty to inform the House that the questions to be raised tonight at the time of adjournment are as follows: the hon. member for York South (Mrs. Appolloni)—Health and Welfare—Funding of Planned Parenthood Association; the hon. member for Surrey-White Rock (Mr. Friesen)—Sports—Canada's participation in Moscow Olympics; the hon. member for Frontenac-Lennox and Addington (Mr. Alkenbrack)—National Revenue—Sales tax rebate on inventories of manufactured goods.

It being five o'clock the House will now proceed to the consideration of private members' business as listed on today's order paper, namely, notices of motions (papers).

PRIVATE MEMBERS' MOTIONS FOR PAPERS

[*English*]

GOVERNMENT CONTRACTS WITH FIRMS AND INDIVIDUALS OTHER THAN CROWN CORPORATIONS AND AGENCIES

Mr. Dan McKenzie (Winnipeg South Centre) moved:

That an order of the House do issue for a copy of all government contracts, excluding Crown corporations and agencies, with Canadian firms and individuals in the years 1976 and 1977.

● (1702)

He said: Mr. Speaker, I placed this motion on the order paper some time ago. The government has informed me that it is too costly and too time consuming to produce any of these documents, which number in the thousands, and we have no idea at all what it has done with these studies or whether any of the recommendations will be implemented. I would like to see many of them brought before the appropriate standing

committee so that members of the opposition can review these contracts and studies to see what they are all about. I think Canadian taxpayers are entitled to know what is in all of these thousands and thousands of contracts and studies which are costing hundreds of millions of dollars.

I have been gathering statistical information over the past couple of years through questions on the order paper, and I have only a partial count. However, I have information on some 940 contracts with a total assessed value in excess of $225 million. In the second stage of my study I found out that the total amount paid to contract employees during the fiscal year 1975 was $25,720,000. In 1976 the total was in excess of $21 million. The figure must be astronomical if one included the amounts for those years prior to 1975 along with the figures for 1977 and 1978.

Nevertheless I have received some answers from the ministry with regard to public servants under contract. I would like to put on the record the costs for some departments to give the House an idea of the amounts spent. Agriculture, $3,275,000; Consumer and Corporate Affairs, $1,047,000; Fisheries and Environment, $3,870,000; Indian Affairs and Northern Development almost $16 million; Employment and Immigration, $2,859,000; and Supply and Services, $959,000.

It was interesting to listen to the statement made by the new Minister of Supply and Services (Mr. De Bané) the other day. He said he believes in open government and will be co-operating with everyone. We hope, therefore, that some of these studies and contracts will be made available by his department.

I will now give some descriptions of these studies. Treasury Board spent $133,000 for a study on the psycho-social factors affecting the attitudes, motivations and behaviour of public servants. I do not know whether that study is just gathering dust on a shelf or whether any recommendations have been implemented. I think all opposition members are entitled to look at some of these documents and perhaps, some of them should be discussed in committees.

The next one I refer to is an $18,000 contract for the Department of Energy, Mines and Resources to provide consultation for accurately showing canoe routes on maps. Under the Department of National Health and Welfare there is a $4,000 study to write and edit a handbook on family planning for use by pharmacists when providing information to their clientele on family planning matters. I do not know whether any pharmacists have received this or whether they use it.

There was also a study concerning the extent and level of divorce and marriage counselling services in selected communities in Ontario, for an amount of $2,000.

Under the Department of Public Works $20,000 was spent to provide fine art work for major postal plants at Saint John, New Brunswick. This was a contract given to a John Owen Cooper. I do not know who John Owen Cooper is. We should know a little bit about him and whether anything has been done with this particular study.

The next one I would like to point out is a $9,500 preliminary study for a golf course at Mirabel, Quebec. As if we have not squandered and wasted enough money on that white elephant without having some kind of a study for a golf course at Mirabel. What an extravagant waste of taxpayers' money that is! I would certainly like to look at that document.

The next one is a $118,000 contract to study publicity in connection with people living on expropriated land near Mirabel in the province of Quebec. We have certainly seen enough publicity about Mirabel without giving somebody $118,000 to do yet another study on publicity for Mirabel.

This list goes on and on. I see the Secretary of States' Department with an $11,000 study to prepare design proposals for large and miniature certificates of Canadian citizenship. It also is to provide finished art work for those certificates and prototypes of large certificates if requested. I wonder where that study is today. On occasion we in the opposition get copies of these studies and contracts. They are leaked to us; that is the only way we obtain them.

The next one I come to was done by E. P. Fitzgerald and Associates in Ottawa. It is a study on the economy, inflation, housing, use of tax bonds, reducing waste in government, etc. Accompanying this study there is a letter written by Mr. Fitzgerald, the principal, to the Prime Minister (Mr. Trudeau). I quote from the second paragraph in the letter:

> Also, at Ivan Head's suggestion I submitted the document to James Coutts for review which, owing to his crowded schedule, somewhat delayed proceedings.

I have information that absolutely nothing has been done with this document and I do not know what it cost. It is entitled "The Way Ahead," by E. P. Fitzgerald, who is an engineer. In the heading it mentions that Mr. Fitzgerald is a member of the Ottawa West Liberal Association. Are these contracts and studies being handed out to Liberal executives? Is it a pay-off? Is this part of what the Prime Minister talks about when he says in his campaigns that "there will be goodies for you"? Does he mean thousands and thousands of useless contracts just passed out to Liberal friends? Who knows? Let us table some of these studies and documents and look at them to see if any of them are worthwhile.

In this particular document by E. P. Fitzgerald and Associates it says:

> The purpose of this submission is not merely to comment on the contents of the working paper, but to suggest to the Prime Minister possible ways and means of developing a more rational approach towards controlling current and future inflationary trends in Canada than is at present available.

I questioned the Prime Minister in the House about this particular document some time ago and he did not know anything about it. Here it is, we have a copy of it. Probably none of the recommendations have been implemented, but somebody has likely received $25,000 or $35,000 for it.

Here are further examples of studies, and they are very questionable. The first one is an independent study to be made in relation to the government's response to the Finkelman report; the amount is $1,800. This is going to a Macey Schwartz. I do not know who Macey Schwartz is or how

Macey Schwartz was picked out to do this study, unless she is on a Liberal executive in some riding in Canada.

Here is another one "to advise on ways and means of overcoming structural problems in the government's management process and to undertake a review of the government's approach to management." The amount for this study is $6,000 and this money went to a T. Taylor.

The contract description for the next one is "to provide advice and assistance to the decentralization review group, interview departmental officials, prepare reports and make recommendations." N. B. Moyer received $22,635 in connection with that. There are pages and pages of these contracts.

The next one I pick out is in the amount of $12,484 which goes to a J. E. Crowe. This contract was "to advise on pensions and insurance in connection with the personnel policy manual." Maybe there are some excellent recommendations in some of these studies, but who knows? Are any of the recommendations being implemented? Does anyone know that? Is there anyone that knows just what is going on? I think the government has a responsibility to make these documents available to everyone in the House. Probably the government backbenchers do not even know about these documents either, Mr. Speaker.

I see another one in the amount of $9,600 to a C. Nicholson which was for a contract to plan, develop and undertake research projects on specific aspects of the federal statistical system, specified by the interdepartmental committee on federal statistical activities. It would be very interesting to speak to the civil servant who drafted the wording of that contract description. How he ever dreamed that one up or why we even need such a study is a puzzle to me. That one cost $9,600, which went to C. Nicholson. On and on it goes.

● (1712)

My colleague from Peace River (Mr. Baldwin) has been the champion in fighting this government with regard to freedom of information. He is a perfect example of why we need freedom of information. He is certainly on target when we see examples like those I just read into the record. The hon. member for Peace River put out a position paper on freedom of information. I quote from it:

> Hereafter follows the essentials of a program to restore some measure of parliamentary control.
>
> (1) Freedom of information and open government;

We do not have freedom of information or open government with regard to these thousands and thousands of contracts that are costing hundreds of millions of dollars and noboby knows what is happening to them.

> (2) Government accounting for spending of taxpayers' dollars;

There is no accounting here. We do not know anything about these documents or what is happening to them.

> (3) Need to answer for the use of special and extraordinary power taken by the Government;
>
> (4) More independence for private members of parliament.

As a private member, I hope to make some headway in convincing the government that some of these documents

[Mr. McKenzie.]

should be made available to members of the opposition. The hon. member for Peace River goes on to say, and I quote:

> Information in the hands of the people, freely available, with the exception of a few clearly defined exemptions, is essential to any democracy.

This has been going on for the past 15 or 16 years. None of these documents, studies or contracts have been made available to any members of the opposition. How are we to function properly? We have a right on behalf of Canadian taxpayers to see whether something is being done with these studies and contracts and to determine whether they were needed in the first place. I again quote:

> Deception, lies and concealment, cover up of everything from stupid, unnecessary spending right through the erros, and corruption is the order of the day. And, because of this today, the anger, the disgust, the outrage, the cynicism, the total distrust of so many of our political institutions and leaders is frightening, but understandable.

We certainly have a classic example of that here. I have another document which was leaked to me a couple of years ago. It is an excellent study by Samson, Belair, Riddel and Stead on how the post office should be operated. I have asked that this document be made available to other members of parliament, but the government has refused.

I asked in committee why the Post Office does not implement the excellent recommendations contained in this report. I got no place at all because the Liberals and the NDP united to defeat my motion asking that we study the recommendations and implement some of them.

One of the most significant chapters in this document states that mail delivery should be left in the hands of private trucking companies. It gives dollar examples showing how the mail could be delivered cheaper by private truckers. The government completely ignored that recommendation and took away the contracting work from the independant contractors across Canada, the trucking firms, and got into the trucking business itself. That required an additional 129 trucks, 292 employees, and 105 part-time drivers. Hon. members can see the additional costs of operating the post office as a result of ignoring that excellent study. That document should have been referred to the standing committee so that every aspect of it could be studied. Hon members could have made a contribution with regard to implementing the excellent recommendations of that study.

I have further examples of these contracts. Mr. J. R. Clark received $4,000 to research and develop material for speeches given by the commissioners of the Canadian grain commission. Why on earth do we need a study like that? The government handed out $120,000 to Michael Arnold for a financial information system of higher education for federal and provincial governments. I do not know what that is all about.

It cost the Canadian taxpayers $4,950 for a study on services in a general support capacity to devise a feedback reporting system for user advisory services. Most of us would not understand that one, never mind what else is in the document. It cost $34,200 for a study on requirement contractual assistance in the area of accommodation planning.

On and on it goes. I have only a partial list of these contracts. I suggest this is something that could be looked at by the President of the Board of Economic Development Ministers (Mr. Andras). The government talks about restraint and proper management. This could be a challenge to the new super minister. I hope whoever speaks for the government today will give us some information as to making some of these studies available. Maybe we cannot get them all, but possibly we can get a number of the choice ones, especially those I mentioned today. These should be made available to members of the opposition so that we can study them over the Christmas recess.

Mr. Maurice Harquail (Parliamentary Secretary to Minister of Supply and Services): Mr. Speaker, I normally start off my remarks by saying I am delighted and pleased to have an opportunity to reply to an hon. member's motion or private member's bill. However, I cannot begin my remarks like that today because I am not impressed with the position taken by the hon. member for Winnipeg South Centre (Mr. McKenzie).

This is not the first time we have witnessed this member take a negative position, not only in this House but with regard to questions raised in committee. The official opposition holds out to the Canadian people that it is reasonable. It tries to create the impression that it is sincere in doing its job as the official opposition. Members opposite talk about conservatism and restraint. However, this is the second time the hon. member for Winnipeg South Centre has come forward with an unreasonable request. I will be getting into some very specific details of that aspect.

Before getting into my general remarks, I want to take this opportunity on behalf of the new Minister of Supply and Services (Mr. De Bané) to inform the House that he will be delighted to extend an invitation to the critic of the official opposition, the hon. member for Wellington-Grey-Dufferin-Waterloo (Mr. Beatty). The minister is very sincere about this offer, and I am pleased that the hon. member is in the House so that I can seize this occasion to extend to him this official invitation.

● (1722)

The opposition critic and his colleague, the hon. member for Winnipeg South Centre, can come to the department. When they do, the appropriate officials will be duly notified that they should receive the hon. member for Wellington-Grey-Dufferin-Waterloo and his colleague so that they can be informed about any aspect of the Department of Supply and Services.

The minister has indicated to me that he is presently preparing a comprehensive reply to the letter written by the hon. member for Wellington-Grey-Dufferin-Waterloo of December 7, 1978. The minister is quite prepared to reply to the ten points raised by the hon. member in his letter. I am delighted to inform the House that the minister will be complying with the request in the letter of December 7 from the official critic. In accordance with the policy of openness and willingness to share all available information which is not commercially confidential or which would not ordinarily be viewed by the public at large, such departmental information will be made available to Canadians.

It has been made very clear by the minister that he wants hon. members from all corners of this House to have an equal opportunity to come and be received graciously by the officials of the department. When it is deemed convenient such hon. members will be made more than welcome. Departmental officials have received and accepted this instruction from the minister, and it will be followed to the letter. As far as we are concerned, members of parliament are the most important people not only with respect to this House but also with respect to the various departments with which the Department of Supply and Services is involved.

I want to put some facts with respect to the motion before us this afternoon on the record. The department has studied this request and the size of the task outlined in this motion. I want to tell hon. members just what this motion would entail. I emphasize that the government wants to provide information which would be useful. We have tabled contracts in the past and will continue to do so within certain broad limits.

I referred earlier to commercial confidentiality. However, in our view, the current restraints on man-years and dollars would make it very difficult to comply with the hon. member's motion in the terms in which it is framed, particularly as there is still some doubt as to the purpose of the hon. members question. It is a very general question. It is not specific in any way.

All government departments issue contracts, although the Department of Supply and Services and the Department of Public Works, because of the nature of their work, are the major contracting departments.

I would like first to deal with contracts issued by these two departments, then I will speak about contracts issued by other departments.

The motion calls for copies of all government contracts with Canadian firms and individuals in the years 1976 and 1977. As hon. members know, the government's fiscal year runs from April 1 to the following March 31, and government statistics are compiled and maintained on a fiscal year basis.

In the fiscal year 1976-77 the Department of Supply and Services issued a total of 232,349 contracts and 30,662 amendments to Canadian firms or individuals, for a total of 263,011 documents. It has been determined that on the average each DSS contract contains 4.75 pages, while amendments consist of an average of two pages. In terms of sheets of paper, this becomes 1,103,658 pages for contracts and 61,324 pages for amendments, totalling 1,164,982 pages. In the next fiscal year, 1977-78, the department issued 265,305 contracts and 38,302 amendments. On the basis I have described, this represents a total of 1,336,803 pages, so that the number of contracts combined for those two years comes to 2,501,785 pages.

Mr. Beatty: Could we have that in English, please?

Mr. Harquail: At this point I would like to inform the House that the Department of Supply and Services, in accordance with government policy, does its business and issues contracts in accordance with the language choice of the public to be served. That would answer the hon. member's question about language. The policy of this government is to serve the public in both official languages.

Mr. Beatty: Mr. Speaker, I apologize for interrupting the parliamentary secretary, but my question related to the figure he gave. I think he said, "2,501,785". I wonder what that would be in English. I wonder if he would give that figure again.

Mr. Harquail: Mr. Speaker, I am not surprised at the hon. member's attitude. The hon. member for Wellington-Grey-Dufferin-Waterloo and the other hon. member make a good pair. They have displayed their attitude in this House and their respect for other members while they are speaking. I think that remark will just be left with the hon. member, and if he will be polite enough, I will continue with this information. If he is able to grasp the figures, I will be happy to continue.

Mr. Beatty: If you are able to say them.

Mr. Harquail: I would like to inform the House that in accordance with government policy the Department of Supply and Services does its business and issues contracts in both official languages. In providing these documents to the House there is a requirement that they be prepared in 12 copies.

A simple calculation shows that 2.5 million pages in both official languages reproduced 12 times for each language gives something in the order of 60 million sheets of paper. We have estimated that the paper used for the reproduction of these documents would weigh 375 tons. This is still only for those contracts issued by the Department of Supply and Services.

When my colleague, the Parliamentary Secretary to the President of the Privy Council (Mr. Pinard), asked the hon. member for Winnipeg South Centre to withdraw his motion, it was not to deny him the information but to avoid a costly and time-consuming chore. I repeat the invitation to that hon. member to join with his colleague, the official critic, and to come to the department at an appropriate time which is convenient to all, and we will be very happy to let them ask officials their questions.

Let us consider the cost of this work. What would it cost the Canadian taxpayer? We have assumed that a translator could produce 20 pages of work per day. Using this as a base, the requirement can then be expressed as something in the order of 482 man-years of work. At an average salary of $20,000 per annum, we arrive at a figure of $9,640,000 for translation alone.

The cost of paper alone has been estimated at $420,000, and to this we add reproduction costs at three cents per copy, or $2,220,000. The gathering and copying time was estimated at two man-months in each of the 29 locations for 4.8 man-years at an average salary of $12,000, which gives a total cost of $57,600. Is the hon. member for Wellington-Grey-Dufferin-Waterloo able to follow this? I could slow down if that is his wish, but there is much more factual information I want to get on the record for the benefit of Canadians so that they will understand how ridiculous the motion before us is.

To achieve some continuity in this effort it is essential that someone be assigned to co-ordinate the receipt, translation and transmittal of these documents to the House for the duration of the translation process. It is felt that three man-years at $15,000 each might be a realistic figure. Then the mailing of the documents from the 29 points of origin across the country, at bulk mail rates, would run to some $20,000.

• (1732)

You can appreciate, Mr. Speaker, that the preliminary figures with which we came up indicate that it would cost the Department of Supply and Services some $12 million, and it would take a total of over 490 man-years to complete this task solely for DSS contracts.

Let us now turn to the other major contracting department, namely, the Department of Public Works. That department issues approximately 10,000 contracts each year, averaging four pages each. Using the same process as we did for DSS, these 10,000 contracts, at four pages each, represent 960,000 sheets of paper annually. The costs of copying these contracts has been calculated at some $57,600, and at $13,440 for the cost of paper. The time taken for their translation has been estimated at 15.4 man-years, representing an estimated cost of $308,000, so that the total cost involved in carrying out the request contained in the motion, in so far as the Department of Public Works is concerned, is approximately $379,040. To these costs must be added the cost of gathering, co-ordinating, transmittal and mailing, to bring the figure for the Department of Public Works well above $400,000.

It is our estimate that about 550,000 contracts are issued annually by other departments of the government. In general, these contracts are simpler and of a lower value than those issued by the Department of Public Works or by the Department of Supply and Services. Accordingly, they probably consist of a page each per document. Here again, the arithmetic is interesting. We find that the return demanded by the motion for these 550,000 contracts annually would involve 26,400,000 sheets of paper. The cost of paper would be $184,800, the cost of copying at three cents a page would be $792,000, and the translation would require 212 man-years, at an over-all approximate cost of $4,240,000.

Because this return involves such a multiplicity of departments, the job of co-ordinating becomes more complex and is estimated to be in the area of 20 man-years at $15,000 each, for a total of $300,000.

The total bill—and this will be interesting to all the taxpayers in Canada—to comply with this ridiculous request would run to an estimated $18 million.

The government is anxious to respond to this hon. member's and to all hon. members' legitimate desire and requests to look

into contracts. However, it has been the normal pattern for members of the House to inquire about specific contracts or specific areas of contracting. It seems to me that the taxpayers of Canada would have a serious objection to the expenditure of $18 million, unless there were a very defined and important objective behind the request which could not be met in a more effective and less costly way.

It would be helpful to know the true purpose of the motion. It might be that the motion flows from either a concern that the government's contracting systems are not open or accessible, or possibly from recent comments by the Auditor General on contracting in government. First, I would like to deal with possible concerns about openness in the contracting activities of the government, and in particular within the Department of Supply and Services.

Openness in the contracting system of the Department of Supply and Services is achieved through a wide dissemination of relevant contracting information to the Canadian public. This policy of openness is a further good reason why the requested contract documents need not be tabled. In order to understand fully how openness with respect to contracting information is achieved, it is first necessary to understand the role of DSS in contracting, which I will describe. In addition, it will be necessary to cover the responsibilities and procedures for contracting in so far as DSS is involved. Then I will describe the mechanisms used to provide all relevant DSS contracting information to the Canadian public. I will conclude with examples of the significant benefits achieved by the current availability and provision of contracting information to the public, which will underscore the lack of necessity for tabling all contracts for the year 1976-77.

The Department of Supply and Services provides a wide range of services to other federal government departments and agencies. The department is divided into two sections: supply administration and services administration. The services administration is responsible for the distribution of the cheques issued by the federal government, including payroll, pension and family allowance cheques. In addition, it is responsible for accounting, audit and management advisory services within the federal government. The supply administration is responsible for the procurement of everything from typewriters to tanks and ships for the federal government, buying about $3 billion worth of goods and services in 1976-77 alone.

Besides procurement, the supply administration is responsible for the provision of such other common services as printing and publishing, traffic management, warehousing and distribution, and expositions. Reporting to the Minister of Supply and Services and working closely with the supply administration is the Crown Assets Disposal Corporation which is responsible for the sale of surplus goods to the public.

The supply administration's prime objective is to provide or obtain the goods and services essential to government programs at a fair and reasonable price and, at the same time, to ensure prudence and probity in the expenditure of public funds and an equal opportunity for Canadian business and industry to do business with the federal government.

As I have mentioned, one of the major impediments to tabling copies of all contracts is the sheer volume of documentation. I will give a description of the contracting responsibilities and procedures in order to indicate the complexities involved which, in turn, are reflected in contract documentation.

In a general way, the supply administration operates in a similar fashion to a supply organization within a major firm in that it is part of a larger corporation, that is, the federal government, and the basic services provided are similar. However, with close to $3 billion of annual buying power, the sheer magnitude and diversity of government operations places the supply administration in a unique position with respect to private sector supply operations. In this respect the supply administration's prime objectives are, first, to obtain the goods and services essential to government programs at a fair and reasonable price, while at the same time, second, to ensure prudence and probity in the expenditure of public funds, and third, to provide an equal opportunity to all Canadians to do business with the federal government on a fair and reasonable basis.

In the contracting process, these objectives are achieved through a judicious sharing of responsibilities between the supply administration and its customer program departments. For example, a policy has been developed which delegates low dollar value contracting responsibilities to customers, and there are provisions which allow customers the necessary flexibility to conduct emergency purchasing, where appropriate. Aside from this, some aspects of services contracting are a customer department's responsibility, although the supply administration does conduct a wide range of services contracting.

Within the contracting mandate of the supply administration, the actual process of purchasing can, and frequently does, involve much more than issuing tenders and evaluating bids. It begins with the identification of an operational need by a customer department, the funding for which must be provided for in the department's annual main estimates submission.

The Acting Speaker (Mr. Ethier): Order, please. I regret to interrupt the hon. member but the time allotted to him has expired.

Mr. Perrin Beatty (Wellington-Grey-Dufferin-Waterloo): Mr. Speaker, I am pleased to be able to rise to join in this debate. First I want to indicate that I was pleased to receive the invitation extended to me by the new Minister of Supply and Services (Mr. De Bané) through his parliamentary secretary. I indicated to the minister, when he was first appointed, that I welcome his appointment because, from my experience with him while he was on the backbenches on the government side I found he had proven himself to be an individual concerned about the rights of parliament and recognizing the fact that Canadians are entitled to information concerning the way in which the government is spending money.

I should like to indicate to the minister that I will indeed be taking him up on his offer and I will be making a point of

visiting the various officials within his department, that I will be looking for information to fulfil my responsibilities, and will be bringing with me my colleagues who are also interested in learning about the activities of the Department of Supply and Services.

There will be two particular areas in which we will be looking as we visit the officials in the Department of Supply and Services. First, and most important, we will want to ensure in all instances that, in a department which spends several billions of dollars of the taxpayers' money every year, the taxpayers' money is well spent. That is one of the main criteria which we will be applying. Second, we will want to know what policies are being followed by the government in determining how contracts will be let. For example, what are their tendering procedures and what actions are being taken to ensure that the taxpayer gets the greatest value for his money.

● (1742)

We will also want to know to what extent is the purchasing policy of the Department of Supply and Services being used as a means for promoting growth in the economy, for example, growth in slow growth areas, the small business sector of our economy, and in Canadian industry at the expense of contracts being given to foreign companies.

The purpose of the motion for production of papers put down on the order paper by the hon. member for Winnipeg South Centre (Mr. McKenzie) appears to have escaped the parliamentary secretary. More than once he said that he did not understand why the motion would have been put forward. If the government followed a procedure of openness and seriously believed in it, it would not have to question the motivation of my colleague. The principle should be there, that these things should be open and that access to information should be granted to every citizen. The government should not have the right to demand to know why citizens or members of parliament want to know how the government is spending its money. It should be a matter of right that citizens should have access to this information, and not a matter of discretion on the part of the government.

I apologize if I upset the parliamentary secretary during his speech by asking him if he would give the figures again which he was quoting. I was attempting to make notes of the figures he was quoting regarding the number of pages he would be required to table if the motion were put forward. Unfortunately when his officials wrote his speech, apparently they did not rehearse his delivery. He has difficulty with numbers which cannot be counted on his fingers and toes. Unfortunately in this particular instance he stumbled, and it was very difficult to understand what he was saying.

The Acting Speaker (Mr. Ethier): The Parliamentary Secretary to the Minister of Supply and Services (Mr. Harquail) is seeking the floor on a point of order.

Mr. Harquail: Mr. Speaker, I think every member in the House knows about the problem with the hon. member who is speaking now, concerning the silver spoon in the mouth, spoiled, and so on.

The Acting Speaker (Mr. Ethier): Order, please. I should like to hear the parliamentary secretary's point of order.

Mr. Harquail: I am getting to my point of order. I just wanted to remind the member, if he is not already aware of this fact, that he will have an opportunity to rehearse himself, and to read the facts which I put forward, in *Hansard* tomorrow.

Mr. Beatty: I am sure, as the parliamentary secretary is, that the *Hansard* reporters will be much more faithful to the text which he was reading than was his delivery. I will look forward to reading *Hansard*.

Mr. Harquail: I hope the hon. member has the ability to understand *Hansard*.

Mr. Beatty: It is worth while for us to take a look at some of the contracts let by the government, and at some of its tendering procedures. I should like to refer the House to the Auditor General's report released in parliament a couple of weeks ago. One of the very interesting findings of the Auditor General related to the entire tendering process. I raised a question in the House on the day the Auditor General's report was released, November 24. I asked the Prime Minister (Mr. Trudeau) about this. My specific question read as follows:

> Mr. Speaker, I would like to ask the Prime Minister a question about the Auditor General's report. As the Prime Minister will be aware the Auditor General states in his report that throughout the government, contracts of great value are given out without calling for competitive tenders.

More contracts without tenders are given out than with competitive tenders being called.

It continued:

> For example, the Auditor General points out that the Department of Supply and Services alone signed about 90,000 contracts, totalling over $1,800 million, without calling for competitive tenders.

I asked the Prime Minister how he could justify this particular activity, particularly in view of the fact that it would appear to fly in the face of the government's own regulations regarding tenders. Surely the motion put forward by the hon. member for Winnipeg South Centre is designed to give parliament access to this sort of information, so that we know the way in which the government's tendering process has been going, and whether money being spent by the government, which is held in trust on behalf of taxpayers, is being well spent. Surely Canadians are entitled to that information. It is an anomaly, and it is something about which I will be requesting information from the minister.

In the period looked at by the Auditor General, of the contracts identified as the source, one half of them in total numbers were given out without competitive tenders being called. Approximately two thirds of the value of the contracts given out were without competitive tendering. What confidence do Canadian taxpayers have that their money is being well spent if the bulk of this department's contracting in this

area, or two thirds of the contracts, were given out without competitive tenders being called?

In the House of Commons in the course of the last couple of weeks we have debated the issue of Loto Select. This is another instance where the government rushed into signing contracts on behalf of Canadians which ultimately will cost taxpayers several millions of dollars, because the government botched its attempt to set up a computerized lottery. Members of parliament on this side of the House—during the last couple of weeks—have requested information as to the nature of those contracts signed by Loto Canada. When one recognizes the fact that the General Instruments contract had a reported face value of approximately $23 million, than surely Canadians are entitled to know the substance of that contract. When I raised the question in the House of Commons, I was questioning on behalf of my constituents and Canadian taxpayers. I was told that parliament would be denied that information because the government specifically wrote into the contract a confidentiality clause which forbade the giving out of information concerning the spending of this public money.

What possible justification is there for government to operate in secrecy when it committed $23 million of taxpayers' money? What possible justification could there be? We are left to speculate as to what the cause was. One of the apparent reasons was that the government was so anxious to get into the Loto Select program, pre-empt the $1 computerized lottery deal, and to get in there before the provinces did, that it operated in haste and secrecy. The government made every effort possible to prevent the provinces from knowing what was happening lest the provinces should get into the field before the government did. The cost for the success the government had in getting in there first, and the cost the government had for operating in secrecy, will be several millions of dollars of Canadian taxpayers' money being poured down the drain.

We do not know yet what the figure will be. We will not know until the government has been successful in negotiating its way out of these contracts. But the government has made it clear all the way along the line that it preferred to operate in secrecy, rather than share with Canadians information concerning the manner in which this money was being spent.

Other questions arise out of this particular contract. The contract with General Instrument for $23 million was given out to an American computer company headquartered in Baltimore, Maryland, without tenders being called by the federal government. This is a highly competitive field. There were Canadian businesses in the field which were equipped and anxious to bid on this multi-million dollar contract, but they were strictly forbidden. The government did not allow competitive tendering. In the past when we asked the government why it did not allow competitive tendering, its answer was that it wanted to favour Canadian companies, that it did not want a lower bid to be brought in by a foreign competitor, and that it wanted to ensure the benefit stayed in Canada. This was a case where the government signed a contract for $23 million, in secrecy. It did not allow Canadian companies to compete. Now the government finds it has so badly mishandled the matter that the cost to the Canadian public will be several million dollars.

In connection with this same computerized lottery program, another contract appears to have been given out. It was a contract to Addressograph-Multigraph, Ltd. It was designed for that firm to create machinery—

The Acting Speaker (Mr. Ethier): The hon. member for Peel-Dufferin-Simcoe (Mr. Milne) is seeking the floor on a point of order.

Mr. Milne: I apologize to the hon. member opposite for interrupting his speech. Would he put on the record the names of the Canadian companies which had the capabilities for answering the contract?

Mr. Beatty: Mr. Speaker, I refer the hon. member for Peel-Dufferin-Simcoe (Mr. Milne) to the hon. member for Lanark-Renfrew-Carleton (Mr. Dick) who communicated with the minister at the time. He gave the minister a number of names of companies which would have been interested. I am sure he is prepared to make those names available at any time to any hon. member opposite who wants them. I am sure he would be delighted to do that because one of the companies was headquartered in his constituency. He heard from these companies afterwards that they were very disturbed by the fact they were not allowed to participate in this contract.

Mr. Milne: Are the names of these companies on the public record?

Mr. Beatty: Certainly my colleague would be prepared to put the names on the public record. The difficulty was that the companies were not allowed to compete because tenders were never called. They could not even offer themselves to do the job. After the fact, they found out the contract had been given out to an American company.

Before the hon. member asked his question, I was raising the matter of Addressograph-Multigraph, Ltd. According to the Canadian Broadcasting Corporation, a contract was signed by Loto Select for $5 million. At the present time the federal government is attempting to negotiate out of this contract too at the collapse of Loto Select. According to the report on the CBC the cost of negotiating out of this contract could be up to 20 per cent of the face value of the contract itself. It could be up to $1 million.

• (1752)

I asked the Minister of State for Fitness and Amateur Sport (Mrs. Campagnolo) just last week about this particular contract, and whether or not, when she gave the figure of $2 million or $3 million of Canadians' money being poured down the drain already on the Loto Select program, she included the Addressograph-Multigraph contract. She was unwilling even to give the House that information. Again we see an example of how the government prefers to operate in secrecy and how it feels that Canadians are not entitled to full information on how their money is being spent.

My friend, the hon. member for Winnipeg South Centre, put on the record a number of contracts which he felt were questionable and which he felt parliament had a responsibility, as trustee of the public's money, to investigate and hold the government to account for. Another one I raised in the House myself a couple of years ago was one in which it was discovered that the federal government was contracting out for a study to be done of public washroom facilities.

If you were in the National Arts Centre washroom a couple of years ago, Mr. Speaker, you might very well have noticed while you were in there that there were people in there with a tape recorder in one hand and a stopwatch in the other, timing the amount of time it took you to use the various facilities. This information was gathered up from various public washrooms, fed through a computer at a cost to the taxpayer of some $200,000, so they could get some indication of how long it took people to use facilities in public washrooms. This again is an example, which I think boggles the mind, that governments are capable of getting into this sort of contract. When governments operate in secrecy without public scrutiny, this sort of contract is all the more possible. Anywhere but in Ottawa a person would be arrested for hanging around washrooms watching people. In Ottawa they get paid $200,000. There is something terribly wrong here.

I also want to deal with a couple of other matters which I think are of concern as well. I raised a question on Monday in the House about a contract which had been given to the Robertson, Nickerson Groups Associates Limited. This particular group did a study on behalf of the federal government of the training of skilled blue collar workers. Again this was done at a cost to the taxpayer. We do not know what the cost was. The government does not appear to be very forthcoming in terms of information as to its costs. We do not even know when it was received by the government. But a copy of it has become available and it is clear that in the report the group condemns the government for its handling of its manpower training policies, and points out that at a time in Canada when we have runaway unemployment, with over one million people who cannot find jobs, there is actually a shortage of skilled blue collar industrial workers and we are forced to import people from abroad to fill those jobs which are available today.

Was this report freely given out by the government? Was it tabled in parliament? Was it made available to the private sector as soon as it was received by government? No, it was received through the back door. Even on Monday my office called the minister's office to ask whether it would be possible to get a copy of this report. What were we told? Initially we were informed that they did not know what report it was we were talking about; then the minister's assistant was out all morning. He was just out of the office, or out to lunch. Then finally we learned that the minister's office could not find their copy. It had apparently disappeared somewhere. Fortunately I have a copy of this report, and I was able to make it available to members of the House who were concerned about it.

Surely this is symptomatic of the problems we have been dealing with here. It is symptomatic of the problem my friend, the hon. member for Winnipeg South Centre, wants to cure. When public funds are being spent the public should surely have the right to see the way in which that money is being spent. The public should surely have the right to examine these contracts, and should surely have the right to study the reports which are received back by the government after the tax money has been spent.

We should take a look at the broad range of government contracting procedures and do everything possible to make sure they are open and that Canadians are not just tolerated, or that scrutiny by Canadians is not just tolerated but should be invited by the government. When the federal government is spending some $50 billion every year of taxpayers' funds, we have the responsibility as public trustees to ensure that the money is well spent. We should recognize that it is not our money and not the government's money but is the public's money.

When it comes to freedom of information the principle is very simple. It should be that the information is the property of the people and not the property of government, and the onus should be on the government to justify withholding information, not on the people to justify getting the information.

I would refer hon. members of the House to the order paper. You can look, on any day, and see the number of questions which remain on the order paper, questions asking for information on contracts, about government policies, and about actions taken by various cabinet ministers. Often this information is extremely straightforward, yet these questions sit on the order paper day after day after day, week after week, and month after month. In come cases the questions have stayed on the order paper for years unanswered.

I myself have a number of questions on the order paper at the present time asking about the government's purchasing policies and how much money it spends on various items. I made the offer to the Parliamentary Secretary to the President of Privy Council (Mr. Pinard) that if he felt it was too costly to provide this information, which had its genesis in the Auditor General's report, and if he felt it was too cumbersome and time consuming, I would appreciate hearing that from him and would be willing, in instances where he could justify that, to withdraw the questions. The parliamentary secretary did not take me up on that offer. He did not say that these questions were too expensive or time consuming; he just simply left them unanswered. Surely this is a classic example of the way in which the government deals with this whole question of the public's right to know the way in which the government is operating.

With most contracts and most reports, extra copies are printed. It is not terribly costly for the government to give those copies, or make them freely available to members of parliament and the public. I think the time has come when the House of Commons should be on record as supporting the right of the public and the right of parliamentarians to do that job of holding the government to account, scrutinizing the spending activities of government and making sure that every single penny taken from the taxpayers of Canada is properly

and wisely spent. If we do not take that action today, and if we do not stand up on behalf of the taxpayers of Canada, we will be letting them down at a very important time in our history.

* * *

MESSAGE FROM THE SENATE

The Acting Speaker (Mr. Ethier): Order, please. I have the honour to inform the House that a message has been received from the Senate informing this House that the Senate have passed Bill S-10, an act to facilitate conversion to the metric system of measurement, to which the concurrence of this House is desired.

The hour provided for the consideration of private members' business having expired, I do now leave the chair till eight o'clock p.m.

At six o'clock the House took recess.

● (2002)

AFTER RECESS

The House resumed at 8 p.m.

GOVERNMENT ORDERS

[*Translation*]

MINISTRY OF STATE FOR ECONOMIC DEVELOPMENT

ESTABLISHMENT OF DEPARTMENT

The House resumed consideration of the motion of Mr. Trudeau:

That the following address be presented to His Excellency the Governor General of Canada:

To His Excellency the Right Honourable Jules Léger, Governor General and Commander-in-Chief of Canada.

May it please Your Excellency:

The House of Commons, having considered the proposed text of the order in council laid upon the Table of the House on 4 December 1978, in relation to the establishment of a Ministry of State for Economic Development, prays that the making of the said order in council be approved.

Hon. Marcel Lessard (Minister of Regional Economic Expansion): Thank you, Mr. Speaker. When the House adjourned at five o'clock I was giving a brief historical account of the co-operation and co-ordination we managed to get in the last three years in the pursuit of the objectives of the Department of Regional Economic Expansion. I was talking about the importance and the need of obtaining that co-operation from other federal departments in the pursuit of those objectives because it is quite obvious that a department could not take up that challenge alone.

I did get that co-operation, as I mentioned for that matter with supporting evidence, and I repeat it tonight, that co-operation is absolutely necessary and is becoming increasingly so if we truly want to reach those objectives. That is why, Mr. Speaker, when the Prime Minister announced the formation of the Board of Economic Development Ministers I was very pleased because I think it is a step toward the achievement of my objectives which are precisely to bring a greater number of departments and officials of those departments at the federal level, to inform them and urge them to join in the efforts we are making to develop remote and isolated areas, those that in the last decades did not have the same degree of development as the rest of the country. And I was saying that in that effort, on the other hand, we should not lose sight of the need to co-ordinate our efforts in terms of our economic and industrial policies to make sure that the more aggressive parts of our country will continue to develop at their normal pace.

I also referred to the understanding of the former president of the Treasury Board and the new minister who was assigned the task of presiding over the board, the hon. member for Port Arthur (Mr. Andras)—I think we both have a good understanding of the objectives the Prime Minister wants to see us achieve as a result of the establishment of that board. This afternoon and yesterday we were able in listening to the speeches and the arguments of members of this House but previously to realize the importance of having a better co-ordination. Opposition members can attack that government proposal all they want, see it as a division, try to see a downgrading of certain departments, of their autonomy, well, to them I say this: I think Canadians as a whole want better development, a faster and orderly development of Canada's economy, more wealth and more jobs.

If certain departments have to co-ordinate their activities and forgo a certain part of their autonomy, and if this is the price we have to pay, I suggest that the price is not too high. I believe we would be making very few concessions, and then mostly as concerns our pride, by accepting to sit with five, six or seven other ministers or departments to co-ordinate our activities aimed at supporting Canadian economic development.

I would now like to talk about the criticisms that have been made, for instance, by the Leader of the Opposition (Mr. Clark) who said yesterday that this new body would swallow up departments such as DREE in particular and make them fade away so that they will no longer have any influence or any hope of attaining their goals.

Were I a cynic, Mr. Speaker, I would be tempted to tell the Leader of the Opposition that he should be happy at the result he expects because, if we go back two years, when the Leader of the Opposition took over his present responsibilities, in his first speech in New Brunswick he suggested that DREE was

useless and should be abolished. In fact, I have here a copy of this speech, which was made at the University of New Brunswick. A few months later, Mr. Speaker, on his return from the maritime provinces, he made another speech in which he amended his previous position. He said that DREE was probably a good department, but that it was badly managed, especially because it imposed its will on the provinces. He went on from there. However, a year later, he went back to New Brunswick and made another speech. This time he said: DREE is a good department. It is useful and did good things in the Atlantic provinces but, you know, it might be reorganized a little. It might have a larger budget and with better co-operation from other departments it might probably do more. He had made some progress. He did so because he was told in the Atlantic provinces, particularly by Newfoundland and New Brunswick Conservative premiers, about the work done by DREE in the Atlantic provinces, something which the Leader of the Opposition was not fully aware of.

This is why he took the risk, if I may say so, to criticize in the Atlantic provinces the work of the department which is presently one of the best perceived and supported in the four Atlantic provinces. That can be seen in the results of federal-provincial conferences here in Ottawa where nine of the ten premiers supported without any reservation the action, the work and the co-operation they have received from DREE in the last ten years. The Leader of the Opposition realized he had made a mistake, so he withdrew and corrected this statements. It demonstrates that you can sometimes learn from experience. Of course, he says that it is a delegation of authority and denounces the secrecy in government operations. I do not see what DREE has to do in those allegations because there is not much secrecy in our operations with the provinces. He said that the department was going to disappear and I might comfort him by telling him that not only it will not disappear but it will become one of the most important tools in the achievement of economic development and industrial strategy of this government and this political party.

And the action of DREE will increase in coming months and years because it is a tool, a mechanism absolutely necessary because of its flexibility which allows us to adjust, from time to time, to changing situations in various provinces. You can be sure, Mr. Speaker, that the department will not only continue to assume its responsibilities but also that those responsibilities will be increased in the coming years.

● (2012)

The Leader of the Opposition once again criticized this group because it will have too much power, because there will be too much power concentrated in the hands of a small number of ministers and that in fact this power will be exercised to the detriment of other departments. Yet at the same time and almost in the same vein he became critical of the fact that certain departments have been left out of this board of ministers, among others the Department of Agriculture and the Department of Fisheries and Environment which in his mind should have been part of this board. It is therefore very difficult to reconcile the arguments put forth by the Leader of the Opposition who, on the one side, says that this body wields too much power and on the other side, that he would like to see other departments included in this board.

Of course we could argue extensively over the remarks made by the Leader of the Opposition but I think I will content myself with these few comments simply to conclude that perhaps the Leader of the Opposition will be in a better position to judge during the coming weeks and the coming months the actions and the decisions taken by the Board of Economic Development Ministers. We have to take very specific actions which will even match certain suggestions made this afternoon by some hon. members opposite. We are conscious that if we want to implement these recommendations which number more then 800, probably half of them have already more or less been applied within the system. The 800 recommendations have come out of the 23 sectorial studies by a very broad selection of financial, industrial and labour leaders and representatives of the various levels of government during these past 12 months. These tasks force have dealt with 23 sectors of our economic activity. These people have made a great number of recommendations.

How can we expect the government to be able to implement all these recommendations if there is no mechanism for consultation and co-ordination, in order to study them and try to estalish some form of programming because it is quite impossible to implement them altogether at the same time. One must therefore provide for a gradual implementation of these recommendations made to us. Priorities will also have to be established in this gradual process for the implementation of these programs and these new formulas. That will have to be done by working closely and consulting with the provinces. All of that calls for a group of ministers to fulfil this task, this responsibility of conveying regularly in order to review these recommendations, to check and experiment as deemed necessary. We need that mechanism, and that is precisely what the right hon. Prime Minister (Mr. Trudeau) is giving us. He indicated he was going to do so by setting up the Board of Economic Development Ministers.

The hon. member of the Social Credit Party of Canada who spoke yesterday said that, in short, that board was a panic board. I shall not dwell on that at any length. In no way is it a panic board. It was set up after considerable thought, to solve a problem to meet a need. Rest assured, Mr. Speaker, that we shall not act under the stress of panic. We know what our objectives are. There are policies on which we will have to pass judgment. There are interventions the Canadian government will have to make in several sectors of the economy in coming months and years. Those interventions will be well thought out. There is no question of panic here. We will have to make decisions, and recommendations to the right hon. Prime Minis-

ter and the cabinet on what we believe the decisions should be. The departments will be responsible for delivering, implementing, applying and developing the decisions of the cabinet. That is how it will operate. It will not be a department with 2,000 or 3,000 employees as has been suggested in some quarters.

The department will include a maximum of 150 employees selected in other departments and, as a result of some consultations, there will probably be some DREE officials who will join that team to make sure that the purposes and objectives of DREE are well reflected in the decisions which that board will be led to take. Indeed, there is nothing improvised in the announcement made by the Prime Minister three weeks ago. There is absolutely no improvisation and it is merely the normal result of a development, of discussions which have been going on for two years in the country and in this House, and especially during cabinet meetings.

I see that the time allowed to me, Mr. Speaker, will soon come to an end and I would like to conclude with some more specific comments and more especially ask the members of this House and Canadians generally for their co-operation, because I think that Canadians are interested in the debate, realizing that there is an opportunity to take up the challenges they are facing.

Personally, I shall willingly work within the board with a wide open approach. I am not limited in my outlook, I am not prejudiced, I would quite simply examine these proposals. I would like to examine the segments of our Canadian economy. I would like in particular to see how the development of each segment can be integrated with the stepped-up development of the so-called underdeveloped, or not adequately developed areas. Such is my department's role, and through you, Mr. Speaker, I would like to assure the House as well as every province and municipality, but provinces especially, and also the various groups and industries throughout Canada, whether in Newfoundland or Labrador, northern Quebec, northern Ontario or northern Alberta, that in pursuit of our goal we will consider the particular needs and above all the potential of each of those areas, because there is a vast potential in the vast northern parts of each of our Canadian provinces. As a Canadian government, I believe it is part of our responsibility to ensure that the road we have been and will be covering, especially during the next few months, is consistent with the need for balanced development in the economies of each of our regions.

In conclusion, I would ask my colleagues in this House to support the motion put forward by the Prime Minister. It is totally non-partisan, it reflects the commendable will, and this of course will be perfectly understood, of this government to achieve in co-operation with provincial governments a more rational development of this country's potential for the benefit of all Canadians.

● (2022)

[*English*]

Mr. John C. Crosbie (St. John's West): Mr. Speaker, I am sorry I was not able to follow the minister's eloquent address in his native tongue because I am sure it would have been more interesting than hearing it through a translation. I have seldom heard him so worked up or so eloquent—and in such an ignoble cause. The hon. gentleman was doing his best in a cause which he knows is lost.

When I look at this order in council, at this economic management board, I think of the old program "Superman" we used to hear on radio and read about in the comic papers—today it is a movie. "Is it a bird? Is it a plane? No, it's super-Andras." Or shall we shorten that in the future and say it is super-ass? What a confession of utter failure and economic bankruptcy on the part of the government that it should now, in the fifth year of its term, set up an economic development board under a president! It is an admission that all through its term since 1974 the government has failed in the area of economic development. Even the admission to the economic development ministers of the Minister of Trade and Commerce (Mr. Horner), from our ranks, did nothing to redeem the failure they have been experiencing for the last five years.

I know this is not an exact quote, Mr. Speaker, but the saying is that in that in the valley of the blind the one-eyed man is king. Well, the President of the Board of Economic Development Ministers (Mr. Andras), the hon. member from the twin cities, the one-eyed man, is the new president of the board and in the valley of the blind he is king. The others are blind, they cannot see, they have failed utterly to accomplish anything. So they will be further ahead with a one-eyed squinter than with the seven ministers who have held those portfolios over the last few years.

Before I get launched on this address of mine, let me give you a quotation from Khrushchev. I am going right to the source, Mr. Speaker—the leader of the New Democratic Party (Mr. Broadbent) would tremble with delight were he to hear this quotation from Khrushchev who is very dear to his heart. Khrushchev once said, "Economics is a subject which does not greatly respect one's wishes." That is what has been happening in the last four or five years. The government has wished that it was competent in the economic field but economics does not respect one's wishes. Mr. Khrushchev found that out in Russia, and the Prime Minister (Mr. Trudeau) is finding it out in Canada. Indeed he has found it out, and now in the last, desperate extremities of his reign he appoints this superminister of economics.

I want to give several quotations at the start, Mr. Speaker, so that you may get the flavour of my address. W. C. Fields once said "The cost of living has gone up another dollar a quart." I wish the leader of the New Democratic Party were here tonight to hear something that would appeal to him, but he won't stay to hear anybody speak but himself. He gave us a lecture yesterday on the planned economy. Under a planned economy, said Mr. Carey McWilliams everything is included

in the plan except economy. That is the kind of planned economy hon. gentlemen to my left would give us if the people of Canada were so desperate or so down in the dumps, or so abysmally dismal in their outlook as to give that gang in the corner their vote.

Finally, my last quotation—from now on it is going to be pure me, Mr. Speaker. It is from George Bernard Shaw. Mr. Shaw said that "if all economists were laid end to end"—my God, what a lay that would be—"they would not reach a conclusion." That is what we have got here tonight. The government has been laid end to end. The ministers of the government have been laid end to end. The people of Canada have been laid end to end, and the government has not yet reached a conclusion.

● (2032)

I do not want to be critical. Have you ever noticed how every time this government gets into a little bit of difficulty, it adopts a change in nomenclature? The minister of employment, the gentleman who the other day was referred to as being "cullenized", was once the minister in charge of the Unemployment Insurance Commission. They changed his title to minister of employment. It did not mean the employment of one more Canadian. The status of unemployed Canadians never changed one iota because the minister has his title changed from minister of unemployment to the minister of employment. Every now and then this government wants a little name change.

Mr. Nystrom: It helps the sign painters.

Mr. Crosbie: It helps the sign painters as my friend, "nosy nostrum", says, or "nasty nosetrum", or whatever his name is. He is from Saskatchewan, I believe. You know that little cartoon, that is "nasty nostrum". He hangs on a balloon floating along in the sky. That is the NDP party. They are floating along in the sky.

Mr. Knowles (Winnipeg North Centre): You sound like Allan Fotheringham.

Mr. Crosbie: This government believes in sleight of hand. Whenever things get difficult, they change the name, set up another board or set up another group. What they have done this time is set up another minister. It is the old shell game. How many peas are under the shell? Under which shell is the pea? We are getting "pea'd" off with this government. We know what shell the pea is under. They do not have to carry on this shell game any longer for us. We know what the end result of that game is.

This is the emperor's new clothes policy. Do you remember the old fairy tale of the emperor who wanted to change his clothes? He was persuaded that he had clothes on, that he was looking beautiful. When he walked down the street, he had nothing on. He was naked as a newt. This is the emperor's new clothes policy. Whenever the government is in difficulty, its members change their clothes. They try to persuade us they have clothes on when they are naked. They have no ideas, no policy, no action, no follow through, nothing. They are naked. This economic development board is the emperor's new clothes.

Mr. Nystrom: Hear that, Monique? Naked government!

Mr. Crosbie: I did not know the hon. minister was here. I would not have mentioned that word naked.

Let us look at industry, trade and commerce. This is one of the departments that has been decapitated. It has had its head removed by the new economic development board. You might ask why that department should have its head removed. The answer is because the head has been so ineffective it might as well be removed. No wonder the Prime Minister set up this economic development board.

On November 9, 1977, the Minister of Industry, Trade and Commerce (Mr. Horner) stated, "We are on threshold of tremendous growth." I do not know where he was sitting. He must have been sitting on top of the deficit. The deficit had tremendous growth, but Canada did not. As a forecaster, the Minister of Industry, Trade and Commerce, who is supposed to be one of the super powers in the economic ministry of the government, does not get full marks.

On October 5 of this year he stated in Sarnia that the Canadian economy is entering a period of stable growth. The Canadian economy went from tremendous growth to stable growth. At least that was something. Now we are in a period of stable growth. This is the same gentleman who said he favoured leaving the dollar at 90 cents U.S. He said par is 90 cents. When you have a Minister of Industry, Trade and Commerce who says par is 90 cents, no wonder you have to set up an economic development board. I always thought that par was 100 cents. The fall of the Canadian dollar has been useful, he said on November 9, 1977, and he hoped it would stay around for awhile. He was an accurate forecaster there, Mr. Speaker. It certainly stayed around. It is down to 84 something today. It should be 90 cents.

On May 12, 1978, the minister was quoted in the Winnipeg *Tribune*—he did not realize anyone read that paper—as saying he thought it would be obvious that the economy had picked up a great deal. Has anybody noticed this great pick-up in the economy this fall? I do not think so. We have noticed that the Prime Minister in his extremity set up this economic development board, but the economy has not picked up a great deal. All that has picked up a great deal is the President of the Board of Economic Development Ministers. He has picked up a great deal, but we do not know how long his great deal is going to be picked up. I do not want to spend too much time on industry, trade and commerce, although I am the critic of that department.

Mr. Horner: You mean you are going to quit reading my speeches?

Mr. Crosbie: I cannot quit reading the minister's speeches, because I love being entertained and amused. One thing about this minister is he will not listen to anyone. We noticed that

when he was in our caucus. He has kept that trait. I am now looking at a CP clip which appeared in the November 13, 1978, edition of the Montreal *Gazette*. It contains a quote by officials of the Science Council of Canada, Mr. John Orr and Mr. John Shepherd. They stated:

Industry Minister Jack Horner is deceiving Canadians into thinking Canada has a healthy trade picture by deliberately misreading our trade figures—

A study that the minister had prepared by his department was completely a snow job because he was trying to pretend that Canada does not have a problem in manufactured end products. The Minister of Industry, Trade and Commerce often refers to this $11 billion deficit and says we do not have a problem.

They further stated:

—the real weakness in Canadian industry is in the area of fully manufactured goods.

Do you know what the minister said in response to this reasoned criticism from the Science Council of Canada, with members who are appointed and paid by the Government of Canada? The minister said they are talking balderdash. He said. "What do they know about running a business in the real business world?"

While he has been here for the last 15 years agitating in Ottawa, and now springing to fruition in his department—

Mr. Horner: Twenty years.

Mr. Crosbie: Mr. John Orr is a successful consultant and Mr. John Shepherd a successful entrepreneur, a manufacturer, a leader in the field of electronics. For the last few years he has been trying to serve Canada on the Science Council of Canada. However, they are not listened to by the government. The minister says they talk balderdash. What do they know about running a real business?

The government is not totally hopeless. On November 20 I asked the Deputy Prime Minister (Mr. MacEachen), who is in charge of GATT negotiations, pipelines and so on, a question. I pointed out that between 1970 and 1976 Canada's share of the world market for manufactured goods fell from 6 per cent to 4.7 per cent. At that time the world demand for world exports was increasing rapidly. I asked whether he agreed with the analysis of Mr. Shepherd and Mr. Orr that a real weakness was in the area of fully manufactured goods, or did he think that was balderdash. The Deputy Prime Minister replied:

No, Mr. Speaker, I do not believe that these statements are balderdash, even though when repeated by the hon. member they have not improved in transmission. They are serious views which will be taken into account by the government in its ongoing effort to develop and implement an industrial policy in Canada.

The Deputy Prime Minister had to repudiate the silly statement of his own Minister of Industry, Trade and Commerce. No wonder the government had to set up an economic development board.

The Prime Minister is never ready to admit a mistake. One of his greatest mistakes was admitting the hon. member to the portfolio of industry, trade and commerce, where he has listened to no one who knows more than he does. He insults them all when they offer him an opinion. I cannot use up too much time dealing with the minister. I quote from a Canadian Press story of November 8, 1978, referring to the Minister of Industry, Trade and Commerce:

He told reporters his grand design for industrial development during the next few years is to prepare Canadian companies to be ready for the major developments ahead. He offered the Alaska natural gas pipeline and the hydroelectric power project on the lower Churchill River as examples.

● (2042)

When asked how he knew his new approach would work, he replied, "Because I am in charge". Now he is no longer in charge. The President of the Board of Economic Development Ministers, thank God, has been put in charge.

Mr. Nystrom: Jack of all trades.

Mr. Crosbie: Jack of all trades and in charge of none. That is what the minister is now.

Mr. Nystrom: He is horning in.

Mr. Crosbie: The minister said he assured the House he would be there for a long, long time. That pipe dream is going to come to an end very quickly.

Then one of our main economic ministers, the same industry minister, said as reported in the *Globe and Mail* of November 8:

—the economy is posed to move ahead strongly "if our biggest purchaser, the United States, can only get its economics right."

Imagine the gall and the audacity of that statement coming from this government, which has led this country into its present economic state, its huge unemployment, its tremendous inflation, its big deficit on the current account, its deficit on the capital account—

Mr. Horner: Tell us about the U.S. trade deficit.

Mr. Crosbie: —and its deficit in thinking. We will be all right. "We are posed to move ahead strongly if the United States can get their economics right." Imagine! No wonder the Prime Minister was driven to setting up an economic development board. The minister said that to the ten provincial ministers who were gathered to discuss, with him, the future of manufacturing. Manufacturing has no future if this government stays in office.

Then let's look at their record in tourism, which I mentioned in the question period the other day. We just had the biggest deficit in nine months that we ever had in our whole national history in tourism, $1.387 billion. The total deficit last year was $1.641 billion, more that Canadians spent outside Canada than people from outside Canada spent in Canada. What did the minister say? What did the minister say when he spoke on February 27, 1978, to the Liberal convention here in Ottawa? We know that Liberals will swallow anything. They certainly swallowed this one. He said:

Canada should come awfully close to balancing its tourism budget this year after two years' deficit—

No wonder the economic development board has been set up. Let's hope the president of the economic development board levels with the Canadian people, not with this kind of nonsense, not with this kind of foolish optimism, not with this kind of negligent, silly statement that was made by the Minister of Industry, Trade and Commerce. "We are going to come awfully close to balancing our tourism budget," and we have had the worst nine month deficit ever in our history, $1.387 billion. It is going to exceed next year. The total nine month deficit was $53 million lower the year before. What does the government do to try to overcome it? The government introduces an additional tax on people who travel by air. The minister should have resigned when that tax was introduced.

The minister had been speaking to tourism groups all over Canada about how he was going to reduce costs and introduce promotion measures and all the rest of it, when our travel costs have risen higher here in Canada than anywhere else since 1971, and our tourist visits from the U.S. are down 1 per cent this year, and so on. Then the minister permitted the government to increase the air transportation tax from $8 to $15 in Canada and $8 to $12 or $13 from outside Canada. That is what he is doing. That is what he is permitting the government to do to encourage tourism in this country. He had the gall last February to tell the people of Canada that we are going to come awfully close to balancing our tourism budget. My God, no wonder there is going to be an economic development board set up to stop this kind of nonsense, this kind of ridiculous forecasting.

The government will not even consider an industrial strategy. They are too big, they are too important, they are too all-wise, they are too all-seeing even to consider an industrial strategy. They have been in power now since 1963, and still without an industrial strategy. The Minister of Finance (Mr. Chrétien) said in his budget speech, page 7:

> I am frankly sceptical about the search for a single grand industrial strategy in a competitive market system.

I hope that the President of the Board of Economic Development Ministers is going to ignore these micro murmurings from the Minister of Finance that he does not want a grand industrial strategy. Surely a look at the figures will show that we need some kind of strategy here in Canada to help develop our manufacturing sector.

I can speak for at least ten to 12 hours just on the material given to me by the Minister of Industry, Trade and Commerce, with the silly statements he has made since he was appointed in the fall of 1977, but I will just give that as a few examples and move on to this economic development board, so-called. Either this board is a nothing, either it is a camouflage, it is a piece of sleight of hand, it is a shell game, it is the emperor's new clothes, or it is something, and if it is something, if it means anything, it is a devastating indictment of the incompetence of the Minister of Industry, Trade and Commerce, the Minister of Finance, the Minister of Regional Economic Expansion (Mr. Lessard), the Minister of Consumer and Corporate Affairs (Mr. Allmand), and all the rest of those ministers for the last four years.

[Mr. Crosbie.]

If it means anything, it is an admission by the government of a total lack of success in developing our economy in Canada in the last four years. If it is not that, if it is not an indictment of the government, then it is a nothing. It is meaningless. It is what the Prime Minister called it in his speech yesterday after coming back from France, that specious speech of nothingness, the gobbledygook, bureaucratic nonsense, Privy Council colitis, or whatever it was that he made here yesterday. Bureaucratic twaddle!

An hon. Member: What are you issuing?

Mr. Crosbie: What did the Prime Minister say on November 24, when he announced that this board was going to be set up? He said that the board is going to consolidate and co-ordinate present and future policies of economic program departments and improve delivery of these programs and services to industry. In other words, there is something wrong with the present delivery of these programs and services to industry, and I can testify to that because the minister has been sitting on my synchrolift now for 12 months.

Mr. Horner: Your synchrolift?

Mr. Crosbie: I am coming to that. My synchrolift. My district.

Mr. Horner: Your synchrolift?

Mr. Crosbie: My synchrolift that the minister has been sitting on.

Mr. Horner: Your synchrolift? I will sit on it another 12 months.

Mr. Crosbie: We down there are not afraid to wait 12 months because in 12 months you will be gone, I will be here, and they will get their synchrolift.

Some hon. Members: Hear, hear!

Mr. Crosbie: If the minister wants to discuss the synchrolift, I am going to pass this over. I am tabling this, Mr. Speaker, "What's happened to our synchrolift, Mr. Horner?" Seven hundred Newfoundlanders want me to present this to the minister, and I am going to present it to him later on. Don't let the minister open his mouth about the synchrolift.

The Prime Minister said that the board's review and approval will be required for all economic development proposals going to cabinet and the Treasury Board. That is what the Prime Minister said, so therefore we can take from that that the board must mean something. I am laying all my hopes now on the president of this economic development board. I am not cuddling up to the Minister of Industry, Trade and Commerce any more. I am going strictly with the president of the board because I think he has the power, and he is going to give my synchrolift to my district.

Mr. Horner: Please don't suggest to anybody that we ever cuddled up.

Some hon. Members: Oh, oh!

Mr. Crosbie: Mr. Speaker, what can the country expect when it has a cackling, cracked hulk for a Minister of Industry, Trade and Commerce? I suggest that he listen to me, and he would learn a few things here tonight.

Mr. Horner: I haven't heard anything yet.

Mr. Crosbie: On November 28 the Prime Minister spoke to the conference of premiers, and he said this:

The Board will have the responsibility to review and approve all programs and policies that directly affect economic development. Its scope will be broad, covering not only secondary industry but also our resource industries—both renewable and non renewable—and service industries such as tourism.

The minister's department is gone, gone, gone with the wind. The minister looks to me something like Vivien Leigh with glasses tonight, because he has gone with the wind.

It will also advise on and co-ordinate broad policy areas that affect economic development, such as regional policies—

The Minister of Regional Economic Expansion's department went like the wind.

—regional policies, R and D and manpower policies. It will be charged with not only co-ordinating the development of policies at the federal level but also improving the delivery of federal programs.

There is nothing left. They are gutted head on. All we are looking at over there is a bunch of heads. They are gutted head on, regional development, IT and C, all the economic departments.

Small business hasn't even got its gonads any more.

Some hon. Members: Oh, oh!

Mr. Crosbie: There is nothing left except the Metric Commission. They can share up the Metric Commission between them. Mr. Speaker, have you ever heard of the St. Valentine's Day massacre? This is a St. Valentine's Day massacre of the economic development ministries of this government.

Mr. Abbott: Mr. Speaker, I rise on a question of privilege. When the hon. member sits down, I would like to express a question of privilege.

An hon. Member: Relax, John, and sit down.

Mr. Abbott: This diarrhetic stream of consciousness that is going on here has included among it some offensive, unparliamentary comments. While I would not bother to ask the hon. member to try to recall what he has stated—it is beyond recall—I would ask him to be more careful in his comments from now on.

• (2052)

Mr. Crosbie: Mr. Speaker, if I mentioned anything that bothered the minister—it was small anyway—I certainly withdraw it.

When this ministry was set up—I will quote again from the *Globe and Mail* because it is the Upper Canadian bible and I never go to sleep without referring myself to the *Globe and Mail* and having a little bible study in the evening because I know how much it means to Upper Canadians—the *Globe and Mail* of November 25 reported an interview with the president of the economic development board. He is reported to have said this:

All proposals for economic development will have the approval of my board before they go forward to cabinet—

It is going to have 120 civil servants. It will help industry cut through the red tape in dealing with the federal government.

When the minister speaks—I presume he is going to speak—I hope he will explain how this board is going to cut through the red tape because there were already all these departments, there was already the cabinet committee on economic policy, there was already the Treasury Board, the Privy Council office, and the cabinet secretariat. If you could get through all that, you were chloroformed by the time you got through. Now there is economic development. How is that cutting through red tape? Whether or not the minister can cut through the red tape will depend on whether he can announce the delivery of the synchrolift loan to the St. John's dockyard before Christmas. That will prove to me that he can cut through red tape, and not only red tape, but also political tape. I will come to that in a minute, if I have enough time. He should explain to the House how he is going to cut through the red tape.

Now I will pick up another article from the bible, the *Globe and Mail*, of November 25, headed "Economic Board to get pick of bureaucrats". That makes one suspicious. Who would want the pick of the bureaucrats? I must say that the president of the board has a good reputation and I have high hopes for him. I am speaking here tonight in a hopeful and optimistic mood that he will do these things. I discover that the reason this board is set up is that Mr. Osbaldeston of the Department of Industry, Trade and Commerce, according to the new minister, became convinced of the need for a body like the new board. So now we have the explanation, that Mr. Osbaldeston had experience for a year with this minister and he became convinced of a need for a body like the new board.

Some hon. Members: Oh, oh!

Mr. Crosbie: The whole board was set up because the minister had been imposed upon Mr. Osbaldeston who was determined to get rid of the minister, so he had to set up a new board to get rid of the new minister, and he became convinced of the need for it. The article states:

Mr. Andras stressed yesterday that it is an "action board, not a talkfest."

I hope it will not be a talkfest, and whether or not it will be a talkfest will depend on whether the $8 million for the St. John's drydock synchrolift is approved before this House adjourns next Thursday. If the president approves it, it will not be a talkfest but an action board.

The article goes on to read:

"There is just one of a hell of a lot to be done," he said.

I like a man who will admit that the government has been here for four years and has left economic affairs in such a state that there is one hell of a lot to be done.

Then the president of the board went on to explain that the Minister of Finance has his hands full. He sure does. He said that the Minister of Finance has his hands full with the dollar in day to day financial problems.

The article goes on to say:

Mr. Trudeau explained that Mr. Chrétien will retain macro-economic responsibilities while Mr. Andras takes on the micro-economics sphere.

But this division was less than crystal clear to Mr. Chrétien, who became somewhat irritable when reporters asked whether any of his power had been taken away.

You should have seen the poor old Minister of Finance today get up here, with a speech written for him by some bald-headed pate of a civil servant. He said he was delighted to have this new set-up. But he was gritting his teeth. I wish I could have got the full flavour, if I could only understand his language properly, the full flavour of what he was saying. He said:

"The economic policy of the government will still be set by the Minister of Finance," he stated repeatedly. "Micro? Macro? I don't know. I didn't study that too long at school," he quipped sarcastically.

Well, he better start studying it now because the old president of the economic development board knows what it means, yes, sir, and he will find that his role has become somewhat attenuated in stature, because the president of the economic development board, if this means anything, is going to be el supremo, el dictatoro. I may not speak much French, but I can speak the Spanish, Mr. Speaker.

Some hon. Members: Oh, oh!

Mr. Crosbie: Well, Mr. Speaker, I do not want to give my own opinion tonight, I want to quote a couple of experts from the newspapers. The Ottawa *Journal*—a marvellous paper—of December 9, contains the following words: "Andras first among equals". That was always the description of the prime minister until the present Prime Minister came to office. Now we know he is a giant among midgets. But the former president of the treasury board will be first among equals, the old definition of the Prime Minister. So, in effect, he will be the old concept of the Prime Minister, while the Prime Minister will be the new concept of the Prime Minister, which means that nothing has changed.

In an interview the president said, according to the article:

—he is being given extensive power as head of the board . . . and he intends to use it if necessary.

I say it will be necessary, Mr. Speaker, because when you look around at the other members of that board who have been doing nothing for the last four years, with the exception of the Minister of Regional Economic Expansion (Mr. Lessard) who has done something—I had a fine relationship with him and I exclude him from any of my remarks—

Mr. Knowles (Winnipeg North Centre): You better watch out.

[Mr. Crosbie.]

Mr. Crosbie: He has a marvellous record.

The president of the board said:

—ministers would have the right to appeal to cabinet if they disagree with his decisions or those of the board. But if rulings are set aside too frequently, the board would have to choose a new head.

Do you get the veiled threat there, Mr. Speaker? I like to see a president of the board who will use a veiled threat. In other words, "If any of you, jerks, perk up, it is you or me." So the Minister of Industry, Trade and Commerce, the Minister of DREE, and the Minister of State for Small Business (Mr. Abbott), as well as the minister of this and the minister of that who are on that board ex officio, or full officio, or half officio, or hopelessly officio, better keep their mouths shut. The President of the Board of Economic Development Ministers will decide what will happen on the board, and I say: congratulations, Andras, super-ass.

Now, Mr. Speaker, I quote from an article by Mr. Don McGillivray—

Some hon. Members: Order!

The Acting Speaker (Mr. Turner): Order, please. I suggest the hon. member watch his language.

Some hon. Members: Hear, hear!

Mr. Crosbie: Thank you, Mr. Speaker, I am glad to have your advice.

I have here an article by Don McGillivray from the Montreal *Gazette* of December 4, headed "Trudeau Shuts Barn Door After The Horse Had Bolted". It is too bad more horses did not bolt. The conclusion is this: the president of the board said no one can be against co-ordination.

The article goes on to say:

But the co-ordination of a whole passel of policies—

The word "passel" was put in here for the hon. rancher from Alberta.

—that are not working is not going to produce an industrial strategy that is.

This is a very succinct and understandable comment. He went on to say that they are going to co-ordinate 23 task forces and second tier reports, and so on. I pity the poor old president—there will be tears in his eyes as he examines the 23 tiers.

McGillivray went on to say:

This is a job handled until now by trade minister Jack Horner, who has clearly been downgraded by the Andras appointment. The new economic development minister was also unconvincing yesterday in his denials that his appointment undercuts part of the authority of finance minister Jean Chrétien.

This is an unbiased report of a newspaper columnist of some renown, Mr. McGillivray.

Let us look now at an article by Mr. Wayne Cheveldayoff of the bible, the *Globe and Mail*, of December 5, 1978, in which he said this:

Disappointing Performance

Mr. Trudeau is taking away the responsibility for consultations with labour and business from industry, trade and commerce minister Jack Horner, who is regarded by his cabinet colleagues as having put in a disorganized and disappointing performance.

I would not be that strict, I would not want to hurt the minister's feelings, but I have to do a job here impartially and objectively. Therefore I have to report what has been said.

Mr. Cheveldayoff goes on to say:

Presumably the new board of economic development ministers will be able to present the finance minister with a coherent package of selective tax measures needed for industrial development.

The Minister of Finance does not think this will interfere with his sphere of operations. They are all going to be praying for an election before the next three months are over. There will be more fighting, gouging, elbowing, knee bending and kicking, and I will not mention what will be kicked and gouged, among these gentlemen in the next three months. It will be pitiful. We will have to call for an election on the grounds of humanitarianism. The SPCA will have to be called into the cabinet room to stop what is going on there.

● (2102)

I do not speak as a partisan here. I am speaking as an objective member of this House. Just to show I am non-political, I am going to quote from a political authority who is a Liberal, to show the opinions I have expressed here tonight are agreed with by most of the Liberal party. That gentleman is Mr. John Turner.

Some hon. Members: Oh, oh!

Mr. Crosbie: He issued, on July 14, a report on what was happening. He was very prescient. Is that the word? I hope the *Hansard* reporter will get that one right, prescient. He said:

On the federal front, the government has run its mandate—

Right on. He said:

—the principal economic minister, Jean Chrétien, has been hurt by the sales tax brawl and has much less leverage than he had—

He was forecasting the president's appointment. He said:

—there has been a progressive weakening in personnel of the principal economic ministries—

All of that has been borne out.

At page 9 he went on to say the following:

—one cannot rule out a full crisis of confidence in the Canadian dollar.

That has happened. This is the only time Turner has ever been accurate. When he was the minister of finance he certainly was not, but now that he is an objective observer, he is.

He went on to say:

Unfortunately, there is also weakness in some key economic ministries of the federal government. In finance . . . the minister has been seriously hurt.

Then he goes on with some other comments, but I do not want to hurt anybody's feelings. At page 10 he said:

—Jack Horner is effectively spending 95 per cent of his time away from the job on his re-election problems. This leaves him a totally inadequate amount of time to learn and cope with his job, which is evident from a succession of reports on his performance.

He spends 95 per cent of his time away. We are lucky. Thank God! That is the only thing that saved the government in industry, trade and commerce in the last few months.

I am sorry, he goes on trying to butter up the president there. I think he is the man of power.

At page 11 he said this:

In the Treasury Board, where fiscal restraint leadership must come from, the dedication is present but the horses are not.

In other words, the old president had the dedication but he did not have the horsepower.

He said:

Andras has fought and lost too many battles—

Say it is not so.

Mr. Andras: It is not so.

Mr. Crosbie: The president confirms it is not so. We hope it is not so.

He continued:

—because the underlying commitment of the government to its own restraint was lacking, and spending ministers continued to win too much too often.

I will not dwell any more on that. It was just to show that a prominent member of the administration, who left two or three years ago because he wanted to make his fortune in the world—he went to Toronto, the only part of the country which could afford him—has given us these comments. I am glad to see what I am saying tonight is supported by somebody who might be the leader of the Liberal party in the next election. God knows. I mean, the Prime Minister said tonight that he is never going to resign. I believe him, but who knows?

Now, to get on to something that touches my heart deeply, and I have only got a few minutes left—

Mr. Abbott: Hear, hear!

Mr. Crosbie: I want to give the president two examples of where action is needed immediately. One is: there is a linerboard mill in Stephenville, Newfoundland.

Some hon. Members: Oh, oh!

Mr. Abbott: There was $300 million lost, thanks to Mr. Crosbie.

Mr. Crosbie: That has been bought now by the Abitibi-Price company.

Mr. Abbott: Crosbie's folly.

Mr. Crosbie: The minister can get right on this. It is $13.6 million which is required in the form of a DREE grant. The president should brace himself and see that that gets through immediately. I want to give the president a tip. If he wants a precedent for giving $13.6 million—oh, there is the man; he is coming over to tell us it is already approved. I have never had such successful results in one little speech. If the president

wants a precedent, there is a mill in the riding of the Minister of Regional Economic Expansion, St. Lucien, which got $30 million from DREE in the last couple of years.

An hon. Member: Shame!

Mr. Crosbie: This is only $13.6 million. Now, I know the minister has got it in his own heart to give out $13.6 million to the linerboard mill in Stephenville. It is going to create something like a 1,000 jobs.

Mr. Andras: Tell us how it all started.

Mr. Crosbie: The minister should ask his friend in Panama. He should go down to Panama on a government jet and ask his friend, Mr. Doyle, who has not paid his taxes yet. He will tell him how it all started.

Mr. Horner: Tell us how you lost $300 million.

An hon. Member: Tell us why your riding is going NDP.

Mr. Crosbie: I do not want you gentlemen to tempt me to speak longer than I intend. I want to give the president of the eco-dev board—

The Acting Speaker (Mr. Turner): I regret to inform the hon. member that his allotted time has expired.

Some hon. Members: Hear, hear!

The Acting Speaker (Mr. Turner): He may continue with unanimous consent. Does the hon. member have unanimous consent?

Some hon. Members: Agreed.

An hon. Member: No.

The Acting Speaker (Mr. Turner): The hon. member for Humber-St. George's-St. Barbe (Mr. Faour).

Mr. Crosbie: Oh, I thought I had consent.

The Acting Speaker (Mr. Turner): Order, please. I definitely heard a no.

Mr. Crosbie: I wanted to table this, Mr. Speaker—

The Acting Speaker (Mr. Turner): The hon. member for Humber-St. George's-St. Barbe has the floor. The time of the hon. member for St. John's West (Mr. Crosbie) has expired.

Mr. Fonse Faour (Humber-St. George's-St. Barbe): Mr. Speaker, I would like to be able to follow the type of performance we have just seen. I think it was marvellous that we could be entertained so. Like the hon. member expressed regarding the speaker previous to him, I wish I could follow him in his own language as well. I think the member is trying to create a new language for himself. He has come up with interesting words like "twaddle" and "bureaucratic colitis". There is certainly a new language coming forth. He is doing a magnificent job in entertaining the members of this House. Perhaps the Canadian Broadcasting Corporation might find him useful in one of its comedy programs.

This was the first time I sat through one of the hon. member's speeches. I must say I was entertained. But I am very concerned. I do not believe the hon. member addressed the problem before us. He did not address the problem of planning, and he did not state his position on the concept of planning which the government put before us today. We see problems with what the government has put before us today. As most hon. members would know, we are committed to a concept of planning. We feel planning is essential to the well-being of the economy of the country. It is essential to set priorities on a national scale so that public resources, and perhaps some private sector resources, can be allocated to areas which need them the most and areas which can be most productive.

The lack of planning on any national scale has given us the present situation. Our dollar is in terrible shape. Inflation is running at close to the double-digit level. The regional disparity situation has not improved over the last ten years, and in fact may have worsened. Unemployment levels are becoming higher and higher. In my part of the country the real unemployment figure is approaching 30 per cent. This 30 per cent figure takes into account the real unemployed. This was supported this week in the figures released by Statistics Canada indicating that there was a huge number of hidden unemployed in the country to whom the government has not addressed itself. These people are being left to the welfare rolls and their own resources because the government refuses to pay attention to them. This entire situation is caused by a lack of planning and a lack of economic priorities on a national scale.

We welcome any approach by the government to plan and set priorities. We wish the proposal before us today was such an approach, that there was some real planning involved, and that it was a commitment on the part of the government to real economic planning. What is the evidence? We see the mechanism the government has put before us as a super ministry. The hon. member who spoke previously emphasized that quite well. But the problem is that there is no overriding priority given to the planning process. There can be conflict between the planning department and the Minister of Finance (Mr. Chrétien). When the Minister of Finance presents a budget, he does not have to abide by the plans set by the Board of Economic Development Ministers.

Can we expect this situation to be different from the experience of Great Britain? Approximately 15 years ago that country set up a similar type mechanism for economic planning. After three or four years it found out that the mechanism just did not work because the department of economic planning, or the similar body in Britain, did not have the overriding authority to set an economic plan for the country or to make sure government policy adhered to it.

We believe a commitment to planning is important. Many structural changes are needed in the economy of this country. A good example of how planning can cause structural change in a beneficial manner is the fishing industry in Newfound-

land. For years fishermen were telling their sons not to get into the fishing industry because it was no good, there was no money in it, and that they should go to Upper Canada somewhere, or to Alberta. Now the situation is changing.

• (2112)

For the first time probably in hundreds of years the fishing industry holds out hope of being the key to prosperity in the province of Newfoundland. The one thing that has caused the change is organization. The fishermen have organized in the last ten years and the fishermen have themselves imposed a planning mechanism and a set of priorities in that industry. That is what is causing success in the fishing industry today. We can see that economic planning does work.

Setting priorities can bring great benefits to individual sectors of the economy. We see no reason why it should not bring the same sort of benefits to the economy as a whole. It is important to set priorities. If we do not set priorities we get a crazy sort of situation like we had in Stephenville, in my riding on the west coast of Newfoundland, where the linerboard mill has been shut down for more than a year.

At the same time as this linerboard mill has been suffering difficulties, the Export Development Corporation has invested over $900 million in pulp and paper mills abroad. Hon. members have said before that this is only investment and the money is returned, but if this country can find $900 million to invest in undeveloped or under-developed countries like Czechoslovakia, Poland and the United States of America, why in God's name can we not find a few million dollars for a mill that is down here in our own country? There are over 1,000 people unemployed because of that mill being closed down, and the whole situation is caused by a mix-up in the priorities of this government.

This sort of structural change in the fishery and pulp and paper industries, without the sorts of contradictions built in that the Export Development Corporation has precipitated, could only take place if we have economic planning on a national scale. I really question the government's commitment to economic planning when this super ministry is set up with serious defects in it. If the Minister of Finance can usurp the priorities set by that ministry, then we have seen in part the direction the policy will take.

The Minister of Finance in his budget of just a few weeks ago specifically rejected any concept or idea of planning as a way to solve the problems of the economy. With that sort of support for the economic planning ministry, how is it going to work? This just does not make sense.

That budget, as well, would have superseded any of the priorities set by the planning ministry if that ministry had been in effect prior to the budget being laid down. That budget was probably one of the most regressive we have seen in years. It did nothing, not a thing, to alter the basic structure of the economy of the country. It did not address itself to fundamental problems in the economy, the biggest one being unemployment with over one million Canadians unemployed. I guess there are one and a quarter million Canadians unemployed right now when you include the hidden unemployment statistics that Statistics Canada came up with last week. The minister in his budget speech said we are going to create 100,000 fewer jobs this year than last year. What does this do for unemployment?

Regional dislocation and regional disparity have not changed at all. The budget did nothing in this regard. It probably countered many of the good efforts the Minister of Regional Economic Expansion (Mr. Lessard) has made over the last few years because it offered nothing to the poorer regions of the country.

There was the investment tax credit, but there is absolutely no evidence to show that the investment tax credit, over the last five or six years it has been in effect in Atlantic Canada, has had any effect whatsoever in encouraging businesses to set up in that region. That has really been a hollow sort of measure for the Atlantic region.

There are two other main problems in our economy that can be related to foreign control. Canadians do not have control of their own destiny at this time. The budget did nothing in that regard. The big problem which is really at the root of most of our economic ills is that in Canada we are digging resources out of the ground and shipping them raw to foreign countries. The budget did not help this problem at all.

The point I am trying to make is that with this sort of regressive budget set up against an economic planning ministry and taking precedence over it, how can this economic planning ministry have any effect whatsoever? Any planning would attempt to address these problems. I believe that, and I believe the super minister would attempt to address these problems in the new ministry. But, as I mentioned in this case, the budget would have overruled all his great plans.

I would like to look at the record of the government over the last few years, to examine its commitment in the past to planning even in the small areas in which it has engaged in economic planning. The planning has not been effective in solving the problems which it was supposed to solve, not even by those departments set up for that purpose. With my apologies to the hon. minister opposite, I am going to look at DREE as it is set up in Newfoundland.

There have been many dollars come into Newfoundland because of the Department of Regional Economic Expansion. DREE was set up to reduce in a planned way the disparities in underdeveloped regions of the country. Speaking from the experience of Newfoundland, DREE has done much good. We have obtained schools, highways, and so on. Basically DREE has approached the problem, in its early days, especially—it has changed a little bit now and maybe the present minister is having some influence—not from a planning point of view, but from an aid-giving point of view and on an aid-giving basis. This has amounted to welfare on a grand scale for provinces like Newfoundland. Receiving aid just does not do anything to solve the basic problems.

I should like to quote from Paul Streeton, a journalist, who said:

Receiving aid is like making love to an elephant. It doesn't feel very good, you run the risk of getting crushed, and you don't see the results for a very long time, if ever.

That is what DREE has been. It has just been aid programs over the last nine or ten years it has been in effect. DREE was the culmination of a series of alphabet soup type programs the government set up in the 1960s. We had ADIA, ARDA, FRED, LIP, OFY and a host of others. These were the alphabet soup programs. DREE was basically the culmination of them in an attempt to co-ordinate these policies in one direction.

The concept of planning was introduced, and its stated objective was to redistribute wealth from the have provinces to the have-not provinces, structurally and on an enduring basis. That was the object of DREE when it was set up in 1969. Even though planning was necessary, DREE never moved from the aid type of approach to economic development. If you are going to change the structure of an economy of a have-not province on an enduring basis there has to be some sort of economic planning. This was never done. There were some jobs created, but not enduring employment. There is a real difference, and it is a fundamental difference to which I hope the new ministry will address itself. This certainly is not an example of how the government should address itself to the problem of unemployment and underemployment in places like Newfoundland.

There was an expenditure of mass amounts of dollars, but without planning this large number of dollars spent had a very minuscule effect upon basic problems in the economy of Newfoundland. Let me just quote some figures. Between 1966 and 1970, and 1974 to 1975, there was $185 million spent in the province of Newfoundland, which created 3,400 jobs. In its 1977 report the Economic Council of Canada said that 8,300 jobs, almost triple that number, were needed in the province between 1970 and 1975 to reduce unemployment by even one half of 1 per cent. What DREE has done, if we use the Economic Council's figures as a guide, is reduce unemployment in Newfoundland in that time period by one quarter of 1 per cent. We still have 30 per cent unemployment. Right now there are 45,000 people looking for 900 jobs in Newfoundland. It just has not worked. The DREE money has been used basically for infrastructure, which we need along with schools and highways, but it has not been co-ordinated well.

● (2122)

The transportation system in Newfoundland is sadly lacking. For instance, if the same amount of money had been put into the railway, Newfoundland would have a modern, upgraded railway, instead of the system it has now. Businessmen are not fools. People from the manufacturing industry would be crazy to invest in Newfoundland because it does not have a railway upon which they could depend. If the contributions by DREE to the province had been channeled in a planned way to providing infrastructure like transportation services, the province would be a lot better off. There is much that could be done, although I know that the minister is working on many things, including harbour development.

[Mr. Faour.]

In spite of the fact that DREE, by necessity and by definition, has had to have a planning approach to its operation, it still does not work. In fact the planning by that department has even been counterproductive in some ways. To illustrate this I would like to quote briefly from the Report of the People's Commission on Unemployment at page 70:

Between 1969 and 1975 DREE spent more than 75 per cent of all its moneys in the province on what the Economic Council of Canada calls "non-rural infrastructure". What this means is that DREE's money has gone to build roads and schools, just as the west coast businessman quoted above suggested.

That refers to a previous quotation. It goes on:

The commission finds nothing wrong with the construction of roads and the building of schools. But we must seriously raise the question as to whether DREE has, through its support for urban development, made our rural areas less competitive in terms of economic development and job creation.

This illustrates that DREE, even though it has not provided substantial benefits to the urban communities in Newfoundland, has contributed in a very detrimental way to the rural areas of that province. It is fortunate for the rural areas that the fishermen's union, through its policies, is making these areas much more viable, because fishermen and fish workers can now stay in the small communities and live a good life there. The Department of Regional Economic Expansion has also provided aid to businesses in the region, but again in the absence of priorities and sound planning we must question its value. In this regard I would like to quote again from the Report of the People's Commission on Unemployment:

However, one still must be aware of the apparent illogic involved in an approach to alleviating regional underdevelopment and worker poverty which begins by giving large sums of money to those who are already well-off and who, if successful, will succeed in increasing their fortunes even more.

I would contend that Canadian development policy, to the extent that it is based on incentive grants to corporations, is trying to combat regional underdevelopment by giving money to those economic interests which are essentially the cause of underdevelopment.

Again, because there has been no sound approach to economic planning, DREE's contributions have had a negative effect in some respects in the province, and in many ways have contributed to factors helping to keep the province underdeveloped.

Through DREE the government has tried to alleviate disparity by planning. It has failed because there has not been a substantial change in relative economic welfare in the various regions of the country, with the exception of Alberta with its oil revenues. Other regions such as the Atlantic region, the Gaspé Peninsula, and so on, seem to have gotten poorer. It is the old story, the rich get rich and the poor get poorer. In light of the high unemployment in these regions, if this approach continues who knows what will happen? The unemployment rate nationally is 8 per cent. If it were 8 per cent in Newfoundland, everybody would jump for joy. Even the official rate of unemployment in Newfoundland is double that figure.

By developing the urban areas, DREE has undermined the ability of the rural areas in the province to support those who live there. We cannot solve the economic problems of Canada by planning which includes only the upper echelons of the economic society. DREE has made massive payments in Newfoundland which in many ways are responsible for the under-

development of the province. For example in the fisheries industry, it was only when the fishermen organized themselves and began developing the industry at the grassroots level that they began to see benefits from that industry in the small communities. We must re-evaluate the planning strategy and direction of DREE if we are to have any lasting benefits upon the economy in underdeveloped regions like Newfoundland.

The government's economic planning is just as bad in other areas. It has set up the department of employment, or more aptly it should be called the "department of unemployment." Its purpose was to have a planned approach to the human resources of the country, with the idea of moving people to where the jobs are. It sounded good on the surface, that people could travel from one part of the country to another. Emphasis must be placed on the word "could" as opposed to forced to move. As a result of this type of planning there has been a massive migration of young people from the Atlantic region. I can recall reading statistics some time ago which showed that in the early part of the century, up to the 1930s, approximately one half a million people had left the Atlantic provinces.

The department of employment has set up all sorts of manpower mobility programs, suggesting that people move to Ontario or Alberta, the lands of milk and honey. It just does not work that way. This plan has caused the relocation of thousands of people in this country, the breakup of many families and other major social problems. The Minister of Employment and Immigration (Mr. Cullen) made some comments last week in this regard which I felt were unforgivable, but I will not go into them.

There is, however, an interesting slant to this. I am not one for reading poetry, but I would like to refer to a poem by Al Pitman, the last line of which I have adapted myself. He is a well-known literary figure in Newfoundland. The poem is about the idea of mobility, forcing people to move, saying that the opportunities are greater elsewhere. The poem reads as follows:

● (2132)

Now here is the gist of this marvellous plan
To save all the livyers of this Newfoundland;
Just take one half of the horrible lot
And send them to pickle in Canada's pot

Take a daughter, an uncle, some sisters and brothers
And put them on barges along with the others
And bid them good-by and say now there you go
You're going to glory in Ontario

And when you go to see Davis up there
Just tell him you're looking to go on welfare
Just tell him you're victims of governments' plans
Invented in hell and then spread on the land

With apologies to Al Pitman, Mr. Speaker, that expresses my sentiments exactly on what this mobility is all about. If one wants to say to half of the population of Newfoundland that they should move to Ontario, that is fine, but is not the way to go about economic development. It does not change the problem but just moves it somewhere else.

All the planning that is done in this area ends in exporting people. It has often been said in Newfoundland that, after fish, our main export is our young people. In all parts of the country there are Newfoundlanders working, not necessarily because they want to be in those parts of the country but because of economic necessity. A lot of them leave their families in Newfoundland because they cannot afford to take them to Alberta or wherever they go, and we all know the consequences of that.

The other creature of the department of unemployment is the Canada Works Program, which I have talked about on other occasions. On page 84 of the People's Commission Report there is an interesting comment on the Canada Works program and others like it. The federal and provincial governments were unable to conceive of a strategy of development in the province that was based on the social and economic traditions of the people. Instead, they performed the role of subsidizing industry, either through granting generous concessions to developers who invested in the province or through using manpower training and mobility schemes to move workers to central Canada.

All we see are programs that beg the question of real economic development in the country. They are stop-gap measures, and they become important in parts of Newfoundland because they are all there is at certain times of the year. They do not solve the problem, however; they provide jobs but not real employment. This is typical of the economic planning that has taken place in the past. Atlantic Canada has been a labour reserve for Ontario and Alberta. Education ministers from the Atlantic region have complained that "we train them, you claim them", when referring to our young people. The Atlantic region has had to subsidize education, to train workers and young people with skills not used there, but that are useful in the western provinces or Ontario.

What has been looked upon as a planned approach to the economy has actually been a direct subsidy to two main groups: first, to industry by give-aways under DREE and other programs and by subsidizing and forcing the mobility of the labour force and, second, to transfer payments, which is probably the most insidious. Forced welfare programs are designed to give purchasing power to people in poorer regions, not out of genuine concern for their situation but so that they have the purchasing power to buy goods made in Upper Canada or in foreign factories. This approach solves nothing. We have to look at the basic structure of the economy. The basic defects of this new super ministry make it impossible for us to have effective economic planning. After ten years of defective planning the government expects us to swallow this super ministry with all its own defects.

On the surface there is no commitment to economic planning. Time and time again we have said we are committed to positive, effective economic planning. We would support the government if we felt the proposal was a commitment to economic planning, but there is no evidence of that. This is just window dressing. The new super ministry will have no power to impose an economic plan on our economy.

We support real economic planning, but we believe that implementation is probably more important. Of course there has to be a plan, but implementation is the key to success. We have developed an economic plan based on our view of the Canadian economy. It is not a complete view but is one that we feel represents an approach that would be beneficial to Canada. Of course we would like to see it implemented, and perhaps we will present it to the new super ministry in the hope that this will happen.

I will not take any more of the time of the House, Mr. Speaker. I would just like to say that this super ministry has some definite defects. Its planning potential will be muzzled by the veto of other ministries, the Minister of Finance in particular, if future budgets are as "progressive" as the budget he presented a few weeks ago.

Some hon. Members: Hear, hear!

Hon. Jack H. Horner (Minister of Industry, Trade and Commerce): Mr. Speaker, in rising to take part in this debate I want to say, to begin with, that I support this proclamation and all it entails, as one of the ministers who fully expects to profit from it.

To be blunt about it, my position, and that of other individual economic ministers, are strengthened by this move. I do not believe in working in cabinet by playing a lone hand. I prefer having allies. When my proposals to assist exports or to further support domestic industries go before cabinet, and they are endorsed by the nine other members of the board, that will strengthen those proposals a good deal. It gives them a strong leg up. Ten ministers of one cast of mind, economic growth-oriented, certainly have a tremendous influence within the cabinet structure.

It only makes sense, sir, to integrate policies that affect economic development and to view those policies as to how they impact on one another. It only makes sense, to me, to consider policies and programs from one basic perspective—how will they help the growth of industry sectors and industries within a specific sector to which they apply. How will they help the growth of the regions, the growth of the general economy? It only makes sense to bring co-ordination and over-all economic development under one roof. And finally, it only makes sense to focus in one place the consultations with provinces, industry and labour, that have taken place in the past under a variety of ministers.

I look upon this as being similar to the things I have seen in Germany and Japan. Those countries have paid a great deal of attention to their industrial thrust since the Second World War. They fully believe that industry is the engine that makes the standard of living that they enjoy possible. When one travels to Germany and sees—

[*Editor's note: Whereupon a stout gentleman, dressed in red, with white fur trim, entered the chamber, exclaiming, "Ho, ho, ho!"*]

Some hon. Members: Hear, hear!

[Mr. Faour.]

Mr. Horner: Mr. Speaker, as a minister participating in this economic board, I certainly want the House to know that I am no Santa Claus.

● (2142)

In Germany they pay a great deal of attention to industry because they believe it is the engine that provides the quality of life they want. In order to do business you have to join the chamber of commerce in Germany; if you are on that side you have to join their industrial board. In Japan, there is a board of industry composed of senior industrialists, called the Keidanren, and the government pays a great deal of attention to the needs of industry there. I look on this new thrust as being somewhat similar in purpose. The government is demonstrating to industry that industry is important to the economic well-being of this country. Industry will make possible the social services we all want, as Canadians, to enjoy, and which can be provided as long as the proper amount of assistance is available.

My department will continue its normal activities. We shall continue to propose policies designed to benefit industry. For example, I am launching two major consultative exercises with business and labour. One is to assess and make recommendations upon the efficacy and scope of the services and policies provided by government to assist exporters. A blue ribbon committee of business and labour leaders will be headed by Mr. Roger Hatch, president of Canpotex. Its membership is representative of our exporting industries and of our regions. I am looking to this committee for strong recommendations as to how we in the federal government, together with provincial governments, can improve our performance in supporting exports.

Some hon. members have asked why this should be done now. I think it is important that the House should recognize the reason for the action we are taking at this time. We are entering upon what will perhaps prove to be the most competitive era in Canada's recent history. The years ahead will be tremendously competitive for any industrialized nation and we must address ourselves to this task. The new ministry will, I hope, be successful in furthering the liberalization of trade.

Canada depends a great deal on its ability to sell abroad. As I have pointed out on past occasions, approximately 25 per cent of our gross national product is derived from exports. If hon. members want to relate that figure to the Japanese experience I can tell them that 13 per cent of Japan's gross national product is related to exports. In the United States, the figure is 7 per cent or 8 per cent. We have to meet the competitive forces which will be upon us in the eighties, which means we shall have to attach greater importance to the role of industry in our economy. I look upon this new departure as signifying to industry that we are there to help them and that we have the power within the cabinet to make certain that the engine moves well and provides Canada with the resources to accommodate people with the standard of living we believe they should be able to afford.

I mentioned I was going to set up two task forces. The other group, consisting of senior private sector leaders, is taking on a very important task. Its members represent a cross section of firms, both large and small, in the Canadian resource and manufacturing industry. This task force is meant to assist Canadian companies to win contracts arising from the major industrial and energy projects which are about to come on stream in Canada; it will work with and make recommendations to both federal and provincial governments.

This country is launching upon a series of very large projects worth billions of dollars. The Canadian section of the Alaska pipeline is one—it has already been mentioned in this debate. Mr. Speaker, that is worth $4.3 billion in contracts for design engineering, steel, and a host of supplies ranging from manufactured products to food, transport and other services.

Other large projects planned in the fields of electrical generation, mining, forestry, petroleum and petrochemicals over the next decade are expected to exceed in value $50 billion in construction work. These Canadian projects can provide a large majority of Canadian contracts and jobs, located, as they are, in northern Canada, on the west coast, the prairies, central Canada and Atlantic Canada. They are a vast and varied market for Canadian industry. Canadian designers, engineers, consultants and services, manufacturers and steel plants must win the majority of contracts in competitive bidding.

Without ordering the placing of contracts by government decree, without intervening in a way which would contravene international trade practices and perhaps get us into a great deal of trouble with our trading partners, the bottom line is that the large majority of industrial benefits must go to Canadians. This is important for the immediate contracts and jobs involved. It is equally important in terms of new technology, new skills, and ability to merge into effective consortia to tackle large and complex projects, all of which are necessary if Canadians are to succeed in that competitive bidding role.

The task force of the 25 business leaders and senior labour representatives working with the provincial and federal governments is charged with identifying means to ensure that we get those contracts and those jobs. It will identify and communicate in advance the opportunities which are expected so that Canadian companies may know what they should be competing for. It will make recommendations concerning procurement by governments. It will make recommendations with regard to government policies which can be supportive of the objective. It will take a look at ways in which companies pool their talents and abilities to take on new and larger tasks.

From time to time we hear members complain about imports of manufactured goods into this country. They ask what the government is doing about it. This task force will be looking at that situation to encourage the Canadian manufacturing sector to meet better the challenges of supply—to increase the supply of steel, electrical generators and other equipment necessary to the huge projects which will be started between now and the year 2000. The other task force has, of course, been set up to assist in meeting challenges in world trade. This is our way of supporting Canadian industry both at home and abroad.

I am pleased that the Canadian Commercial Corporation will now be in the Department of Industry, Trade and Commerce, which is where it should be. I certainly believe it can play an aggressive role in assisting the private sector to seek contracts with foreign governments. It fits logically within my department; so rather than losing power through the recent shuffle my department has, in fact, gained power. It is not sufficiently realized, especially by hon. members opposite, that we provide about $3.7 billion worth of support for Canadian industry every year, three quarters of which goes to encourage Canadian exports.

Some hon. members wonder what I have been doing this year. Well, the Enterprise Development Program has recently been doubled and the EDP loan guarantee ceiling has been raised from $350 million to $1 billion. We have set up advisory boards in every province to make certain that both small and large industries are aware of the assistance the EDP can give them. Some hon. members may have noticed in the papers today an announcement that the board is to lend money to establish two-way trade between Nova Scotia and British Columbia.

Mr. Forrestall: What about the reciprocal part of it?

Mr. Horner: I think it is a very good project. If the hon. member for Dartmouth-Halifax East (Mr. Forrestall) does not like it, he should speak up.

● (2152)

Mr. Forrestall: I will speak up.

Mr. Horner: I am certainly pleased that my department can play a role in assisting the steel industry. The Export Development Corporation has had its funding capacity expanded from $9 billion to $26 billion. No one on that side thought it was a good idea. They complained bitterly, holding it up for a month in this House. They said it would ruin Canada. They did not trust the people to whom the money was being loaned.

Mr. Forrestall: Balderdash.

Mr. Horner: Read the speeches. The Federal Business Development Bank did a tremendous amount of business this past year. Last month they increased their lending to Canadian industry to about $61 million. They loan about 25 per cent to Canadian manufacturing industries, about 25 per cent to the tourist industry, and about 25 per cent to the wholesale and retail and other industries. They do a great deal of business. They have been stepped up a great deal in their lending ability. The Federal Business Development Bank is the largest single source of venture capital in Canada.

Mr. Forrestall: The left hand does not know what the right hand is doing.

Mr. Horner: I am telling you now what is being done to help Canadian industry within Canada. The hon. member for St.

John's West (Mr. Crosbie) warbled on with quotations from my speeches. It pleased me a great deal to find that somebody over there is reading what I say. That is more than they did when I was a member of that party.

I find the hon. member's speeches quite humorous. I had the honour of speaking at the nomination of the hon. member for St. John's West. I was quite interested in that cabinet minister who was quitting the Newfoundland government and wanting to come to Ottawa. He had been a cabinet minister in the Liberal government, and a cabinet minister in the Conservative government. I was interested to see what kind of an animal he was, and whether or not he could make a contribution in Ottawa. His speech tonight convinced me that he can make a contribution in Ottawa, as an entertainer in some night club. However, he is hardly a serious-minded person representing that province.

The hon. member talked about economic development. He was a member of the famous government which got into more economic difficulties than any government in recent times. He was minister of finance of the government which financed the linerboard factory that ran up a debt of some $300 million. No wonder the present Premier of Newfoundland was glad to get rid of him, as I found out that night when speaking at his nomination meeting in Newfoundland.

The hon. member for St. John's West complains because I have suggested that when the United States economy picks up, it will definitely help us. Is the hon. member not aware that the President of the United States has suggested that United States industry bring in voluntary wage and price controls? The president of that country seems to think they have economic troubles. Is the hon. member not aware that the United States will chalk up the biggest merchandising deficit in the history of that country? On the other hand, we will chalk up the largest merchandising trade surplus in the history of Canada.

Some hon. Members: Hear, hear!

Mr. Horner: The hon. member talked about a synchrolift drydock in St. John's. I am a very strong supporter of that. As I explained to the hon. member the other day, we need to have the money before we can spend it. In the budgetary cuts announced in August, there were some cuts in the transfer payments. When we no longer have those cuts, I am certain Treasury Board will approve the synchrolift for the people of Newfoundland and of Canada, not for the hon. member for St. John's West. It will not be his synchrolift. He has done nothing but hinder our ability to get it through.

From time to time I become amused with the party opposite. In Committee the hon. member for York-Simcoe (Mr. Stevens) stated that we should do away with the Dash-7. He suggested that we scrap it, that we cancel the program and get out of de Havilland altogether. At the time he said that, we were employing approximately 3,700 people in de Havilland. That will go to 4,500 and then to 5,000.

I recently announced the sale of 13 planes, mainly to the United States. If one can sell in that market, one can sell pretty near anywhere in the world. There are options on 20-some Dash-7 planes. These are being manufactured at the rate of one a month. In order to meet the demand, this will have to be increased to four a month.

Because of the demand, it has been necessary to put out subcontracts. Estimating the subcontracts for the manufacture of 200 planes, approximately $600 million in subcontracts will be let. That is because de Havilland cannot handle all the work the Dash-7 will bring to Canada, nearly 85 per cent of it for export.

Hon. members opposite say they are tired of hearing Horner talking about optimism and thinking positively about the air industry in Canada, which is high technology. They certainly would not admit that. They had a big laugh in this House about Canada Air and its plane. That is a fabulous airplane. It has flown extensively. Over 130 of these airplanes have been sold. Employment has increased in that factory. Approximately 99 per cent of the planes built will be exported. Within the next five years, that one plane will provide 50,000 jobs for Canadian workers. Therefore we are making tremendous strides in what might be called highly technical industries which will certainly bring great rewards to Canadian workers.

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

PROCEEDINGS ON ADJOURNMENT MOTION

[*English*]

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

HEALTH AND WELFARE—FUNDING OF PLANNED PARENTHOOD ASSOCIATION

Mrs. Ursula Appolloni (York South): Mr. Speaker, I rise tonight in this House unashamedly as a Roman Catholic. However, it is my fervent hope that I will always use my position to defend with equal vigor and sincerity the integrity of any religious denomination which I feel has been impugned.

• (2202)

As to the point in question, on November 3, 1978, as reported at page 771 of *Hansard*, I asked the Minister of National Health and Welfare (Miss Bégin) if her department had funded the publication of the fall, 1978 edition of the Planned Parenthood Federation newsletter. She replied that funds from her department were used strictly for the operation of that federation's national office.

By sad coincidence, the editorial address given on the newsletter is, in fact, the national office of the Planned Parenthood Federation of Canada; in other words, as the minister herself stated, the office from which the offensive missive has been

transmitted operates, thanks only to funds from the federal Department of National Health and Welfare.

I would like the House to consider for a second what is offensive in this missive. The subject of the newsletter is abortion, and it is a subject open to debate which would go on much longer than the seven minutes allotted to me. However, in my view and in the view of millions of Canadians, abortion is killing. It is the taking away of life. I will not go into that point of debate.

The point I am making is about this particular newsletter of the fall of 1978. Articles in various newspapers, mainly Canadian, by the way—the *Globe and Mail*, very often the Toronto *Star*, the Ottawa *Journal* and the Ottawa *Citizen*—are interpreted as being in favour of abortion. Among all the quotations in newspaper articles there appears one entitled "Pro life isn't". There is some recognition given to the author of this editorial. It is quoted as being the *National Catholic Report* of July of 1978.

A tiny bit of checking on my part—it did not take very much—proved to me that this so-called *National Catholic Report* comes from the United States in the first place. Despite the fact that it is national in a large country like the United States, it has a circulation of less than 46,000. By national standards that is an extremely small circulation. Therefore someone in Canada would have to undertake a certain amount of research to find that particular article. He would probably have to make a few international telephone calls.

The article in question was written by a Catholic. A little more research on my part revealed that the publication to which I referred is a Catholic newspaper, but it is written by a certain dissident group from the Catholic church and in no way—and this is the point to be made—does it respect or reflect the traditional view of the real Catholic church.

If the Planned Parenthood Federation of Canada wanted to find out what Catholics think of abortion, it could have gone to *L'osservatore Romano*, if it understood Italian. The federation could have asked me for a translation. If the federation did not ask me, it could have gone to the *Catholic Register* or to many other Catholic newspapers in Canada, none of which would ever, ever have given the impression that pro-abortion people are Catholic or that Catholics do not give a damm about people who are born.

The only concern of Catholics, according to this article, would be to save the four-month fetus, and to hell with four-year old child living in squalor. That is a travesty. It impugns the integrity of every Catholic. I do not know whether the author is Canadian or American. I do not know his or her nationality, but what is the motivation? That is what we have to ask ourselves. What is the motivation for going to a very small, little read, dissident Catholic newspaper, and then printing this rubbish, this garbage, as if it were something from the Vatican?

This newsletter obviously is of no moral value at all. They do not know the meaning of the word religion. Why did they print it in the first place? Who is funding this publication? The minister said that federal funds were used only for the organization of the national office. We have already found that the national head office is the place from which this spurious paper emits. What does the funding do for the organization? It pays for rent, electricity, and for staff. For the minister, with all due respect, to tell me, "No, we do not fund this subliminal anti-Catholic message" is, I suggest, an insult to my intelligence.

● (2207)

Mr. Deputy Speaker: Order, please. I have to interrupt the hon. lady but the time allotted to her has expired.

Mr. Maurice Harquail (Parliamentary Secretary to Minister of Supply and Services): Mr. Speaker, I am speaking tonight on behalf of the Parliamentary Secretary to the Minister of National Health and Welfare (Mr. Robinson) who is unavoidably absent.

At the start of my remarks I should like to say, in response to the hon. member for York South (Mrs. Appolloni), how much respect I have for her. I also want to put on the record, for her information and that of other members of the House, that, being a Catholic myself, I have great respect for the points she brought forward tonight. However, further to the minister's response of November 3, 1978, to the question of the hon. member for York South concerning the fall 1978 edition of the Planned Parenthood Federation of Canada newsletter which, as she commented, contained "despicable and insidious innuendo which vilifies the entire Catholic church," I would like to make the following remarks.

I have had the opportunity to review this particular publication and I saw no remarks directed at the Catholic church. In the provincial-territorial news section of the newsletter—the section in which there are references to the Roman Catholic church—it is reported that Planned Parenthood Yukon has co-sponsored with the Roman Catholic parish, workshops for parents. There is also a reproduction of newspaper clippings, one from the *Globe and Mail* of April 25, 1978, and the other from the *National Catholic Reporter* of July 14, 1978, both of which mention the Catholic church.

One article reproduced from the *Globe and Mail* of April 25, 1978, outlines the position put forth by the Chancellor of the Roman Catholic archdiocese of Toronto which calls for mandatory instruction and testing on how to be good parents for all couples planning marriage. The other reproduced news clipping which refers to the Roman Catholic church appeared on the editorial page and was drawn from the *National Catholic Reporter* of July 14, 1978. The editorial states in part:

> There is something wrong in the pro-life movement that causes many Catholics concerned about peace and justice—life—to look askance, or grieve about the misdirected energy. The national "right-to-life" movement isn't "pro-life" at all—it's anti-abortion. The self styled "pro-life" movement, therefore, whatever the attitudes of individual members, comes through in a single-focus frenzy, apparently lacking Christian understanding regarding life in general. There are individual pro-lifers whose cares are larger, but they are scattered, and so is their impact.

The editorial continues in this manner.

In addition, there are 30 or more other reproductions of press clippings of Canadian and American newspapers.

As can be seen, the references to the Roman Catholic Church are contained in reproductions from highly regarded newspapers or based on material from other publications, such as the *National Catholic Reporter*.

For the record, I would like to make it quite clear that the Planned Parenthood Federation of Canada has, over the years, constantly provided a high quality of family planning services. Associations of the type set forth by the hon. member for York South can only foster misunderstanding and hard feelings in the groups genuinely interested in promoting responsible parenthood.

● (2212)

In principle, the Department of National Health and Welfare does not control the content of the publication of the voluntary agencies it funds. In particular, the Planned Parenthood Federation of Canada newsletter has been dignified in tone, content, and reflects responsible work done by dedicated volunteers promoting responsible parenthood.

SPORTS—CANADA'S PARTICIPATION IN MOSCOW OLYMPICS

Mr. Benno Friesen (Surrey-White Rock): Mr. Speaker, on November 9 I rose in my place to ask the Minister of State for Fitness and Amateur Sport (Mrs. Campagnolo) the following question:

Our own House last week passed a unanimous resolution expressing our concern for the abridgement of freedom of thought and expression in the Soviet Union as demonstrated by those trials.

In view of the upcoming 1980 Olympics to be held in Moscow, could you tell me whether there are any plans in your department to re-examine our country's position vis-à-vis participation in the Moscow Olympics?

The answer of the minister was so twisted that it looked like a pretzel. She said the following:

—I am quite prepared to accept that there be sport boycotts when related to sport, but when the matter is outside the realm of sport I do not feel the sport should be used as an instrument through which retaliation is executed.

The minister directed a letter to me dated November 10, 1978, which reads in part as follows:

—in principle, we consider that sport should not be used as a political instrument except in cases where the matter in question directly affects sport, as apartheid does.

The minister is living in an Alice in Wonderland world.

I should like to refer to an article which appeared in the November 12 edition of the New York *Times*. It was written by Yevgeny Rubin, a former sports writer for the Soviet Union. In part it reads as follows:

Soviet sport is a facade, or the brightest, loudest and most glaring part of the facade. Athletes—strong, agile, tanned and invincible—are supposed to personnify the Soviet way of life to the world, including their own people. With each record, each victory, each goal, the athlete is supposed to demonstrate that the Soviet people are the strongest, the fastest and the most graceful.

[Mr. Harquail.]

If that is not politics in sport, I should like to know what it is. The minister implied that she had nothing to do with the decision, that it is the Canadian Olympic Committee which makes the decision. But she has a lot to do with the funding which goes to that committee, its grants, or the withholding of grants. All one has to do is ask Mrs. Koop whether that is the case. The incredible answer of the minister reflects her naivete. If anything, the minister has raised the concept of apartheid and not I. Since the minister raised apartheid, I will refer to it. The minister ought to know that all legal restrictions in the country of South Africa have been withdrawn from apartheid. I am not saying that it has been withdrawn in the countryside, but certainly the legal barriers have been withdrawn from the legislation.

I have seen the pain which apartheid brings. I have seen some of that anguish. I realize the pain of the hundreds of workers from Mozambique who work in the deep mines of South Africa, live in fetid dormitories, and are kept from their families for 11 months of the year. The same thing is true in Russia where people are kept in forced labour camps in Siberia, in the freezing cold of Siberia, for 12 months out of the year, and are never allowed to see their families. All one has to do is read the book entitled "A Day in the Life of Ivan Denisovich" to know something about that cruelty.

I have seen some of the incredibly cruel and unjust treatment of the millions of blacks in South Africa who are not allowed to hold citizenship or own property. That is true also in Russia where the property of dissenters is seized. They are drafted into the army so that they cannot leave the country. Is one better than the other? One is just as cruel as the other. I remind the minister that pain does not recognize the colour of skin. All races in South Africa be they coloured, white, Indian or black, are made in the image of God. They deserve to be treated in dignity and with the dignity all God's creations deserve. If that is true of South Africa it is certainly true of those people in Russia who have convictions and feelings they ought to be able to express, and they ought to be able to find expression for their convictions every day of their lives.

● (2217)

Ask all those people we have talked about in this House how they feel about this. If the policy of détente of this government and of other western governments is designed to break down the barriers between us and the Eastern bloc countries in respect of all of those things that are repugnant in that present system, why should that policy not work in other countries where there is another kind of discrimination?

Would it be too much to ask this government just once to carry on a consistent policy in this matter? Even better yet, would it be too much to take politics out of sports altogether and allow athletes from all around the world to compete without any government controls or restrictions?

I am not fighting against Canadian participation in the Olympics in Moscow or in any other city in the world. All I am asking this government to do is recognize that pain is universal, and it does not matter whether it is in a Russian

concentration camp, a Russian insane asylum, or in a South African mine. All I ask this government is to start being consistent in its policy.

Mr. Hugh A. Anderson (Parliamentary Secretary to Minister of Indian Affairs and Northern Development): Mr. Speaker, the hon. member is obviously aware that the immediate responsibility for Canada's participation in the Moscow Olympics rests with the Canadian Olympic Association and not with the federal government. The Canadian Olympic Association solicits private sector funding through the Olympic trust. In addition, funds are provided to the association by the fitness and amateur sports branch as part of its program of assistance to sports associations to ensure participation by high performance Canadian athletes at international competitions.

The need to avoid government intervention in the affairs of autonomous sport associations such as the Canadian Olympic Association is recognized and respected by many groups in Canada.

In the circumstances which we currently face regarding the abridgement of freedom of thought and expression in the Soviet Union, we do not consider the Olympics to be an appropriate forum in which to express our views on human rights in the U.S.S.R.

I am rather amazed that the hon. member should state we should keep politics out of sport, while at the same time asking whether the Government of Canada would prevent participation in the Olympics by Canadian athletes. I cannot reconcile those two statements by the hon. member.

I believe you will find, Mr. Speaker, our policy consistent with the government sport boycott of South Africa. The United Nations in 1971, 1975, 1976 and 1977 adopted a series of resolutions calling on all member states to refuse any sponsorship, assistance, or encouragement of sporting contacts with South Africa. Canada supported all those resolutions.

At this time no such international reservations exist with regard to a sport boycott of the U.S.S.R. and, therefore, in reply to the question of the hon. member for Surrey-White Rock (Mr. Friesen), the fitness and amateur sport branch does not believe it appropriate at this time to alter its position vis-à-vis participation in the 1980 Moscow Olympics.

NATIONAL REVENUE—SALES TAX REBATE ON INVENTORIES OF MANUFACTURED GOODS

Mr. A. D. Alkenbrack (Frontenac-Lennox and Addington): Mr. Speaker, the subject of my grievance tonight arises from the budget announcement on November 16 by the Minister of Finance (Mr. Chrétien) regarding the reduction of the 12 per cent federal sales tax to 9 per cent.

● (2222)

I posed a question to the Minister of National Revenue (Mr. Abbott) in the absence of the Minister of Finance (Mr. Chrétien). This was on December 8, and I would like now to read that question:

Adjournment Debate

Considering the certainty of great financial loss to certain businesses such as automobile and machinery dealers who have substantial inventories on which the old 12 per cent sales tax has been paid, will the minister indicate whether he is considering some form of adjustment in the sales tax formula that would minimize the financial loss of those businesses?

The Minister of Finance said in his speech on November 16, "I want this passed on to the consumers". I speak tonight on behalf of automobile and machinery dealers and businesses with other inventories subject to the reduction in this tax. I say to the Minister of National Revenue and the Minister of Finance that this is a very cavalier and deceptive approach to this question on the part of the government.

Just because the government is almost bankrupt, that is no reason why it should also bankrupt the retail dealers of this country. When the minister says he wants to pass this 3 per cent reduction on to the consumers, his approach should be honest and fair to everyone. He should recognize that the automobile and machinery dealers of this country should be compensated for the reduction they will have to make in their inventory prices.

I have with me two good examples, borne out in letters from dealers in my riding who will suffer losses as a result of this action by the government. The first letter is from Pringle's Service Ltd. in Napanee. It reads:

Dear Doug:

I am writing you to express my deep concern over the effect the recent federal sales tax reduction has had on me as a small businessman, as well as thousands of small businessmen, like myself, all across Canada.

Although I heartily applaud the government's initiative to lower federal sales tax, albeit long overdue, the immediate effect of this change is myself being caught with over 60 new cars and trucks that are, on the average, $175 overpriced. If I don't reprice my stock, customers will not buy from stock, but rather order the same vehicle from the factory at the new lower price. But to reprice my entire stock means writing off $10,000.

As it now stands, the Canadian car dealers are left holding a multimillion dollar price tag. As a small businessman, I resent this indirect budgetary subsidization. Since the November 16 budget speech, my firm has been unable to sell a new 1979 vehicle out of stock.

I urge you to push for a 3 per cent federal sales tax rebate of instock vehicles for small businessmen like myself right across our nation.

It is signed Larry A. Pringle.

I would like to quote from another letter I received from Revell Motor Sales Limited in Verona, Frontenac County. The letter is addressed to myself and includes the copy of a telegram sent to the Minister of Finance on November 27. It reads:

Dear Mr. Alkenbrack:

Re: Budget—Federal Sales Tax Reduction.

Please find listed below a copy of a telegram we have sent to the Minister of Finance.

We feel heavily penalized by this tax reduction as this will cost us in excess of $22,000.

I, a businessman, do not feel I should have to subsidize your tax cut.

Our customers are waiting for the lower priced vehicles and I am left with over one hundred (100) vehicles in inventory and at 12.50 per cent interest rate, I feel this is a severe and unnecessary penalty to car dealers over other retailers.

Rebates of this nature were granted in 1961, 1968 and 1974 and should certainly be granted again at this time.

As our net profit is less than 2 per cent, we feel we cannot afford this. We need your immediate attention to this matter.

Yours truly,

H. M. Revell
Revell Motor Sales Limited

If the minister wants these reductions passed on to the consumer, he should give each dealer credit for the savings that he has had to pass on to his customers. It is not difficult to do.

Both the Minister of Finance and Minister of National Revenue have complained about the tremendous amounts of money and very numerous accounts that would have to be serviced. But every automobile manufacturer has a computerized record of every dealer's inventory on November 16, which was the date of the minister's announcement, and through this they have the ability to make an accurate total of tax reductions and/or rebates that should be credited to the dealer as he sells an automobile to his customer.

● (2227)

I appreciate that some adjustment has been made in the time of transit of automobiles from factories to dealers as of November 16, but that is not enough.

Both the Minister of Finance and the Minister of National Revenue have pointed out that it would cost many millions of dollars to rectify this problem. This government ought not to have made the automobile and machinery dealers of Canada pay for this aberration on the part of the government.

I reiterate, there is a precedent for a rebate in the 1974, 1968 and 1961 budgets. Let the minister now be fair and follow those precedents.

I note, Mr. Speaker, in the proceedings of today the hon. member for Halton-Wentworth (Mr. Kempling) has obtained an agreement from the Minister of Finance to meet with a delegation of representatives of the Automobile Dealers of Canada, and I say let the government and that delegation work together to right this inequitable situation, and this gross example of unfair financial discrimination against a very important segment of our economy, the Canadian automotive retailers.

Miss Aideen Nicholson (Parliamentary Secretary to Minister of Consumer and Corporate Affairs): Mr. Speaker, the government has received a number of representations from auto dealers and others concerning recovery of tax which had been paid on goods in their inventories on budget night. The matter has received careful consideration.

It is customary for changes in sales and excise taxes on commodities to come into effect on the day following the budget announcement. The government was aware that there would be goods in the hands of wholesalers and retailers on budget night on which the tax had been paid at the 12 per cent rate. However, the government did not propose a refund of the difference between the tax previously paid at the old rate and the new rate. This would be difficult to do in a fair way because of the wide range of products and the large number of retailers and distributors involved.

Questions have been raised by hon. members and by some auto dealers concerning refunds which were paid to auto dealers in 1958 and 1961, and to retailers of heavy trucks in 1974, when taxes were reduced on these vehicles. The measures introduced in those years were specifically oriented toward the automotive and transportation equipment industries. The decisions to pay refunds in respect of tax paid inventories were taken in the context of the exceptional circumstances which had focused the tax cuts on the motor vehicle industry.

The situation today is not the same. The recent reduction in federal sales taxes affects a broad range of taxable goods. It was not specifically directed toward any one industry.

Hon. members will appreciate that it would be difficult to provide relief for tax-paid inventory for the auto industry without providing similar relief for all goods held in inventories in Canada. A general provision to provide refunds to wholesalers and retailers holding tax-paid inventories at the time of the budget would result in a substantial revenue loss. Furthermore, it would be difficult to do so in an equitable manner because of the large number of products and traders involved.

The budget bills will be before the House shortly. The hon. member will then be able to bring forward an amendment which would take into account the difficulties I have outlined tonight.

Mr. Deputy Speaker: The motion to adjourn the House is now deemed to have been adopted. Accordingly, this House stands adjourned until tomorrow at eleven o'clock a.m.

Motion agreed to and the House adjourned at 10.31 p.m., without question put, pursuant to Standing Order.

HOUSE OF COMMONS

Friday, December 15, 1978

The House met at 11 a.m.

● (1107)

ROUTINE PROCEEDINGS

[*English*]

AGRICULTURE

PRICE AND SUPPLY OF TURKEYS—MOTION UNDER S.O. 43

Mr. James A. McGrath (St. John's East): Mr. Speaker, I rise on a matter of urgent and pressing necessity, since Christmas is approximately one week away.

In an in-house publication put out by Agriculture Canada on November 28, entitled "Food Outlook", under the heading "Poultry" is found the following:

Turkey supplies will be short for Christmas, causing much higher retail prices than a year ago.

In view of that, under the provisions of Standing Order 43 I move:

That this House directs the Minister of Agriculture to apologize to his colleague, the Minister of Consumer and Corporate Affairs, whom he embarrassed in the House and seriously undermined and, furthermore, that he apologize to Canadian consumers who are forced to pay higher prices for turkeys because of the minister's refusal to accept the advice of his own department.

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

Some hon. Members: Agreed.

Some hon. Members: No.

* * *

FINANCE

LOW-INTEREST LOANS FOR FARMERS AND SMALL BUSINESS—MOTION UNDER S.O. 43

Hon. George Hees (Prince Edward-Hastings): Mr. Speaker, I rise on a matter of urgent and pressing necessity to move a motion under the provisions of Standing Order 43.

As capital at reasonable rates of interest is a vital necessity for starting up and expanding farming and industrial operations, I move, seconded by the hon. member for Ottawa-Carleton (Mrs. Pigott):

That this House directs the Minister of Finance to make available low-interest, government-backed loans to enable young men and women to get started in business and farming, and small businesses and farming operations which need additional capital for expansion to be able to obtain it at rates of interest they can afford.

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

Some hon. Members: Agreed.

Some hon. Members: No.

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INQUIRY OF THE MINISTRY

ALLEGED REMARK OF PRIME MINISTER—MOTION UNDER S.O. 43

Mr. Edward Broadbent (Oshawa-Whitby): Mr. Speaker, under the provisions of Standing Order 43, I move, seconded by the hon. member for Winnipeg North Centre (Mr. Knowles):

That this House, noting that the Prime Minister stated yesterday that he is the best person not only in his own party but in all of Canada, cites—

Some hon. Members: Oh, oh!

Some hon. Members: Hear, hear!

Mr. Trudeau: Mr. Speaker, on a point of order: I never stated that. I might believe it, but I did not state it.

Mr. Broadbent: Mr. Speaker, the Prime Minister (Mr. Trudeau) has confirmed the point. My motion continues:

—this as both proof that he has succumbed to the Greek vice of hubris, and even after 11 years in the light of the blinding sun has not been able to distinguish the forms from the substance, thus instructs him to retreat to the cave forthwith.

Some hon. Members: Oh, oh!

Mr. Speaker: Order, please.

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AIR CANADA

APPOINTMENT OF HON. BRYCE MACKASEY AS CHAIRMAN OF BOARD—MOTION UNDER S.O. 43

Mr. J. P. Nowlan (Annapolis Valley): Mr. Speaker, I rise, under the provisions of Standing Order 43, on a matter of urgent and pressing necessity which flows out of the Prime Minister's (Mr. Trudeau) press conference yesterday.

In view of the incredible appointment of Bryce Mackasey as chairman of the board of Air Canada, the airline owned by the people of Canada which is its flagship abroad and just recently

operated at a profit, I move, seconded by the hon. member for Egmont (Mr. MacDonald):

That in view of the new chairman's history of spending binges at the Post Office and the Unemployment Insurance Commission, this House requests the Prime Minister to assure concerned Canadians that the new chairman is to play the political figurehead role which he plays so well, but is to have nothing to do with the operations of the airline.

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

Some hon. Members: Agreed.

Some hon. Members: No.

* * *

HOUSE OF COMMONS

PICKETING AT WEST DOOR—MOTION UNDER S.O. 43

Mr. Arnold Peters (Timiskaming): Mr. Speaker, I rise under the provisions of Standing Order 43.

In view of the fact that a woman has been picketing the west door of the House of Commons for many weeks now, that she is nearing the point where her inclusion in the Guiness Book of Records for the longest one-person protest in Canadian history is a distinct possibility, and that her placard is totally incomprehensible to anyone seeking to learn the point of her protest, I move, seconded by the hon. member for Brant (Mr. Blackburn):

That the Prime Minister, in the finest tradition of Christmas and showing true Christmas spirit, find out what this woman's problem is and see if he can offer any assistance to her.

Some hon. Members: Hear, hear!

Mr. Speaker: Order, please.

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AIR CANADA

APPOINTMENT OF CHAIRMAN OF BOARD—MOTION UNDER S.O. 43

Mr. Rob Parker (Eglinton): Mr. Speaker, I rise under the provisions of Standing Order 43.

In view of the discriminatory appointment of the new chairman of the board of Air Canada, which clearly overlooked 12 equally distinguished losers, I move, seconded by the hon. member for St. Boniface (Mr. Hare):

That this House instructs the government to create a new Canadian honour, to be known as the DFC, equal in rank to the Order of Canada—

Mr. Speaker: Order, please. The hon. member for Yorkton-Melville (Mr. Nystrom).

[Mr. Nowlan.]

NATIONAL UNITY

REMARKS CONCERNING SECRETARY OF STATE—MOTION UNDER S.O. 43

Mr. Lorne Nystrom (Yorkton-Melville): Mr. Speaker, my motion arises out of a secret memo from a senior official in the Canadian Unity Information Office who states their activities will become more politicized and calls their minister, the Secretary of State (Mr. Roberts), accident prone. It states:

● (1112)

Mr. Roberts does not know what we are doing or why we are doing it and probably doesn't care a hell of a lot as long as it doesn't get him into trouble.

I move, seconded by the hon. member for Greenwood (Mr. Brewin):

That this House refers the estimates for the Canadian Unity Information Office to the appropriate committee for investigation and report, and requests that the minister resign.

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

Some hon. Members: Agreed.

Some hon. Members: No.

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FEDERAL-PROVINCIAL RELATIONS

PROPOSED OFFICE IN WINNIPEG, MAN.—MOTION UNDER S.O. 43

Mr. Jack Hare (St. Boniface): Mr. Speaker, I rise, under the provisions of Standing Order 43, on a matter of pressing and urgent necessity.

Recently, because the government finds itself bereft of representation in the province of Manitoba—even St. Boniface, its safest seat in the west, having been lost—it has decided to open an office in Winnipeg headed by the Minister for Federal-Provincial Relations (Mr. Reid).

Because sufficient funds have already been spent for citizen representation in Manitoba, and because the hon. member for Kenora-Rainy River is not an elected advocate of Manitoba's interests, I move, seconded by the hon. member for Dauphin (Mr. Ritchie):

That the plans for this new office be scrapped.

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

Some hon. Members: Agreed.

Some hon. Members: No.

[*Translation*]

UNEMPLOYMENT

REQUEST FOR ADDITIONAL FUNDS FOR CANADA WORKS AND YOUNG CANADA WORKS PROGRAMS—MOTION UNDER S.O. 43

Mr. Adrien Lambert (Bellechasse): Mr. Speaker, under the provisions of Standing Order 43, I ask for the unanimous consent of the House to move a motion dealing with an important matter of pressing necessity.

In view of the fact that the alarming unemployment rate is liable to impede the national economy, I move, seconded by the hon. member for Lotbinière (Mr. Janelle):

That the House urge the Department of Employment and Immigration to disclose immediately the estimates earmarked for the Canada Work and Young Canada Works programs to reassure the many victims of unemployment in eastern Canada.

Mr. Speaker: Order. The House has heard the motion of the hon. member. Under the provisions of Standing Order 43, this motion requires the unanimous consent of the House. Is there such consent?

Some hon. Members: Agreed.

Some hon. Members: No.

ORAL QUESTION PERIOD

[*English*]

AIR CANADA

APPOINTMENT OF HON. BRYCE MACKASEY AS CHAIRMAN OF BOARD

Mr. David MacDonald (Egmont): Mr. Speaker, my question is for the Prime Minister and it relates to his announcement last evening concerning the appointment of Bryce Mackasey as chairman of the board of Air Canada.

In view of this surprising announcement by the Prime Minister, taking into account the outstanding history of Air Canada as one of the few Crown corporations that has had very high public esteem, one that has been relatively free of political influence on the part of a series of successive governments, and one that has—as my colleague, the hon. member for Annapolis Valley, pointed out—just recently made a profit, and considering that in one stroke the Prime Minister has now downgraded both the independence and objectivity, and possibly the efficiency of Air Canada in view of Mr. Mackasey's record with the Unemployment Insurance Commission and the Post Office, will the Prime Minister indicate why he made this appointment, particularly in view of the Estey report of 1975 which said, in reference to the appointment of senior personnel as directors—

Some hon. Members: Order.

Mr. Speaker: Order, please. I think the question is clear.

Right Hon. P. E. Trudeau (Prime Minister): Mr. Speaker, the hon. member had a long introduction and was going to ask something of the Prime Minister. I did note that he used the word "downgraded" in association with the appointment of a former cabinet minister to the chairmanship of the board of Air Canada.

I do not remember that hon. member opposite saying to the Hon. Bryce Mackasey, when he was a minister or present in the House, that he was not an honourable man or was not an intelligent or capable man. Therefore, I can only conclude that in the mind of the hon. member, a man who has served his country well in the House of Commons is not competent to serve his country well in other pursuits. This is not the view of the government.

Some hon. Members: Hear, hear!

Mr. MacDonald (Egmont): Mr. Speaker, in view of the fact that two of the first comments by Mr. Mackasey, in talking today about his new role, were that he would continue to make political speeches but at a lower profile, and that he planned to paint the airline green, I wonder whether the Prime Minister could indicate if chairman Mackasey will be performing a suitable role in the important task of chairman of the board of Air Canada, whether he is simply in a holding pattern waiting for some future development in his political career, or does he think these kinds of statements are appropriate for the head of a large Crown corporation?

Mr. Trudeau: Mr. Speaker, I challenge the hon. member's quotation of Mr. Mackasey. I would not believe he said such a thing. I believe the hon. member is not quoting him accurately.

• (1117)

Mr. MacDonald (Egmont): Mr. Speaker, I would hope that the Prime Minister himself will check into these comments, and that he would also check the Estey report in terms of the appropriateness of this kind of appointment to Air Canada.

In view of the fact that there seems to have been no consultation with Air Canada or with anyone who knows something about planes, such as the Minister of Transport, and that the only reaction in cabinet was one of applause, could the Prime Minister indicate what kind of guidelines, with specific reference to the very rapid technological changes and sophistication of air travel—and given all the major question that will need to be resolved in the coming months with respect to Canada's national airline—had application to the appointment of Mr. Mackasey to this very important and sensitive position.

Mr. Trudeau: Mr. Speaker, the hon. member suggests that I check what Mr. Mackasey said. I asked my colleague, who assured me that he said he would continue to speak about national unity. It is typical of that hon. member and the party opposite that they think when a person talks of national unity

he is making a political speech. We think that it is also the duty of all Canadians to concern themselves with this issue.

Mr. Speaker: The hon. member for Eglinton on a supplementary.

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GOVERNMENT ADMINISTRATION

MEMO OF MINISTER OF NATIONAL REVENUE RESPECTING POLITICAL OBJECTIVES

Mr. Rob Parker (Eglinton): Mr. Speaker, my question is for the Prime Minister. Would he tell the House whether a memorandum written by the Minister of National Revenue, dated November 27, 1978, expressed official government policy when it noted that the entire direction for the next four months must be measured against political objectives?

Mr. Speaker: Order. That is not a supplementary question.

* * *

EMPLOYMENT

AFFIRMATIVE ACTION PROGRAMS FOR WOMEN

Mr. Edward Broadbent (Oshawa-Whitby): Mr. Speaker, the hon. member's question may not have been supplementary, but it was relevant. I would like to ask the Prime Minister a question which concerns the women of Canada.

The Minister of Employment and Immigration said in this House as recently as November 30 that affirmative action programs for women in Canada had already been put in place. Considering that this is simply not the case, because the regional offices which are essential to the implementation of affirmative action programs have not even been filled, and it has been ten months since the promise was made, will the Prime Minister tell the House when the government plans to live up to this ten-month old promise?

Mr. Frank Maine (Parliamentary Secretary to Minister of Employment and Immigration): Mr. Speaker, staffing and training for the affirmative action offices should be in place by February, 1979, and the program is expected to be operational by April, 1979.

Mr. Broadbent: Mr. Speaker, I would like to direct the question to the Prime Minister, as head of the government. The Minister of Employment and Immigration told the House on November 30 that the program had already been put in place, the minister had said the same thing prior to that date.

Since it will be almost one year from the time the promise was made until the program is implemented, I would like to ask the Prime Minister another question about women's programs. Considering that the government, in its cutbacks, plans to eliminate a number of specific programs concerned with problems which women face—I am thinking specifically of the Outreach program which in Ontario alone has provided benefits for 12,000 women by keeping them off welfare and unemployment insurance—will the government reconsider this matter and restore these essential women's programs.

Right Hon. P. E. Trudeau (Prime Minister): Mr. Speaker, it is typical of the NDP that they only notice how good the government's programs are when we curtail the rate of growth of those programs. I thank the hon. member for the backhanded compliment. We still have many excellent programs in order to promote the advancement of women both inside and outside the public service, in the employment of Canada. Great sums are still being spent on such programs.

If the rate of growth has been curtailed in that area, then it has also been curtailed in other areas, as the hon. member knows. He should also know that the whole purpose of the government is to make sure that its expenditures do not grow any faster than the economy as a whole. I think that is a reasonable proposition.

Mr. Broadbent: Mr. Speaker, as usual, the Prime Minister deliberately misheard the question. I referred the Prime Minister to a statement made in the House by a minister, which was false: the minister told the House on November 30 that the affirmative action programs had been put in place. They have not been put in place.

Again, since a number of specific programs are being curtailed or eliminated by the government—I am thinking particularly of the Outreach program which has kept thousands of Canadian women off unemployment insurance and welfare—would the Prime Minister not agree that it is preferable for people to be working rather than collecting welfare and, if so, because women particularly are hit by unemployment, will he reconsider the government's priorities and re-establish these programs?

• (1122)

Mr. Trudeau: Mr. Speaker, our priorities have not changed. Just a moment ago the hon. parliamentary secretary indicated the date on which this particular program would be implemented; therefore, the priorities have not changed.

What I am trying to make the leader of the New Democratic Party understand, and what he has some difficulty understanding, is that the rate of growth of total government expenditures—federal, provincial and municipal—had been judged too high at all levels. All of us must reduce somewhat the rate of growth. That does not mean we cut back or destroy programs; it means we do not continue growing as fast as had been planned. The hon. member should know that, when he looks at the size of his party: it does not grow as fast as he planned.

[*Translation*]

TRADE

REQUEST FOR MEASURES TO REDUCE COMMERCIAL DEFICIT—MINISTER'S POSITION

Mr. Gérard Laprise (Abitibi): Mr. Speaker, my question is directed to the Minister of Industry, Trade and Commerce. Considering that Canada's commercial deficit for manufactured goods has gone up from $2.2 billion in 1970 to $11.5 billion in 1977, does the Minister of Industry, Trade and Commerce intend to announce shortly some measures meant to correct that situation?

[*English*]

Hon. Jack H. Horner (Minister of Industry, Trade and Commerce): Mr. Speaker, this question has been asked a number of times and I should like to put the record straight on it.

Since 1961, Canada's exports of fully manufactured goods have increased 20 times, while in the same period Canada's imports of fully manufactured goods have increased about five times. It can readily be seen from those figures that growth in exports of fully manufactured goods is increasing faster than imports of fully manufactured goods.

Fully manufactured goods coming into Canada are priced on the international market; so, naturally, with an 85-cent dollar their price is high. The volume of imports is not necessarily up over last year, but the price of those imports is up over last year because of the relationship of the dollar, and that is what shows up in the figures.

[*Translation*]

INQUIRY WHETHER GOVERNMENT WILL INTERVENE AT GATT NEGOTIATIONS ON BEHALF OF CANADIAN MANUFACTURERS

Mr. Gérard Laprise (Abitibi): Mr. Speaker, the views of the Minister of Industry, Trade and Commerce are certainly not shared by the Canadian Manufacturers' Association. The minister claims that he is making efforts; on the basis of the results obtained, his efforts must certainly be quite inadequate, because the trade deficit I have indicated represents a great many jobs lost every year in the manufacturing industry. Could the minister advise the House whether, during the current GATT negotiations, he intends to make representations to obtain for our manufacturers advantages similar to those enjoyed by foreign manufacturers?

[*English*]

Hon. Jack H. Horner (Minister of Industry, Trade and Commerce): Mr. Speaker, I want to assure the House that my department is playing a very major role in the multilateral trade negotiations. I also want to assure the hon. member that we will have better access to foreign markets after the multilateral trade negotiations are concluded. Therefore, our manufacturers will be greatly assisted by the results of those negotiations.

FISHERIES

OPENING OF CLAM BEDS IN EASTERN CANADA

Mr. Fred McCain (Carleton-Charlotte): Mr. Speaker, I should like to put a question to the Minister of Fisheries and the Environment.

In view of the problems that have been experienced in the clam beds of eastern Canada as a result of regulations which mean that decisions are made in Ottawa, rather than at the site of operations, can the minister tell me if there has been any change, or will the beds be given immediate attention when they are ready for digging, instead of their opening being delayed?

Hon. Roméo LeBlanc (Minister of Fisheries and the Environment): Mr. Speaker, the hon. member has raised this matter before and I asked the region to provide me with information, which I shall, of course, pass on to him.

I might say that the only reason the regulations have to be dealt with in Ottawa is that they are part of the order in council process. For that reason they cannot be delegated, but they originate in the regions. It is my policy to decentralize as much decision-making to the regional managers as is legally allowable.

Mr. McCain: A supplementary question, Mr. Speaker. It is my understanding that regional decisions are to be made in class 1 and class 2 beds, but in the class 3 beds decision can only be made in Ottawa. Would the minister assure the industry that he will take the necessary steps to put the decision-making process at the scene of the operation, so that it may be in place at the earliest opportunity for the greatest possible economic advantage to the clam diggers?

● (1127)

Mr. LeBlanc (Westmorland-Kent): Mr. Speaker, I have no difficulty at all with the hon. member's proposal. These regulations are put in because of the danger that clams and certain other species have of being hazardous to health. Where the ban can be lifted, we do so as quickly as possible; but we have to make very cautious approaches because if there is one way of wiping out an industry, it is to have the sort of accident that can occur through carelessness.

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CONSUMER AFFAIRS

PRICE AND SUPPLY OF TURKEYS

Mr. James A. McGrath (St. John's East): Mr. Speaker, I would like to direct a question to the Minister of Consumer and Corporate Affairs. A publication put out by Agriculture Canada pretty well confirms what the minister told the House regarding a short supply of turkeys which would force up prices. I might say it seriously undermined the credibility of the Minister of Agriculture in this House.

I ask the Minister of Consumer and Corporate Affairs if he could tell the House whether he has investigated this matter and whether there has been a substantial price differential as a result of short supply. Also, what recommendations can he make to the House to ensure that there will be adequate supplies of turkeys at reasonable prices?

Hon. Warren Allmand (Minister of Consumer and Corporate Affairs): Mr. Speaker, as the Minister of Agriculture pointed out a day or so ago, prices have declined in recent days. We are very gratified by that. Although they are higher than last year, it is our feeling that the high price has been due to lack of supply in response to the increasing demand due to higher beef prices.

I might say that the National Farm Products Marketing Council did authorize an increase in quota for next year and that is a good thing, but it might not help for this Christmas.

Mr. McGrath: Mr. Speaker, could the minister explain to the House how it was possible for the government to underestimate the market situation, knowing that there was this change in beef prices? Could the minister also tell the House what advice he has with respect to the failure of the council to adequately forecast the situation? If the honourable turkey, the Minister of Agriculture, cannot restrain himself—

Some hon. Members: Oh, oh!

Some hon. Members: Shame.

Mr. McGrath: —I will let the Minister of Consumer and Corporate Affairs carve him up.

Some hon. Members: Oh, oh!

Mr. McGrath: He is doing a nice job of carving up the minister, who sounds like a turkey stuffed with his own rhetoric.

Some hon. Members: Oh, oh!

Mr. Speaker: Order, please. I think the hon. member has had an adequate oportunity to put his supplementary question.

Mr. Allmand: Mr. Speaker, I lost the question, with all the rhetoric of the hon. member.

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NATIONAL UNITY

REMARKS CONCERNING SECRETARY OF STATE

Mr. Perrin Beatty (Wellington-Grey-Dufferin-Waterloo): Mr. Speaker, my question is for the Prime Minister.

An hon. Member: Another turkey.

Mr. Beatty: I wonder if he could confirm the authenticity of the report which appears on the front page of today's Ottawa Journal and purports to report on a memorandum written by the executive director of the Canadian Unity Information Office which accuses its former minister, the Secretary of State, of being "somewhat accident prone" and states:

Mr. Roberts does not know what we are doing, why we are doing it and probably doesn't care a hell of a lot as long as it doesn't get him into trouble.

Right Hon. P. E. Trudeau (Prime Minister): Yes, Mr. Speaker, I am told that such a document does exist and that it was the opinion an official expressed to his superior. Obviously, this government believes in free opinions. The note was an internal one. I can assure the House that I do not share the view of the official. I do know, from discussions and listening to the minister many times, that he is, on the contrary, a very intelligent and ardent proponent of national unity and all aspects of it.

Mr. Beatty: Mr. Speaker, as the Prime Minister will be aware, the memorandum is extremely critical of the effectiveness of the Secretary of State. It was purportedly written because of the author's concern over the issue of ministerial responsibility in the House of Commons for the Canadian Unity Information Office.

May I ask the Prime Minister, in view of the statement contained in the memo that, in summary, "we cannot afford the risk of having our effectiveness reduced because the minister does not know," to indicate to the House whether the responsibility for reporting to parliament was taken away from the Secretary of State and given to the Minister of Justice because the Prime Minister shared the concern that the Secretary of State was not properly and effectively operating on behalf of the Canadian Unity Informatin Office?

● (1132)

Mr. Trudeau: No, Mr. Speaker; even prior to the appointment of the Minister of Justice he was the minister to whom this group reported. That was at the time he was minister of state for federal-provincial relations. The estimates were in the Secretary of State's department because the Minister of Justice, then minister of state for federal-provincial relations, did not have estimates of his own. They had been part of the Privy Council estimates. Therefore, it was an administrative arrangement. However, the reporting was done to the present Minister of Justice. It remains with him. I, of course, have great confidence in him as I do in all my ministers.

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GOVERNMENT ADMINISTRATION

MEMO OF MINISTER OF NATIONAL REVENUE RESPECTING POLITICAL OBJECTIVES

Mr. Rob Parker (Eglinton): Mr. Speaker, my question is for the Prime Minister: it relates to a memorandum written by the Minister of National Revenue on November 27, headed "Stricly confidential". Was the minister expressing government policy when he wrote:

—the entire direction of my efforts must be measured against political objectives.

He further said he must clearly avoid, at all costs, speaking to delegations, signing mail dealing with legislation, and so on. Is that the policy of this government?

Right Hon. P. E. Trudeau (Prime Minister): Mr. Speaker, I understand the memorandum is one written by the minister to his political staff. As the House knows, each minister—and, indeed, the Leader of the Opposition and the Leader of the New Democratic Party—has persons called political people in their offices. It was his indication to them, I understand, that he wanted to achieve a high profile—and I believe he has done that.

Some hon. Members: Oh, oh!

Mr. Parker: Can the Prime Minister confirm that he is now heading a coalition government as in the same memorandum the minister expressed his intention to become a member of the CCF, a "cutting controversial figure"?

Some hon. Members: Hear, hear!

Mr. Speaker: Order, please. The hon. member for Vancouver Centre.

Some hon. Members: Hear, hear!

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AIR TRANSPORT

SUGGESTION MPs TRAVEL ON CANADIAN ROUTES BY CANADIAN AIRCRAFT

Hon. Ron Basford (Vancouver Centre): Mr. Speaker, my question is for the Minister of Transport. In his absence I will direct it to the Prime Minister.

Some hon. Members: Oh, oh!

Mr. Basford: In recognition of Canada being a Pacific Rim country, and Vancouver being Canada's gateway to the Orient, will the Prime Minister endeavour to persuade the Leader of the Opposition and the journalists travelling with him to visit Tokyo to travel via Vancouver and a Canadian route, rather than via Los Angeles and Hawaii?

Some hon. Members: Oh, oh!

Right Hon. P. E. Trudeau (Prime Minister): Mr. Speaker, I can assure the Leader of the Opposition that if he uses the pass issued to him by the Canadian airlines, there will be no criticism from this side of the House, particularly if he travels on a Canadian route.

ADMINISTRATION OF JUSTICE

APPOINTMENT OF CHIEF JUSTICE

Mr. Steven E. Paproski (Edmonton Centre): Mr. Speaker, my question is to the Prime Minister. Will the Prime Minister please advise this House who will be the next chief justice in this country, particularly the one in British Columbia?

Right Hon. P. E. Trudeau (Prime Minister): Mr. Speaker, the hon. member does not seem to know that the chief justice is well and is performing very well.

Mr. Paproski: Not in British Columbia.

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AIR CANADA

APPOINTMENT OF HON. BRYCE MACKASEY AS CHAIRMAN OF BOARD

Mr. J. P. Nowlan (Annapolis Valley): Mr. Speaker, my question is directed to the Prime Minister, who is extending his mettle from the press conference of yesterday. It relates to the serious question asked by the hon. member for Egmont about the appointment of Mr. Mackasey to the chairmanship of Air Canada.

In order to try to assess the value judgment of the Prime Minister, and without getting into dialectical debating points about the hon. members who have served their country well and are suggesting national unity red-herrings—

Some hon. Members: Oh, oh!

Mr. Nowlan: Does the Prime Minister honestly believe, in view of the record of Mr. Mackasey when he was the minister responsible for the Unemployment Insurance Commission and the minister responsible for the Post Office, that his appointment to Air Canada measures up to the stature referred to in Judge Estey's report in 1975 when, in talking about directors of the board, the dominant governing force in the corporation's management structure, he said that appointees should have that stature to give the independence of thought that the position desires? Does the Prime Minister honestly think, in view of that person's record here legislatively, that he should be chairman of the board of the people's airline?

Right Hon. P. E. Trudeau (Prime Minister): Mr. Speaker, there is one record that Mr. Mackasey has: it is not with people who are the hon. member's friends, but with the ordinary people in Canada, the little man, the workers, the people in all categories of the population. I think his record in that area is sufficiently well proven that he will improve in every way possible the services of Air Canada.

Mr. Nowlan: Mr. Speaker, having served in this House with Mr. Mackasey, and appreciating very much his Irish nature and his compassion for people, I agree in part with the Prime Minister's answer.

Some hon. Members: Hear, hear!

Mr. Nowlan: However, are the standards for the chairman of Air Canada determined by a person's compassion for little people and not his outlook in many other areas? With regard to this appointment, is this the type of precedent the Prime Minister will follow in other areas? I might believe that the Minister of Industry, Trade and Commerce is a very interesting individual, who personally I might have had some very interesting times with—

Some hon. Members: Oh, oh!

Mr. Speaker: Order, please.

Mr. Nowlan: Is he going to be the new president of, for example, the CBC?

Mr. Trudeau: Mr. Speaker, I know of many of the qualifications of the Minister of Industry, Trade and Commerce for that particular post. However, if the hon. member would tell me some more about the interesting times he has had with the minister, I would perhaps discover some of his further qualifications.

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INDUSTRY

TAKEOVER OF SIMPSONS BY SIMPSONS-SEARS—STUDY BY COMMITTEE

Mr. Stanley Knowles (Winnipeg North Centre): Mr. Speaker, I have a question for the Minister of Industry, Trade and Commerce.

In view of the fact the proposed merger between Simpsons-Sears and Simpsons, which in effect is a takeover by Simpsons-Sears of Simpsons, increases the control of corporate power in the hands of a few, increases the amount of foreign ownership of Canadian industry and has many other disadvantages for this country, will the minister consider having this matter referred to the Standing Committee on Finance, Trade and Economic Affairs for review before the merger is approved?

Hon. Jack H. Horner (Minister of Industry, Trade and Commerce): Mr. Speaker, the Foreign Investment Review Agency comes before the committee when it is considering my estimates. At that time its work can be fully examined. Any particular case can be examined during the study of those estimates. This particular case increases the ownership of a company doing business in Canada, namely, Sears. With this recent acceptance, as much as 75 per cent of it will be owned in Canada. However, the final decision as to whether the merger takes place or not is in the hands of the shareholders.

With regard to Simpsons, they are nearly 100 per cent Canadian. They can make a choice whether they want to accept the Hudson's Bay offer, a very good company which had had tremendous expansion in Canada over the last ten or 15 years and is a great merchandiser, or having greater participation and ownership in Sears, also a great merchandiser in Canada.

Mr. Knowles (Winnipeg North Centre): Mr. Speaker, may I remind the minister that the kind of review he talks about is after the event, not before, which was the point of my question. My supplementary question is based on the fact that in 1977 there were 193 foreign takeovers in Canada, the largest number in history.

● (1142)

In view of the fact that it looks as though that number will be exceeded in 1978, is the minister not concerned about this increasing degree of foreign ownership in Canada, and does he not think it time for the government to pay attention to the will of parliament when it passed the Foreign Investment Review Act—that we should move in the direction of greater Canadian ownership, not greater foreign ownership, as is happening under the policies of the present minister?

Mr. Horner: Let me explain this very carefully to the hon. member and to the House. About one-third of the supposed foreign takeovers which occur in Canada involve a foreign company selling its operation in a foreign land and a subsidiary in Canada being part and parcel of that agreement. In other words, in one-third of the applications an American company is really taking over another American company in Canada. Or, quite often, a German company is taking over another German company in Canada. Recently there were a number of Swedish cases.

In all cases we seek to determine a significant advantage to Canada. If the hon. member would add up the number of jobs we have created by allowing foreign investment in Canada and would calculate the increased degree of Canadian ownership, he would really get an idea of what FIRA is doing.

In the Simpsons' case, for example, Canadian ownership went up to 75 per cent from 60 per cent. Much more research and development is being done in Canada now because of Foreign Investment Review Agency demands. How many more jobs has this research and development created in Canada? These are questions the hon. member should consider before he concludes that the Foreign Investment Review Agency is not serving Canada very well. I think it is serving us very well.

Some hon. Members: Hear, hear!

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POST OFFICE

ANNUAL LIONS CLUB CONVENTION—COMMEMORATIVE STAMP

Mr. R. E. McKinley (Huron-Middlesex): Mr. Speaker, I had a question for the Minister of Public Works, but I see he is not here today. I do, though, have a question I was intending to put to the Postmaster General next week and I will ask that one today.

Lions Clubs from all over the world are holding their annual convention in Montreal next year. A few weeks ago, in answer to a question, the minister said consideration was being given by his department to recognizing the work of Lions Clubs all over the world, perhaps by issuing a commemorative stamp. I wonder whether the committee which is studying that matter has yet made a decision and whether it is in the affirmative.

Hon. J. Gilles Lamontagne (Postmaster General): Mr. Speaker, to my knowledge the committee has not yet finished its exploration of what is possible in connection with the Lions Club celebrations during their convention in Montreal next year. However, I can assure the hon. member that because of pressure from this side of the House, as well as from the other side, without taking note of pressures from countless other Canadians, we will do our utmost to find a way by which Lions Club members would be satisfied in commemorating this event in Montreal.

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REGIONAL ECONOMIC EXPANSION

DEVELOPMENT OF NORTHERN ONTARIO

Mr. Maurice Foster (Algoma): Mr. Speaker, I wish to direct a question to the Minister of Regional Economic Expansion concerning subsidiary development agreements with the province of Ontario. I want to congratulate him on the forestry management agreement involving some $71 million which was signed a week ago today and which will do a great deal for that industry.

In view of the termination next spring of the ARDA agreement which has done a great deal for rural development in northern Ontario, can the minister tell us whether a new agreement will be signed with Ontario to ensure the development of the northern part of the province and its resources in terms of minerals, agriculture, tourism and industry?

Hon. Marcel Lessard (Minister of Regional Economic Expansion): I just want to correct the figure the hon. member quoted. The agreement which was signed in connection with forestry last week involved a commitment of $82 million, $41 million of this coming from DREE. As to his question, I hope the negotiations with the government of Ontario presently taking place will allow us to sign an agreement which will probably start early in the new fiscal year of 1979-80.

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THE CANADIAN ECONOMY

FORECAST OF INFLATION RATE—IMPACT OF UNITED STATES RATE

Mr. Gordon Ritchie (Dauphin): Mr. Speaker, my question is addressed to the Minister of Finance. As inflation in the United States is now pushing to 10 per cent and as, in years past, the government has been saying that Canadian inflation is largely dependent on inflation abroad and not due to internal conditions, does the hon. gentleman believe that this steadily rising U.S. inflation rate will allow the economy to achieve the 6 per cent inflation rate forecast for the year end, or the 4 per cent figure forecast when the AIB was first established?

Hon. Jean Chrétien (Minister of Finance): I recognize, of course, that the level of inflation is going up in the United States and that ours is going down, but I do not think inflation in the United States will lead us to miss our target in Canada. We have a good chance of realizing our goals. It will, nevertheless, affect our situation here. There are, I am pleased to say, many observers who think that at this moment the pressure of inflation is lessening in the United States because of a change in the monetary policy of that country.

Mr. Ritchie: Does the minister contemplate taking any further significant steps to contain the effects of U.S. inflation for example, by giving more support to the dollar?

[*Translation*]

Mr. Chrétien: Mr. Speaker, I am afraid there is not much I can do about it at this time. It is evident that if Canadians demonstrate a lot more discrimination when they choose consumer products in Canada, and select Canadian goods over imported goods, they can certainly do a lot too to help. As to the balance of payments, if Canadians stay away from the United States because of the price increases there, they will certainly help improve our position as far as the tourist industry is concerned.

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[*English*]

PENITENTIARIES

REDUCTION IN CHAPLAINCY SERVICE

Miss Flora MacDonald (Kingston and the Islands): Mr. Speaker, my question is for the Solicitor General. It concerns a number of representations I have received in recent days against what is purported to be a cutback in the chaplaincy service in penitentiaries across Canada.

In committee, the commissioner stated there had been no formal notices of lay-offs sent to anyone in the chaplaincy service. In view of reports I have received to the contrary, can the Solicitor General tell us exactly what is going on? Can he assure us that there has been, and will be, no reduction in the chaplaincy service from the small number of people who perform a most important and necessary service?

Hon. J.-J. Blais (Solicitor General): I have nothing to add to the information which was given to the committee at the time the hon. lady was present at that committee meeting. I cannot assure her that there will not be a reduction in the number of chaplains within the service, for the reasons I gave to one of her hon. friends when this matter was raised. However, I will undertake to advise the hon. lady when

decisions are to be made. As to specific notices to which she has referred, I will look into that matter further.

Miss MacDonald: Mr. Speaker, the reports I have heard do not concern only one region; they come from regions all across the country. There is some indication that notices of a verbal nature, not of a formal, written nature, have been given which would result in cutbacks right across the country. If this is the case, would the minister reconsider the whole policy of proceeding in that way?

Mr. Blais: I will undertake to look into the matter further. However, it has always been my practice to receive representations, from whatever quarter, to analyse them carefully and then to make a decision. I will advise the hon. lady of that decision when it is made.

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HEALTH AND WELFARE

HEALTH CARE OF NATIVE PEOPLES

Mr. Paul Yewchuk (Athabasca): Mr. Speaker, I should like to direct a question to the Minister of National Health and Welfare. After meeting with the maritime chiefs for a few minutes yesterday—although there was no discussion of substance—can the hon. lady provide an assurance that she will meet with the maritime chiefs in January? Perhaps she could send them a letter to that effect.

● (1152)

Can she also undertake to rescind the present contract signed by her regional officials on Blue Cross and the Blue Shield payment plan, which is an unacceptable contract to the maritime chiefs and was implemented on December 1 without their consent and without adequate consultation with them?

Hon. Monique Bégin (Minister of National Health and Welfare): I am not aware of the latter part of the question and I will inquire in my department as to what it is all about. As to the first part of the question, it was difficult to have a discussion of substance in the minute when I was at the door and 30 persons were trying to get into the room while I was trying to get out with the other members of the committee. If the hon. member had not sent them to that room, I would have met them in my office.

I can confirm to the House—something which I have already done a few times—that I did send a telegram on Monday or Tuesday morning on receiving telegrams from the 40 different delegations of Indian chiefs in Canada, telling them that I would meet with them and that I was recommending that our technical people first meet immediately and then we would meet together in the second part of January, and that for a very good reason. I think it would be better and less expensive for everyone concerned if I went to their regions of the country instead of having huge delegations come to Ottawa, as they did yesterday, at public expense.

[Mr. Blais.]

Mr. Yewchuk: The minister seems to be attributing powers to me that I do not have in so far as the behaviour of the maritime chiefs is concerned. I would like to ask her another question concerning the new guidelines which in effect mean a reduction of the health services, such as dental and optometric services, in various areas. Would she agree to suspend the guidelines, as apparently has been done in Manitoba, at least until she has had a chance to talk to the maritime chiefs and obtain their views on these matters?

Miss Bégin: I welcome the opportunity to clarify to the hon. member once more the fundamental reason for these guidelines. These are guidelines for my officers to keep any abuse in check. I want that to be quite clear.

It is very easy to be irresponsible and to sign any request without even looking into it. I need the co-operation of the chiefs so that those in need receive what is meant for them. I said they would all receive whatever care they need in terms of dental services, eyeglasses, and so on. We are not speaking of the health delivery service but, rather, of four items which involve drugs, eyeglasses, transportation and dental costs. The hon. member is fully aware of that. All the Indians in need will receive these services, which amount to 50 per cent more than provincial welfare.

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EXTERNAL AFFAIRS

STATUS OF PRIME MINISTER'S MEETING WITH PRIME MINISTER OF JAMAICA—AGENDA

Mr. Benno Friesen (Surrey-White Rock): Mr. Speaker, my question is directed to the Prime Minister. Although my shy and retiring nature will not allow me to ask him whether he will use his pass to go to Jamaica later this month, I would like to know whether that visit will be an official one when he meets with Prime Minister Manley. If it is, could he tell the House what will be on the agenda and whether he will be discussing such things as the north-south dialogue and the economic rearrangement as a result of third world exigencies?

Right Hon. P. E. Trudeau (Prime Minister): Mr. Speaker, I thought the announcement of the summit had been made. Certainly I spoke about it at some length at my press conference yesterday. It will be a summit attended by something like seven, eight or nine heads of government and heads of state.

Concerning the hon. member's shyness, let me tell him that I will use my pass on Air Canada, if it is convenient, and if not I will attempt to fly to that summit on a Department of Transport JetStar.

There is no agenda: it is a summit convened by Mr. Manley and Chancellor Schmidt of Germany to develop the idea that it would be excellent, in order to break the log-jam in the dialogue between the north and south, if we could get some heads of government from the group of northern countries and some from the south to discuss, without an agenda, all the attendant problems with regard to disparities between the

third world and the industrialized nations and attempt to find solutions as the Commonwealth did when we set up the McIntyre committee after the Commonwealth meeting in Kingston in 1973. We would attempt, once again, to improve the quality of the understanding of the dialogue between the so-called third world countries and the developed world.

It will be a rather unstructured meeting. I do not expect there will be resolutions or communiqués and I have not encouraged the press to attend it as an event that would draw a great deal of public attention.

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SOCIAL INSURANCE

COMMITTEE STUDY OF USE OF SOCIAL INSURANCE NUMBER

Mr. Jean-Robert Gauthier (Ottawa-Vanier): Mr. Speaker, my question is for the Minister of Employment and Immigration, but in his absence I will direct it to his parliamentary secretary. It deals with the continuing concern over the use of the social insurance number beyond the original intention of the federal government.

I am convinced, as are many other Canadians, that the major demand for the use of the SIN is made by agencies and departments of provinces which require this number for the issuing of permits and licences. I wonder if the parliamentary secretary could confirm that the committee which will be formed in February will bring into public view the opinions of the provinces, and will he say who will participate in this committee and whether we will have some agreement on the use of the SIN in future years?

Mr. Frank Maine (Parliamentary Secretary to Minister of Employment and Immigration): I am sure the minister will want a full discussion on the use of the SIN, and I am sure the recommendation of the hon. member will be viewed favourably in so far as dialoguing with the provinces on this matter is concerned.

I should like to add that the use of the SIN in many cases is voluntary and well received. I refer to Operation Identification whereby local police officers, in co-operation with householders, use the SIN to identify valuable items in the home. Many persons who have had returned stolen goods so identified are very happy with the voluntary use of the SIN.

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CONSUMER AFFAIRS

PRICE OF TURKEYS IN WESTERN CANADA

Mr. Lorne Nystrom (Yorkton-Melville): My question is on the continuation of the turkey war and I should like to direct it to the Minister of Consumer and Corporate Affairs.

We have noticed that the price of turkeys in Ontario, for Christmas, is down but generally is remaining very high in the rest of the country. In view of the fact that the farmer receives less for turkeys in western Canada and Ontario when he sells them, but the consumer in Winnipeg continues to pay about 20 cents more and the producer is getting only four or five cents less for them, what is the reason for this discrepancy? Is it that there is more corporate concentration at the retail end on the prairies? Can the minister check into it and see if he can do something about it?

Hon. Warren Allmand (Minister of Consumer and Corporate Affairs): I read a news report that turkey prices were lower in Ontario than in the rest of the country, but I checked ads in Quebec, for example, and found that prices there were pretty much the same as in Ontario. I am not sure about the west and I am not sure about the reason for the differential, but I am willing to look into it.

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GOVERNMENT ADMINISTRATION

MEMO OF MINISTER OF NATIONAL REVENUE RESPECTING POLITICAL OBJECTIVES

Mr. Joe Clark (Leader of the Opposition): Mr. Speaker, I have had an opportunity to take a look at the momorandum in relation to the Canadian Unity Information Office written by a former executive assistant to the economic super minister.

As the Prime Minister will have noted, there is a reference in that memorandum to the activities of the information office becoming "more politicized" over the next few weeks and months, and then there is a specific reference to the hiring of advertising agencies.

Can the Prime Minister tell the House which agencies it is contemplated will be hired which will generate political controversy, and what are the kinds of actions contemplated, to his knowledge, by the Canadian Unity Information Office that will escalate the reputation of that office as a politicized group?

Right Hon. P. E. Trudeau (Prime Minister): Mr. Speaker, I will defer to the Minister of Justice who can give more details on this particular group, but the House is aware of the fact that there is a referendum bill before the House and that we intend to take a very active part in promoting the Canadian point of view throughout the period preceding any possible federal referendum.

Certainly, we intend to participate actively, as we have been doing, in the political debate on the issue of the separation of Quebec in the period preceding the Quebec referendum. No doubt this is the type of political activity that is contemplated in the memorandum to which the Leader of the Opposition referred.

Mr. Clark: I fail to understand questions relating to the appointment of advertising agencies which are seen by a former political appointee to a political minister, now a member of the Canadian Unity Information Office, being one of the sources of political controversy that the office will have

to contemplate. I fail to see how that relates directly to problems which would naturally arise in the putting forward of a federal case.

● (1202)

My supplementary question to the right hon. Prime Minister is an administrative and structural one. Can the Prime Minister tell the House why the Minister of Justice will be answering in this House in relation to that office, and not the new Minister of State for Federal-Provincial Relations?

Mr. Trudeau: Mr. Speaker, I believe I have the same memorandum as the hon. Leader of the Opposition. I see more visible and more politicized as an objective. In the hiring of agencies, of course, we would want to ensure that they were agencies which were not tinged by adverse political influences such as separatism. We would want to ensure that we are hiring agencies which believe in federalism and which will not—

Mr. Broadbent: Tory agencies in Nova Scotia.

Mr. Trudeau: There may be some suggestions coming from the hon. Leader of the New Democratic Party concerning Tory agencies, but I am sure I can get advice from both sides of the House on this.

As to the reporting of that group to the Minister of Justice, it is simply because the Minister of Justice was the minister to whom this group reported previously. It will continue in that capacity, the Minister of Justice being the lead minister in terms of the referenda bill before the House of Commons.

Some hon. Members: Hear, hear!

Mr. Clark: What does the Minister of State for Federal-Provincial Relations do?

Miss MacDonald: What is left?

Mr. Speaker: Order, please. The hon. Minister of National Revenue and Minister of State for Small Business (Mr. Abbott) on a question of privilege.

* * *

PRIVILEGE

MR. ABBOTT—MEMO RESPECTING POLITICAL OBJECTIVES

Hon. A. C. Abbott (Minister of National Revenue and Minister of State (Small Business)): Mr. Speaker, I rise on a question of privilege. It arises out of a question to the Prime Minister (Mr. Trudeau) by the hon. member for Eglinton (Mr. Parker). As a preliminary point, hon. members are aware that I made a good deal of effort to reduce the burden of paperwork in government. I want to announce happily that I shall not be writing any more memoranda to myself.

I realize the hon. member was attempting to be cutting and controversial. I do not ask him to reserve that field for myself. Also, I realize some of the comments I made in the memorandum may have been injudicious. But the hon. member joined two points in his question to the Prime Minister. He said that I would measure everything against political objectives, and that I would refuse to sign mail and meet people. In relation to signing mail, I said only that I did not wish to be submerged by my department in these chores which would prevent me from doing some of the other important things.

Mr. Rob Parker (Eglinton): Mr. Speaker, in reply to the question of privilege raised by the hon. Minister of National Revenue and Minister of State for Small Business (Mr. Abbott), perhaps there is some disagreement concerning the exact interpretation of the document in question. Perhaps the minister would be willing to table it. If he is not, I would be willing.

Mr. Speaker: Order, please. That is as good a finish as any to a non-procedural point.

ROUTINE PROCEEDINGS

[*Translation*]

HEALTH, WELFARE AND SOCIAL AFFAIRS

Second report of Standing Committee on Health, Welfare and Social Affairs.—Mr. Gauthier (Ottawa-Vanier).

[*Editor's note: For text of above report, see today's Votes and Proceedings.*]

* * *

[*English*]

DEPARTMENT OF LABOUR ACT

AMENDMENT REMOVING REQUIREMENT TO PUBLISH "LABOUR GAZETTE"

Hon. Martin O'Connell (Minister of Labour) moved for leave to introduce Bill C-30, to amend the Department of Labour Act.

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

* * *

COLLECTIVE BARGAINING INFORMATION CENTRE ACT

MEASURE TO ESTABLISH

Hon. Martin O'Connell (Minister of Labour) moved for leave to introduce Bill C-31, to establish the Collective Bargaining Information Centre.

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

FOREIGN ECONOMIC BOYCOTT REQUESTS REPORTING ACT

MEASURE TO PROVIDE FOR REPORTING OF INFORMATION

Hon. Jack H. Horner (Minister of Industry, Trade and Commerce) moved for leave to introduce Bill C-32, to provide for the reporting of information relating to foreign economic boycott requests.

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

* * *

STATUTE LAW (METRIC CONVERSION) AMENDMENT ACT, 1978

MEASURE FACILITATING CONVERSION TO METRIC SYSTEM

Hon. Jack H. Horner (Minister of Industry, Trade and Commerce) moved the first reading of Bill S-10 (from the Senate), to facilitate conversion to the metric system of measurement.

Motion agreed to and bill read the first time.

* * *

TRADE

TABLING OF THIRD SEMI-ANNUAL REPORT ON INTERNATIONAL ECONOMIC BOYCOTTS

Hon. Jack H. Horner (Minister of Industry, Trade and Commerce): Mr. Speaker, pursuant to Standing Order 41(2), I have the honour to table in both official languages the third semi-annual report on international economic boycotts.

* * *

QUESTIONS ON THE ORDER PAPER

(Questions answered orally are indicated by an asterisk.)

Mr. Yvon Pinard (Parliamentary Secretary to Deputy Prime Minister and President of Privy Council): Mr. Speaker, the following questions will be answered today: 82, 152, 387, 516, 547, 549 and 586.

[*Text*]

PUBLIC WORKS—CONSTRUCTION OF POST OFFICES IN QUEBEC

Question No. 82—**Mr. Lambert (Bellechasse):**

During the fiscal year 1976-77 and 1977-78, did the Department of Public Works construct any buildings which were used as post offices in the Province of Quebec and, if so (a) how many (b) in which municipalities (c) at what cost (d) were tenders called?

Hon. André Ouellet (Minister of Public Works and Minister of State for Urban Affairs): (a) Public Works Canada completed eight single purpose buildings to be used as post offices in the province of Quebec, during 1976-77 and 1977-78.

(b) Municipality	(c) Cost
Anjou	$735,000
Chelsea	215,000
Clarke City	114,000
Deschambault	181,000
Repentigny	393,000
St. Bruno de Montarville	378,000
St. Justine de Newton	96,000
St. Lazare	85,000

(d) Yes.

NOTE: In addition to the single purpose buildings, four General purpose buildings were completed in the Province of Quebec during the period 1976-04-01 to 1978-03-31, which contained postal facilities and tenders were called:

MUNICIPALITY	% OF BUILDING USED BY POST OFFICE
Campbell's Bay	31
Contrecœur	50
Mount Laurier	60
St.-Hyacinthe	45

NON-CANADIAN REGISTERED VESSELS IN CANADIAN WATERS

Question No. 152—**Mr. Forrestall:**

For each year since 1970, what was the (a) name (b) country of registry (c) cargo or purpose of voyage (d) number of voyages made of every non-Canadian registered vessel which operated in Canadian waters north of the 60th parallel, excepting those vessels transporting grain from the Port of Churchill?

Hon. Otto E. Lang (Minister of Transport):

	(a) Vessel's name	(b) Country of Registry	(c) Cargo	(d) Trips
1970	Thuntank VI	Great Britain	Petroleum	1
	Thoradan	Denmark	General	1
	Esso Panang	Panama	Petroleum	1
	Trojaland	Sweden	General	1
1971	Thuleland	Sweden	Petroleum	1
	Tavastland	Sweden	Petroleum	1
	Esso Panang	Panama	Petroleum	1
	Federal Hudson	Great Britain	General	1
1972	Palva	Finland	Petroleum	1
	Helgadan	Denmark	General	1
	Thebeland	Sweden	General	1
	Thoradan	Denmark	General	1
	Englishman	Great Britain	General	1
	Duhallow	Great Britain	Asbestos	2
	Northern Shell	Great Britain	Petroleum	1
	Poolzee	Netherland	Asbestos	1
	Messiniaki	Greece	Petroleum	1
	Tavasland	Sweden	Petroleum	1
	Federal Hudson	Great Britain	General	1
1973	Salerno	Great Britain	General	1
	Wilke	Finland	Petroleum	1
	Thebeland	Sweden	General	1
	Palva	Finland	Petroleum	1
	Esso Halifax	Liberia	Petroleum	1
	Helgadan	Denmark	General	1
	Cotswold	Great Britain	Asbestos	1
	Buccleuch	Great Britain	Asbestos	2
	Northern Shell	Great Britain	Petroleum	1
	Thuleland	Sweden	Petroleum	1

	(a) Vessel's name	(b) Country of Registry	(c) Cargo	(d) Trips
	Tundraland	Sweden	General	1
	Thora Dan	Denmark	General	1
	Wilke	Finland	Petroleum	1
1974	Finnmaster	Finland	General	1
	Salerno	Great Britain	General	1
	Atherstone	Great Britain	Asbestos	3
	Wilke	Finland	Petroleum	2
	Nordic Ranger	Liberia	Asbestos	1
	Inland	Great Britain	General	1
	Nordic Regent	Norway	Asbestos	2
	Palva	Finland	Petroleum	1
	Tundraland	Great Britain	General	1
	Thuleland	Great Britain	Petroleum	2
	Pinnebog	U.S.A.	Petroleum	1
1975	City of Corinth	Great Britain	General	2
	Palva	Finland	Petroleum	1
	Esso Bombay	Panama	Petroleum	2
	Wilke	Finland	Petroleum	3
	Nordic Rover	Liberia	Asbestos	2
	Artherstone	Great Britain	Asbestos	3
	Northern Steel	Panama	Petroleum	2
	Kivisto	Panama	Petroleum	1
	Tundraland	Great Britain	General	1
1976	Duivendrecht	Netherland	Asbestos	2
	Esso Bahamas	Liberia	Petroleum	2
	Scherpendrecht	Netherland	Asbestos	2
	H-1070	Bermuda	Petroleum	1
	Palva	Finland	Petroleum	1
1977	Dordrecht	Netherland	Asbestos	1
	Gothic Wasa	Sweden	Zinc and Lead Concentrates	2
	Esso Bahamas	Liberia	Petroleum	3
	Lunni	Finland	General	1
	Pinnebog	U.S.A.	Petroleum	1
	Baltic Wasa	Sweden	Zinc and Lead Concentrates	3
	Wulven Drecht	Netherland	Asbestos	1
	Scherpendrecht	Netherland	Asbestos	1
	Duivendrecht	Netherland	Asbestos	1
	H-1070	Bermuda	Petroleum	1
1978	Celtic Wasa	Sweden	Zinc and Lead Concentrates	2
	Gothic Wasa	Sweden	Zinc and Lead Concentrates	1
	Deltadrecht	Netherland	Asbestos	2
	Dordrecht	Netherland	Asbestos	3
	Lunni	Finland	Petroleum	1
	Pinnebog	U.S.A.	Petroleum	1
	Esso Bahamas	Liberia	Petroleum	1
	Tozui Maru	Japan	N/A	1

CROWSNEST PASS

Question No. 387—**Mr. Herbert:**

During each of the past ten years, what was the estimated loss of revenue in the maintenance of the Crowsnest Pass rates?

Hon. Otto E. Lang (Minister of Transport): The commission on the costs of transporting grain by rail (Snavely Commission) found that for 1974 the total cost of moving grain at Crowsnest pass rates was $231 million. Of this total, revenues accounted for $89.7 million, the federal government paid $52 million in branch line subsidies while the remainder ($89.3 million) was borne by the railways. Mr. Snavely recently updated his work for the year 1977. In this case the total cost was $354 million of which revenues were $114.8 million, subsidies $63.7 million and the railways covered $175.5 million. No data is available to produce comparable figures for years other than 1974 and 1977.

[Mr. Lang.]

PRODUCER RAILWAY CARS—WESTERN CANADA

Question No. 516—**Mr. Mazankowski:**

1. How many producer loaded railway cars were involved in the movement of grain in Western Canada for each of the past five crop years?

2. What is the government's policy on producer loaded cars?

Hon. Otto E. Lang (Minister of Transport): Transport Canada advises as follows:

1. 1973-74 181
   1974-75 96
   1975-76 394
   1976-77 255
   1977-78 2174

Source: Canadian Wheat Board.

2. There has been no change to the Canada Grains Act which governs the use of producer loaded railway cars.

MARITIME POLLUTION CLAIMS FUND

Question No. 547—**Mr. McKinnon:**

1. What is the total amount accumulated in the Maritime Pollution Claims fund?

2. How many payments have been made from the Fund and, in each case (a) in what amount (b) to whom (c) on what date?

Hon. Otto E. Lang (Minister of Transport):

1. $48,997,810.93 as of October 31, 1978.

2. Two.

   (a) $345.90. (b) Mr. William Guimond, fisherman, Pointe au Père, Quebec. (c) October 23, 1975.

   (a) $300. (b) Mr. Eudore Boudreau, fisherman, Carleton, Quebec. (c) January 5, 1977.

PRAIRIE RAIL ACTION COMMITTEE

Question No. 549—**Mr. Murta:**

To date, what was the total cost of operating the Prairie Rail Action Committee?

Hon. Otto E. Lang (Minister of Transport): As of November 15, 1978, the total expenditures for the Prairie Rail Action Committee were $221,135.97.

AIRPORT AT URANIUM CITY—SASKATCHEWAN

Question No. 586—**Mr. Hnatyshyn:**

Is Eldorado Nuclear Limited, the Department of Energy, Mines and Resources or any agency thereof, purchasing the airport at Uranium City, Saskatchewan and, if so, for what price and for what purpose?

Mr. Pierre Bussières (Parliamentary Secretary to Minister of Energy, Mines and Resources and Minister of State for Science and Technology): The Department of Energy, Mines and Resources, Eldorado Nuclear Limited, Atomic Energy of Canada Limited, Atomic Energy Control Board, National Energy Board and Uranium Canada Limited report as follows: No.

[*English*]

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

Mr. Speaker: Shall the remaining questions be allowed to stand?

Some hon. Members: Agreed.

GOVERNMENT ORDERS

[*English*]

MINISTRY OF STATE FOR ECONOMIC DEVELOPMENT

ESTABLISHMENT OF DEPARTMENT

The House resumed from Thursday, December 14, consideration of the motion of Mr. Trudeau:

That the following address be presented to His Excellency the Governor General of Canada:

To His Excellency the Right Honourable Jules Léger, Governor General and Commander-in-Chief of Canada.

May it please Your Excellency:

The House of Commons, having considered the proposed text of the order in council laid upon the table of the House on December 4, 1978, in relation to the establishment of a Ministry of State for Economic Development, prays that the making of the said order in council be approved.

Mr. Speaker: Order, please. The hon. Minister of Industry, Trade and Commerce (Mr. Horner) has the floor. Before giving him the floor, I should like to indicate to the House that if this debate were to run its full seven-hour course, as has been prescribed by the statute under which we are debating this motion, according to the calculation of the Chair there remains one hour and eleven minutes.

Hon. Jack H. Horner (Minister of Industry, Trade and Commerce): Mr. Speaker, last evening when this proposed proclamation was being discussed, I listened extensively to the contributions of the hon. member for Qu'Appelle-Moose Mountain (Mr. Hamilton) and the hon. member for St. John's East (Mr. McGrath). I was struck by the differences in the two contributions. The hon. member for St. John's East wanted me to pay greater attention to the economic advisers in the country, but the hon. member for Qu'Appelle-Moose Mountain begged the House to give him one more chance to be a minister. Then he would tell those economic advisers, who advised him when he was a minister in the early 1960s where

to get off. He wanted one more chance to straighten out the economic advisers. The hon. member for St. John's East wanted me to listen to some of the economic advisers, and he claimed that I was not listening. Some of them are perhaps right, but some are perhaps too negative for me.

● (1212)

Mr. McGrath: Mr. Speaker, I rise on a point of order. I do not wish to interrupt the hon. member, but he is referring to my colleague, the hon. member for St. John's West (Mr. Crosbie). East is east and west is west, and never the twain shall meet.

Mr. Horner: Mr. Speaker, I apologize for making that mistake. One is a serious minded Canadian and the other is a jokester, and I should have had them straightened out as to which is east and which is west.

I should say that in looking at the economic reports one should study, the vice-chairman of the Conference Board in Canada, with which the Conservative party seems to have some ties, was quoted in the *Financial Post* of about two weeks ago as suggesting that the province of Alberta would have slower economic growth in the year 1979 than the rest of Canada. I do not know where that economist has been or where he learned his economic trade, but he should not expect me to accept that line of reasoning. I do not know whether I would call it balderdash, but it is certainly chock full of nonsense to my mind. The underlying strength of the economic growth in the province of Alberta will, I think, once again in 1979, if not lead the rest of the country, be very close to it.

Certainly the government is taking action when the Canadian economy is showing definite improvement. Members opposite do not like to hear this and complain from time to time when I make some remarks in this regard. They prefer gloomy news. I remember a year ago being accused of not utilizing capacity in the Canadian manufacturing industry. It was then at about 83 per cent and now it is up pretty close to 88 per cent, representing a substantial improvement in the Canadian manufacturing industry.

To me the Canadian economy is verging on the edge of a gigantic step forward. If anyone wants to consider the reasons, certainly the 85-cent dollar helps substantially; there is no question about that. We have greatly improved productivity in relation to our major trading nation, the United States. We still have problems with unemployment and inflation, but I think we have joined with the provinces in the first ministers' meetings to launch an attack on both these problems.

In looking at the question of unemployment, when I think of the number of jobs my department alone has created in the past year in every province of Canada one can readily see that we have made some tremendous steps forward.

Last evening I mentioned the aircraft industry and I should now mention the textile industry. Many people opposite, Sunday economists, believe we should get out of the textile industry completely. Actually the clothing apparel and fibres industry alone employs over 200,000 Canadians. In the city of

Winnipeg the textile and clothing industry is the largest single employer. My department has done a great deal to enhance the stability of that industry. Manitoba does not particularly appreciate that industry, but it is still playing a major part in the economies of the city of Winnipeg and Manitoba.

An hon. Member: The same with Drummondville.

Mr. Horner: Yes, the same with Drummondville and many other parts of Canada.

A few weeks ago I discussed an able and factual study put out by my department in regard to Canada's manufacturing industries. I was accused by the hon. member for St. John's West (Mr. Crosbie), who read off a number of newspaper quotations, of having in fact misled the House and the country by quoting actual facts with regard to our exports and imports. As I said today during the question period, this study shows that in 1977 we exported twenty times more fully manufactured goods than we did in 1960.

Let us look at our position in respect of imports of fully manufactured goods. The amount of fully manufactured goods imported in 1977 compared to 1966 has gone up only five times. One can readily see that the gap is narrowing. Perhaps it is not narrowing as fast as one would like, but we are a trading nation and, as I mentioned last evening, we depend on that trade. In order to trade one has to accept goods from other countries.

Naturally we have to meet the competition that exists. I mentioned a couple of particular steps last evening that we are taking to encourage and make Canadian industry better able to meet that competition. If the Ottawa *Citizen*, the Toronto *Star* and the Science Council of Canada think I have misrepresented the facts, let them take a look at that document and prove to me where I have done so.

There is no question in my mind that Canada has grown a great deal. Today in nearly every 33-day period we export as much as we did in a full year back in 1960 and 1961. That is an indication of how big we have become as an industrial nation. In every 33 days we export as much as we did in 1960 and 1961. We have become a huge industrial nation. In fact, a trade commissioner from Russia told me we are the sixth largest industrial nation in the world.

In an effort to meet competition we can expect that in the 1980s the president of the new economic board, with its new powers, will do a lot to assist Canada, and will pay greater attention to industry so that we can serve it better.

Members opposite should look at our trade figures. As I have mentioned in this House on many occasions, in 1961 some 22 per cent of our total exports were in grain. That has diminished to about the point where grain products account for 8 per cent or 9 per cent. One would automatically think grain sales have fallen off and we are selling less grain than ever before, but that is not true. In the late 1950s and the early 1960s we averaged about 340 million bushels in grain exports per year. In the late 1960s we averaged about 440 million bushels. In the early 1970s we averaged about 660 million bushels, and in the last couple of years we have moved 700 million bushels of grain each year for export.

Our exports of fully manufactured goods have gone up substantially. Looking at the same period, in 1960 and 1961 fully manufactured goods accounted for 8.8 per cent of our trade. Automobiles accounted for 4 per cent, nearly half of that total of 8 per cent. Today fully manufactured goods account for something like 34.7 per cent. Automobiles are up as high as 23 per cent. I mentioned earlier in the House that our deficit in respect of automobiles, trucks and parts will be substantially down this year.

In fact, if one wants to look at the basic volume of exports, ignoring the dollar figures completely, our volume this year will be up about 8 per cent. Our volume of imports without looking at the dollar figures will be practically zero. That will give an indication of what is really happening in this country of ours. We are meeting world competition and we are certainly importing less in comparison to what we are exporting.

To me, Canada has great potential to meet the competitive challenges of the 1980s. I am certain that this new thrust of the government to co-ordinate the economic efforts of various departments so that they can work together in making sure our industry is assisted in every possible way to meet that challenge is a move in the right direction. My Department of Industry, Trade and Commerce will work very well with the president of the Board of Economic Development Ministers, and I am certain this will be a beneficial step for this great industrial nation.

• (1222)

Mr. Harvie Andre (Calgary Centre): That was an astounding speech, Mr. Speaker, made by the Minister of Industry, Trade and Commerce (Mr. Horner).

Mr. Horner: Thank you for the compliment.

Mr. Andre: The use of the word "astounding" was no compliment. For 15 minutes the minister poured forth a lot of nonsense which, if it were true, would mean that Canada has no unemployment, an inflation rate of 2 per cent and the greatest economy in the world.

I have listened or read the speeches on this debate very attentively in an attempt to get some information on what this new super ministry is all about. Most of the public comment on this new board has been by way of inquiry. The Ottawa *Citizen* put it as well as anybody in an editorial in the November 25 issue:

> The question is, why was it necessary to take this administrative step—haven't these ministers been speaking to each other in the past? Has one hand in cabinet not known what the other has been doing?

I wanted to hear what the new board would be doing that had not been done by the existing structures of this government. Why have these existing structures failed, and if they have, why are they being kept in place? If these existing structures have not failed, then why do we have the new super ministry? I read very carefully the remarks of the Prime Minister (Mr. Trudeau) in looking for an indication as to what

this board would be doing. What I read was a bland, partial budget type of address followed by some bland generalities. If it contained anything at all, the speech indicated that this new board would be removing from the authority of the existing ministries that for which they heretofore had been responsible. The Prime Minister said, as recorded at page 2093 of *Hansard*:

—that board will be charged with: defining an integrated federal approach to the provision of direct support to industry and economic development in Canada.

That remark covers almost totally the responsibilities of the Minister of Industry, Trade and Commerce. The Prime Minister goes on to say that this board will be responsible for "co-ordinating government policy". What are the 23,000 people in the Department of Supply and Services doing? I thought that was their responsibility. This board will also be charged with "reviewing and co-ordinating proposals by departments prior to their submission to cabinet". We have a plethora of cabinet committees charged with that responsibility. The Prime Minister says that "it will be charged with developing mechanisms to improve and to integrate program delivery at the local level". It is difficult to say what that statement means.

I have also familiarized myself with the remarks of the various ministers who have spoken. The Minister of Finance (Mr. Chrétien) made the incredible comment that "it won't do any harm". He and the new super minister are great friends and have known each other for a long time. He assured us that they could get along. Of all the incredible explanations for the extra expense of this board being imposed on the Canadian taxpayers, that one takes the cake.

The Minister of Regional Economic Expansion (Mr. Lessard) spoke for 40 minutes. I read his speech twice and I still could not ascertain whether he thought that this board would be helpful or harmful. He spent most of his time talking about his department. All I could gain from his remarks was that he thought that the board probably would not make a lot of difference in the end result and that he would be able to carry on as he had before its establishment.

The Minister of Industry, Trade and Commerce offered the incredible explanation that, as a result of the board's establishment, he will now have ten allies to back him up with his proposals when he attends cabinet meetings. That statement implies that before he had no allies in cabinet. Also, as I understand the remarks of the Prime MInister, he has little confidence in the Minister of Industry, Trade and Commerce because his policies will now have to be approved by the super minister.

In his preliminary remarks, the Minister of Industry, Trade and Commerce praised the establishment of two new study groups within his department. One of the groups would be called the blue ribbon committee of business and labour, and its purpose would be to look at ways of improving exports. The other committee was called the committee of small business, which would look at ways of improving access by small businesses to programs of large capital expenditure around the country. If I understand the remarks of the Prime Minister correctly, these two committees will be reporting to the new super minister, not to the Minister of Industry, Trade and Commerce.

In all, four ministers have spoken and the House is no wiser as to what this new ministry is to do and just how Canadians will benefit from the additional expense to establish it. It was probably best summed up by John Gray in the Ottawa *Journal* yesterday when he quoted an unnamed official in his column. It reads:

"Obviously, if the cabinet committee system were working 100 per cent, there wouldn't be any need for this thing."

This official recognizes that the establishment of this super ministry is an admission on the part of the government of its complete and utter failure in trying to manage the business of the country during the ten years this Prime Minister has held office.

Hon. members will recall the great accolades the Prime Minister received for his approach to the question of management of government when he first took office. He was a man of the modern era, a systems man who appreciated technocrats. He was putting in place new, modern systems for the management of information flow through cabinet so that decisions could be made on a systematic and proper basis with everyone having access to all the relevant information.

Some months ago I had the privilege of participating in a seminar on the operation of government central agencies. One of our speakers was a senior civil servant who had been in the Privy Council office during this time of organization. This fellow explained to the seminar just how the cabinet functioned and how the Privy Council operates in conjunction with the cabinet. It was an incredible description. It was beautifully done, and he was obviously very proud of what he and the other technocrats had created there. With flow charts and transparencies on top of transparencies, he explained to the seminar how information flowed through cabinet, how decisions were made, which committee sees which piece of legislation, and the feedback system which was in place. With a lot of high sounding figures, he indicated the structures this Prime Minister had put in place to make the most efficient government in the world. It was absolutely incredible, beyond belief. How anyone could witness that and not see that the government was totally out of control astounds me.

● (1232)

There is no mystery about why the Privy Council staff has increased from 63 people to 469 people within ten years. They need that many people to keep track of all these systems and procedures that have been put in place by the Prime Minister with great pride in the past ten years. After ten years of the people of Canada having to pay the price for that incredibly stupid approach to management, there is now some recognition that it was an utter and complete failure and that something else needs to be done.

The new ministry that is proposed, with the vague guidelines that the Prime Minister has presented to this House, is not the answer. The incredibly complex Privy Council cabinet struc-

ture has not been undone; instead, another layer of bureaucracy has been put on it. That is not going to help one iota. It is a reminder to the people of Canada of the Prime Minister's blind spot, of his unwillingness to recognize that people's problems cannot be solved by moving chairs, by establishing new committees or by restructuring things. Examples of failure of that method are legion. There have been over 400 cabinet changes in the lifetime of this government, Mr. Speaker. How can anyone know where the washroom is, let alone know what their department is doing or how to exercise any control?

That kind of approach to government organization results only in total control falling into the hands of senior bureaucrats. A small handful of senior civil servants, the Privy Council office and a few of the key departments are, in effect, running the government. They answer only to the Prime Minister. The rest of the cabinet is absolutely irrelevant; their role is to show up at myriad meetings and say "Aye, sir." They make no other contribution to government and I suppose we should be grateful for that. As every objective journalist who has followed this government has indicated lately, this is clearly the weakest cabinet in Canadian government history.

There is one charitable explanation of why the Prime Minister has imposed this system. It could arise—I am not saying that it did—as a result of the recognition by the Prime Minister that his government is not obeying the policies decided by cabinet. Let us look at a few examples. The budget stated in four different places that it was the intention of the government to reduce involvement in the private sector. That statement was made in the throne speech in four different places. It was also made on national television on August 1 in the speech of the Prime Minister.

Less than two weeks after the throne speech the government nationalized Nordair and then it nationalized the oil company, Pacific Petroleums Ltd. These actions were directly contrary to the government's stated policy. I am willing to suggest that possibly the Prime Minister did not like doing that and that perhaps he has created this super minister to keep a watch on other irresponsible ministers who take decisions contrary to government policies.

There are a lot of other examples, Mr. Speaker. The Minister of State (Small Business) (Mr. Abbott) announced last spring the establishment of an office to reduce the burden of paperwork. It was to cut the red tape and reduce the paperwork imposed by government on industry. Less than two weeks after that announcement the Minister of Energy, Mines and resources (Mr. Gillespie) introduced a bill entitled "Petroleum Corporations Monitoring Act". The total intent of this bill was to impose an additional paperwork burden on this industry. It was directly contrary to the policy announced by the Minister of State (Small Business) which presumably had the approval of cabinet.

There were also the commitments in the throne speeches of 1973 and 1974 that the then minister of state for science and technology was to be given new muscle and would truly be in charge of the goverment's efforts in the areas of science and technology. No such thing happened, Mr. Speaker; in fact, government actions were directly contrary.

I am prepared to concede that the Prime Minister has recognized that kind of conflict between commitment and performance and is trying to prevent it happening in the future. In 1972, the then minister of state for science and technology made a policy announcement to the effect that henceforth the amount of in-house spending would be reduced as a percentage of total government expenditure. In fact, the amount of in-house spending actually increased over the next four years. Again the actions of the goverment were directly contrary to their stated policy.

In 1972 Treasury Board announced that henceforth it would not build up large computer services in-house but would contract out to the private sector. Over the next five years, exactly the opposite happened. They built up large in-house computer services and the amount of contracting out decreased.

These are just a few examples of where government policy has been contradicted by government action and it is not a complete list, Mr. Speaker. I am prepared to concede that just possibly and finally after all these years the Prime Minister is starting to realize that the public will not allow the government to get away with saying one thing and doing another. The government is going to have to make sure its actions are consistent with what they have announced as policy. This super ministry has been told to try and keep the reins on those ministers who have not bothered to make sure their actions are consistent with their commitments.

If that is the purpose of this board, it is a sad commentary on the capabilities of cabinet, Mr. Speaker. It is a sad commentary on the honesty of the people involved that a super ministry has to be created to see that they do not deceive the Canadian public and that their actions are consistent with their statements. If that is what is necessary to control them, however, then that is what has to be done. I wish the minister well if that is the objective.

I have strong suspicions, however, that this charitable view is probably not quite accurate. It is more likely that the real reason for establishing this ministry is a final recognition or death bed repentance by the Prime Minister that, in terms of managing government and cabinet operations, the sophisticated approach to cabinet which he brought in with great fanfare ten years ago has been a dismal failure. That ten years of failure has imposed a burden on this country which it should not be asked to continue to bear.

There is only one real solution to the problem of that kind of incompetence, that lack of managerial ability by the Prime Minister, and that is to make a change. That is the only real answer. That is what this country needs. We need a new prime minister who understands management. We need a prime minister who has considered the problem and who recognizes that it is the people who count, not the structures. You cannot create a fancy system and put in whoever you want and get desirable results. You cannot take a broken down, defeated politician and make him chairman of a major international

airline and expect to get performance. We need a prime minister who recognizes that this cannot be done. We will have that kind of a prime minister after the election. We sincerely hope and pray that before the election we will not be inflicted with any more of those kinds of stupid decisions, changes and appointments.

● (1242)

It just boggles the mind to think what arrogance it must take to dismiss democracy totally and to say to yourself that being defeated, being turned down by Canadian citizens in a democratic, secret ballot election, is a qualification for a person to serve in high office again in this country. It boggles the mind to think of the arrogance it takes to make that kind of an appointment. The sooner a person with that kind of arrogance is sent back to counting and identifying tree leaves, plants or whatever else he desires, the better off this country will be.

My leader, in answering the Prime Minister's banal generalizations, listed a number of specific changes that should be introduced in terms of improving the operations of government. These are changes that we will introduce to try and bring some semblance of rationality to the government of this country. I urge the House and the new President of the Board of Economic Development Ministers to take a look at that. On behalf of all Canadians I beg him, at least in the few months of life left in this government, not to take any action that will further destroy what little there is left of the policies and the personnel left in our senior civil service who are trying, in spite of this incompetent government, to give the people the kind of service they deserve and are paying for.

My expectations of this ministry are very low. I cannot see how by shuffling around incompetent people this new shuffle will drag out some secret, hidden competence which heretofore has been invisible to us. I plead with the minister, at least until there is an election and his leader screws up the courage to ask the people of Canada whether they want to give him a mandate to proceed, not to do anything so precipitous that the next government, when it takes office after the election, will be faced with an impossible task or a task which will take two or three years to clean up the mess before it can get on with the job of giving this country the kind of leadership and government it deserves.

I will conclude my remarks at this point so that others who want to participate in this debate will have that opportunity.

Hon. Robert K. Andras (President of the Board of Economic Development Ministers): Mr. Speaker, we are approaching the end of about seven hours of discussion of a proposal which is before the House. Members have heard the comments of the Prime Minister (Mr. Trudeau) and the description of the ministry of the President of the Board of Economic Development Ministers. The proclamation, that was tabled in the House the other day, sets out the responsibilities of that board and the portfolio of the ministry itself. I am inclined to think my best contribution to the discussion would be to elaborate a little on the attitudes that I want to bring to this assignment.

Economic Development

The basic context and the working background, of the Board of Economic Development Ministers and the ministry is the logical progression of response to a long and deep series of consultations this government has had with provincial governments and with industry. When I talk about industry I am talking not only about those who manage and invest in the work place, but also those who work in it, the employees. Therefore, I am talking about business and labour.

The first ministers of this country, that is, the Prime Minister of Canada and the ten provincial premiers, concluded a conference the other day which was in fact the latest of many consultations which have, at their very core, the same basic concept that is behind this new ministry and board of economic development. This concept is a fundamental position that economic growth is, has to be, and will be the first priority of this government. We want to pursue that emphasis on support for the private sector and the marketplace as an essence for that determination.

Economic growth fairly distributed by region and among workers, investors and managers is the key priority and, indeed, the delivery system for that—if you can accept this kind of jargon—is business. Investment decisions in our society and mixed economy to start a business, expand a business, to bring a business up to date in its technology and to make the business more competitive, starts with a decision on somebody's part to put up some capital. That investment capital decision is based on an assumption and a confidence that there will be a return on that investment. That is where the beginning of economic growth really takes place in a mixed economy such as ours.

Of course, there are public sector requirements. There are absolutely legitimate areas where the public sector must play a part and must invest taxpayers' money as a catalyst to assist in a period of some difficulty or doubt, and indeed in ventures where the private sector simply will not, because of the lack of profit opportunity, make a decision to enter into it.

There are areas in this country where that kind of public sector activity will continue to be necessary. Canadians should accept that the prime movers in terms of creating the kinds of jobs that are lasting and, in the main, the kind of jobs which are satisfactory, are those in the private sector. The government's role, and my job as I see it, is to do everything I can on behalf of this government, with the co-operation not only of the members on the Board of Economic Development Ministers, but with the co-operation of members of the government party and hopefully on occasion through contributions from members opposite, to improve the climate for business and get on with providing the jobs and exports which this country needs. Indeed, it may not be a dramatic statement, but I am convinced that improving the climate can be accomplished by the combined actions of those in the public sector—and I mean by that the federal and provincial governments, and occasionally municipal governments as well.

● (1252)

It also has to do with something I said publicly which aroused the concern of people in the New Democratic Party. It has to do with government getting out of the way, reducing where it is wise and possible the amount and burden of government intervention in the economy. I am talking about reducing the weight over weight of government regulations where they overlap, duplicate or unnecessarily inhibit in relation to their objectives of the success, progress, advancement and expansion of industry, and therefore their capacity and ability to provide more jobs for our people.

I am interested in enhancing the effort to reduce the very weight of paper burden that governments in their rather inexorable way tend to create for people who have their own difficulties, without having to answer to all sorts of curious inquiry that we in the bureaucracy might think from time to time is productive but too often which we collect and pay no attention to in the end.

I am talking about a continuation of the program of responsible expenditure management over restraint within the bureaucracy, the government itself. I bring that bias to my new portfolio from the responsibilities I had in Treasury Board for a little over two years. As hon. members know, I was heavily involved in that in my previous portfolio.

There have been these and other responses by the federal government to the very wide series of economic consultations held with provincial governments. I refer not only to the federal-provincial conferences that are televised, but to the many meetings held at departmental levels, official levels and in ministerial discussions.

Consultations have been taking place over the past four or five years with business and with labour. In particular, I think of the consultations that took place over the last several months. The Prime Minister reminded the House in his comments of our response in the way of taxation policies, new labour and employment policies, major assistance to regions and to industries. In the consultations, particularly those with industry and labour which were organized and very well led by the Minister of Industry, Trade and Commerce (Mr. Horner) over the past several months, and the sectoral task forces and the tier two overview committee of business and labour, we helped produce considerable new confidence by the private sector.

Discussion on the creation of this new ministry and board began seriously about 12 months ago. It intensified over the past six months. When it became a possibility that I might be involved, and I will be candid with the House, I weighed this assignment very carefully. It seemed it was an idea whose time had come.

There are those opposite who criticize any change in structure, change in process, or attempt to improve the way we serve our fellow Canadians. They say it is an indication that everything we have done in the past was no good. That is ridiculous. The world constantly evolves. Anyone who is so smug and so satisfied with the status quo of structure or process should leave and go away, because this is an ever-changing world.

When we announce something that we consider to be an improvement, we hear the negative side; that if it is a good idea, it should have been done a long time ago. I can subscribe to that. I have confidence in this new idea and approach to government process and structure. I am now convinced we should have done it some time ago. However, the world does evolve. To be negative about such a suggestion and simply say there is an indication that everything done in the past is no good is absolutely childish, to say the least.

There were many streams and many thrusts as to why this was a move that should be made. There was a key element that tipped our position toward making this change. I will be very blunt in saying that influenced my decision to accept what is going to be an interesting and admittedly difficult responsibility. It was the result and the feeling of the consultative process that took place over the summer between labour and business, in industry by industry, the so-called sectoral task force. I do not want to oversell or overstress this, but in my 13 years in public life I have never been so encouraged by the possibility that I see coming out of this process as it has developed over the past ten or 11 months.

Some hon. Members: Hear, hear!

Mr. Andras: I was party to consultation on behalf of the cabinet along with the Prime Minister and other ministers for the past four or five years. We met from time to time bilaterally with selected businessmen across Canada and bilaterally with representatives of the Canadian Labour Congress. I found those consultations extremely useful. I hope they go on. However, they did have their limitations.

With the greatest respect to the NDP criticism of this resolution before us, I think this is where the danger lies. The CLC is very worthy and effective, but still an umbrella organization to labour. The businessmen, on the other hand, were not even knit together in a federation or structure. While the conversations and discussions were extremely constructive, they were ultimately about ideology.

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

The Acting Speaker (Mr. Turner): It being one o'clock I do now leave the chair until two o'clock p.m.

At one o'clock the House took recess.

● (1402)

AFTER RECESS

The House resumed at 2 p.m.

Mr. Andras: Mr. Speaker, when we broke for lunch I was talking about the consultative process which has been taking place primarily between business, industry and labour over the past ten or 11 months supported—and I want to emphasize the

word "supported"—by government. In the time I have available to me in this debate I cannot cover all the ground we hope to achieve with this new ministry, but perhaps I can try to capture the essence of what we have in mind.

In the 23 task forces, industry by industry—the pulp and paper industry, the footwear, textile industries and so on—I think for the first time since I have been around the scene chief executive officers of companies met with the most senior line unions to discuss their mutual problems, with the view in mind that the industry would be healthier, profits would improve, that as a result wages would be better and, above all, that more jobs would be created. There was an umbrella committee called tier two which was made up of five selected people from labour and five selected people from business, with a neutral chairman supported by an academic.

In the earlier process, called tier one, there were some 305 business firms across the country, some 28 or 30 unions represented and a dozen universities. In my view they reached an amazing degree of consensus about a lot of practical things, in each case affecting their industries. The tier two committee examined all of these and was tied in its mandate to dealing with those recommendations and, finally, to producing an over-all report.

There are two things I wish to illustrate from these events. First, the encouragement we should all take from the fact that senior members of the trade union movement and senior executives from business are meeting and have reached a high degree of consensus about a number of important matters. They have had their disagreements and will continue to have them. But I have talked to people from both groups and I find there is a degree of trust and respect for each other that before I did not think existed. Out of this process, which was started by the Department of Industry, Trade and Commerce, came 800 or 900 recommendations about what governments, both federal and provincial, should do.

That was the reason for establishing a co-ordinating ministry. The recommendations covered almost every program in every department and agency of the federal government as well as the very important and significant part played by the provincial governments. And a line ministry, even through interdepartmental committees of deputies and officials, was not geared to respond to this kind of constructive but all-inclusive and all-embracing series of recommendations.

Another significant factor was that some of these recommendations—more than a few—were recommendations that the federal government initiate programs or change policies which already exist. The people who were involved in the process worked diligently and are clever and responsible people. But we have to face the fact that they did not know that several of the programs they were recommending already existed. Therefore our delivery system, our information system as to what is available, obviously needs to be pulled together in a more cohesive and more readily available fashion. This is necessary in order to do the job of assisting the reconstruction and making the structural changes needed to give industry the help it needs by sector or by region.

● (1412)

I have used that example as an indication of my cautious enthusiasm for what we can do, as an illustration of why it is necessary to put in a co-ordinating mechanism, and also as an illustration of one of the most urgent tasks that my new board should undertake, which is the response to those sectoral task forces and tiers. After all, that covered mainly the manufacturing sectors, and today, by virtue of the apparent or potential success of that process, provided we respond substantively and responsibly, there are other groups in this country wishing to get in on the same process. To me that is a very healthy sign that there is something going on between labour, industry and business in this country supported by government which is worth nurturing.

I want to make a very definite point about this, not to overuse this issue except by way of illustration. I would not call it a partnership between labour and management because that would be overstating the case. There is a tenuous, potentially growing respect of one for the other which we must nurture, and both sides have indicated personally to me and to others that they want to see this process continue. There are great benefits to Canada, to labour and to business from the continuation of that kind of consultation, but it has to proceed in a balanced way. Labour cannot be party to this as an afterthought or in any sense of tokenism. They have to be respected for the constructive suggestions they will contribute to the process.

The businessmen I have been talking to who have been working with them on this fully understand. I cannot speak for them but my impression is that they will support it. For some others it may be a bogey, but we want it fully understood that this will be a balanced consultation and there will be no tokenism. In fact, the more that is recognized by labour, the more suggestions and constructive participation will be forthcoming from labour.

I am very conscious of the fact that there is another speaker who wishes to take part in this debate. One could talk for hours about what our intentions are.

Hon. members have before them the legalistic version of the mandate of the board in the order in council. I want to touch on two or three of these items to clarify some points that have already been made. The definition of an integrated federal approach is one of them. It seems to me that even just taking the consultative process I have described as a way of a significant illustration, the need for that is extremely apparent. I think the same thing applies to the question of developing better mechanisms by a political body which, if necessary, bangs heads together but, from a political point of view, reaches consensus on policies to be adjusted between departments.

Another responsibility I have is to meet with provincial governments to see whether duplication, overlaps and gaps can be tidied up between us.

The other item is the question of the Treasury Board. I do not think anybody in the House respects the importance and

the required integrity of the Treasury Board more than a past president of that board. It is an education in itself in that job because you see the broad requirements and the broad distribution of programs of a very large institution called the federal government. There is no question that I will respect the Treasury Board's over-all responsibility for the allocation of expenditures and resources. In that process we will look within the existing programs of economic development and support, through the various departments, not all of which are on the board, for the reallocation and reordering of resources to do new things before we go to the Treasury Board to seek new funds. But I will go to the Treasury Board to seek new funds, which might mean the reordering of other programs outside the area of economic development support if we as a board are convinced that this is an economic requirement for that time. I will be advising the Treasury Board within the very broad area of economic development and support.

There is an obvious attempt on the part of the opposition to drive wedges between me and my colleagues by attempting to say that the establishment of the new board will downgrade this or that department. That is patent political nonsense. It might be understandable as a measure of approach to this change which in most people's minds, if they were objective, could be seen at least as an opportunity for improved economic development management and economic growth in the country. I would have thought that rather than the absolute concentration on the negative aspects in this debate, apart from a little barb here and a little brickbat there, we could have heard some opposition members say: "We wish you luck, Mr. Minister, for whatever contribution you might make. We suggest to you that there is an area of improvement here or there." But we did not hear much of this.

An hon. Member: You are going to get it.

Mr. Andras: I will close my remarks, Mr. Speaker, because, if what the hon. member says is true, it will be such a pleasant prospect to hear it from the opposition. I do not know how much time I have left, but I will try to conclude my remarks as soon as possible.

The Leader of the Official Opposition (Mr. Clark) said in the first instance that they have looked at the structure of the government and the structure of the opposition parties and have decided to have six co-ordinating committees. Then he turned around and said that for us, the government, to have a co-ordinating committee is nonsense. If, God forbid, they ever sat on this side of the House, they would have six co-ordinating ministries.

Mr. Paproski: He said that? That is what you will have to do when you are in the opposition.

Mr. Andras: That is interesting. Maybe some of the mystery is still left to be unfolded. I had the distinct impression they planned to have a co-ordinating system. Obviously I commend it, but they cannot have it both ways. They cannot recommend this sort of thing and then criticize it the way they have. His comments were full of contradictions. I just wish I had an hour or more in which I could enjoy going over them.

One relatively minor, or perhaps not so minor, point has been the suggestion that the creation of this new mechanism will add expense to the taxpayer. We have clearly said that the secretariat will be small and that the expenditures of that secretariat will be contained within the fiscal ceilings we have already announced.

I also want to indicate that at the time we announced the proposed creation of the new ministry and secretariat, we announced the disbanding of the Ministry of State for Urban Affairs. The proof will be in the pudding.

I wish again I had more time. I want to leave some time for my friend the hon. member for Prince Edward-Hastings (Mr. Hees), but I should like to leave this thought behind. I would be very interested to hear—I hope it comes in the last moments of the debate—at least a note of optimism from the opposition, some hope, some encouragement, a note of good luck, the phrase "we hope it works", rather than the negative criticism we have heard in almost seven hours of debate.

Hon. George Hees (Prince Edward-Hastings): Mr. Speaker, in rising to speak in the last few minutes of this debate I would like to thank the minister very much indeed for his generosity in cutting his remarks short so that I could have a few minutes at the end to express some views on this important matter. The other thing I would like to say is that from what he said about the policy put forward by my leader it is obvious he has misunderstood it. I will be glad to get together with him afterwards and explain to him what my leader was saying in this regard; I will take pleasure in doing that.

The only justification which exists for creating an economic super minister, as this bill does, is that the government is a government of misfits. The government's economic ministers are incapable of dealing effectively with the responsibilities entrusted to them because they have not had the training or experience necessary to cope with the complex economic problems with which their departments must deal.

● (1422)

What I have said applies to all of the ministers handling economic portfolios at this time. Because the time allotted to me in this debate does not permit me to deal with all of them, or even several of them, I intend to deal in some detail with one portfolio which is a clear example of what I am talking about. What I say applies to all of the economic portfolios in this government. The department I intend to deal with is the Department of Industry, Trade and Commerce.

The Department of Agriculture must be headed by a minister who has had farming experience, because farmers alone are familiar with the problems facing the farming industry. The Departments of Justice and the solicitor General must be headed by lawyers, because they are the only ones familiar with the complexities of the law. Thus, the Department of Industry, Trade and Commerce must be headed by a minister who has had practical experience in the manufacturing, proc-

essing, and distribution fields. He alone understands the problem facing the business world he has been appointed to serve.

The present minister is a former rancher and a good one. He understands farm problems and, in my opinion, would make a pretty good minister of agriculture. He also gathered a good deal of practical knowledge about transportation both before he came to Ottawa and while he was transport critic in the opposition. In my opinion, he would make a far better minister of transport than "Airborne Otto", a former dean of law who knows absolutely nothing about the problems faced by transportation companies and by those who rely heavily on transportation to obtain their raw materials and to ship their finished products to market.

Mr. Blais: Get a new writer.

Mr. Hees: My writer is myself, as opposed to the ghost writers of members on the other side of the House. I write every word I utter, and I am proud of it.

But in the Department of Industry, Trade and Commerce the present minister is a complete misfit, because he knows next to nothing about the problems faced by those who produce manufactured products and who must compete in the export and domestic markets in price, quality, and design against the producers of the world.

It is for this reason that the Prime Minister (Mr. Trudeau) has decided that he must be supervised by a super minister, and that the super minister must see to it that he introduces the following policies which should have been introduced long ago. The minister very kindly asked me to suggest the type of things he should do as the new super minister. I take great pleasure in doing just that right now.

The first of these policies is the introduction of productivity incentives which will persuade producers that they will be able to pay for the new plant, machinery, and production systems which they will have to buy to increase their productivity in a reasonably short space of time. This will make it as easy as possible for them to make the usually high expenditures which they must make to increase their productivity. Such incentives would include all capital expenditures involved in improving productivity to be written off in one year, and a plant to be rewarded in the form of a generous cash bonus at the end of the year to be paid in direct proportion to its increase in productivity during the year.

In order to encourage Canadian businessmen to make more sales trips abroad to better acquaint foreign buyers with what this country has to offer, incentives should be introduced to allow producers to write off 200 per cent of all expenses connected with making sales trips abroad, displaying their products at foreign trade fairs, and any other expenses incurred in sales promotion in the export market.

The government must introduce legislation which will require those who export our raw materials to process a far higher proportion of them in this country, and make available generous tax incentives to induce the building of the additional factories which will be needed. Such action will start to make it possible to create the 800,000 additional jobs which the Canadian Manufacturers Association indicates will be made available if we can overcome our annual trade deficit of $12 billion a year in fully manufactured products.

He must introduce a policy to better acquaint the world market with what Canada has to offer. The principal buyers from the important markets of the world must be flown to Canada to see our manufactured products in giant trade shows in Montreal, Toronto, Winnipeg and Vancouver, and our heavy machinery in the plants where it is made across the country.

He must introduce a policy to protect Canadian industries and Canadian workers from imports from low-wage countries which are taking away a steadily increasing share of the Canadian market. Import quotas must be introduced to retain for Canadian producers the same 80 per cent of the domestic market which is retained for their domestic producers by the United States and the European Common Market. I hope the super minister will see to it that the incompetent Minister of Industry, Trade and Commerce now gets to work and introduces these policies. I am glad to see the super minister is already talking to the Minister of Industry, Trade and Commerce because of my suggestions. I see the Minister of Industry, Trade and Commerce is listening. I hope we will get some action at long last.

In conclusion, the Prime Minister should, instead of adding to the bureaucracy and red tape which already exists in profusion, promote people in his party who have had the practical experience necessary to handle the economic portfolios, instead of retaining in his government favourites who obviously cannot handle their departments. If he had done so, there would have been no need to create an economic czar to try to bring order out of the chaos which has been created by retaining obvious misfits in our economic departments.

Since unfortunately it has been found necessary, for the reasons I have so clearly outlined, to create this super minister, I can think of no better member of the present government to handle the job. One does not have to go far because there is not much to pick from. This minister is a good guy, and he has my very best wishes in the tough job which lies ahead.

Some hon. Members: Hear, hear!

Mr. Deputy Speaker: Order, please. It being 2.30 o'clock p.m., and the seven hours allotted for the debate having expired, it is my duty to put every question necessary to dispose of the motion before the House. Is it the pleasure of the House to adopt the said motion?

Some hon. Members: Agreed.

Some hon. Members: No.

Mr. Deputy Speaker: All those in favour of the motion will please say yea.

Some hon. Members: Yea.

Mr. Deputy Speaker: All those opposed will please say nay.

Some hon. Members: Nay.

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

And more than five members having risen:

Mr. Deputy Speaker: Call in the members.

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

(Division No. 17)

YEAS

Messrs.

Abbott
Allmand
Anderson
Andras
(Port Arthur)
Appolloni (Mrs.)
Baker
(Gander-Twillingate)
Béchard
Bégin (Miss)
Blais
Blaker
Blouin
Boulanger
Buchanan
Caccia
Cafik
Campagnolo (Mrs.)
Campbell (Miss)
(South Western Nova)
Campbell
(LaSalle-Émard-Côte Saint-Paul)
Caron
Chrétien
Clermont
Comtois
Condon
Corbin
Corriveau
Cullen
Dawson
De Bané
Demers
Dionne
(Northumberland-Miramichi)
Dupras
Duquet
Ethier
Fleming
Foster
Fox
Francis
Gauthier
(Ottawa-Vanier)
Gendron
Gray
Guilbault
Harquail
Holt (Mrs.)
Hopkins
Horner
Isabelle
Johnston
(Westmount)
Joyal
Kaplan
Lachance
Lamontagne
Landers
Langlois
Laniel
Lapointe
Lavoie
Leblanc
(Laurier)
LeBlanc
(Westmorland-Kent)
Lee
Lefebvre
Lessard
Loiselle
(Chambly)
Lumley
MacGuigan
Marchand
McIsaac
McRae
Milne
Nicholson (Miss)
O'Connell
Ostiguy
Ouellet
Pearsall
Penner
Philbrook
Pinard
Portelance
Prud'homme
Railton
Raines
Robinson
Rooney
Stollery
Trudel
Turner
Watson
Whelan
Yanakis
Young—89.

NAYS

Messrs.

Andre
(Calgary Centre)
Baker
(Grenville-Carleton)
Baldwin
Balfour
Beatty
Brisco
Broadbent
Clark
(Rocky Mountain)
Clarke
(Vancouver Quadra)
Corbett
de Cotret
Dick
Elzinga
Epp
Faour
Firth
Fraser
Friesen
Gillies
Hamilton
(Qu'Appelle-Moose Mountain)
Hare
Hees
Huntington
Janelle
Jarvis
Johnston
(Okanagan-Kootenay)
Knowles
(Winnipeg North Centre)
Korchinski
Lambert
(Edmonton West)
Laprise
MacDonald
(Egmont)
MacDonald (Miss)
(Kingston and the Islands)
Malone
McCain
McCrossan
McGrath
McKinley
McKinnon
Mitges
Muir
Munro
(Esquimalt-Saanich)
Nowlan
Nystrom
Paproski
Parker
Peters
Pigott (Mrs.)
Ritchie
Roche
Schellenberger
Schumacher
Shymko
Smith
(Churchill)
Whiteway
Yewchuk—55.

● (1452)

Mr. Speaker: I therefore declare the motion carried.

[Mr. Deputy Speaker.]

CANADA BUSINESS CORPORATIONS ACT

MEASURE TO AMEND

Hon. Warren Allmand (Minister of Consumer and Corporate Affairs) moved that Bill S-5, to amend the Canada Business Corporations Act, as reported (without amendment) from the Standing Committee on Justice and Legal Affairs, be concurred in.

Motion agreed to.

Mr. Speaker: When shall the bill be read the third time?

Some hon. Members: Now.

Mr. Allmand moved that the bill be read the third time and do pass.

[*Translation*]

Hon. Marcel Lambert (Edmonton West): Mr. Speaker, Bill S-5 from the Senate was considered very briefly one afternoon last December 11 and then referred for study to the Standing Committee on Justice and Legal Affairs, and not, as would be expected, to the Standing Committee on Finance, Trade and Economic Affairs. This is why I have not had the opportunity to speak on this bill amending an act on which I worked meticulously when we put forward and passed here in parliament the present Canada Business Corporations Act, in 1974.

We are presently considering the act to amend the Bank Act in the Standing Committee on Finance, Trade and Economic Affairs, which takes all our time, and it is rather by chance that in committee we received representations from the Canadian Institute of Chartered Accountants, relating precisely to an area of that legislation. After all, they did say at the time that perhaps we could improve the Bank Act by requiring them to release their public accounts—in short their public balance sheet—along the same pattern followed by Canadian corporations and businesses, which is in line with the principles and practices of the Canadian Institute of Chartered Accountants. I certainly think that is an acceptable suggestion, and I note, from the amendments that I have in front of me, that although this is a voluminous bill, amendments are actually not that numerous. Amendments to the text of the act are especially aimed at improving, correcting or explaining it. But I am in a rather difficult position because I do not practice law in the province of Quebec and all my experience with the Canada Business Corporations Act has been in English. According to representations made by the Quebec section of the Canadian Bar and by the Department of Justice, a new version should be prepared, in French, which would not merely be a translation from English to French, and that is what is being suggested this afternoon.

As the Minister of Consumer and Corporate Affairs (Mr. Allmand) indicated in his speech, there has been, since 1975, a rather dramatic increase in the number of federally registered corporations. I recall that when we were considering the

legislation as it existed, in 1974, and proposing some amendments, we were saying that the federal legislation or practice was almost obsolete and that most Canadian corporations would be incorporated under the various provincial statutes and then apply for transfer in order to come under national jurisdiction.

However that was not the case. A more up to date legislation is now used as a model, and I must add that I was rather surprised to note that the legislation has been used as a model by some provinces which have amended their own statutes on commercial operations in accordance with the federal model.

We hope that there will be more certainty in such matters, because if notaries and lawyers in provinces regulated by common law must advise their clients on a point of law, they have to proceed on the same basis. If in Quebec, on the basis of a similar French procedure, we now get the same results as an English solicitor in Ontario or western Canada basing himself on an English version, it will be quite effective.

[*English*]

I should like to ask certain questions. On the one side, the attraction of the English language in practice is that there is a certain subtlety to it; it bends, it is malleable and subject to judicial interpretation. On the other hand, on the francophone side, there is always deemed to be a philosophical demand for absolute precision. In other words, the letter of the text must always govern, and if something is not found therein, it cannot exist. In the English version, that is not the case. A certain amount of growth and flexibility exists in it.

What philosophy prevailed in the drafting of the French version that has now been incorporated as the schedule to this act? I do not know. I have not had a chance to look at it. Perhaps the minister or his parliamentary secretary would tell us whether there is a dichotomy in the philosophies of the language used. I have never heard it said before that the French versions of our laws have been wrong and that they do not conform to a certain philosophy of language.

● (1502)

Is this to be an example now for many of our major acts as they apply in Canada? For instance, would we have to review the whole of the Criminal Code to see whether it should be rewritten in the French language rather than being a good and very effective translation of the English? I discern this to be a rather different philosophy of language. If that is so, I must say the Department of Justice and the Department of the Secretary of State and anybody involved in the translation of laws and their compilation will be extremely busy for many years to come. This is an observation I put forward at this time.

I have never seen this done before—outside of a relative few compared to the size of the act—that technical and explanatory amendments, amendments for greater precision have been put forward in the English text and yet the whole French text has been rewritten and brought in as an appendix. This is the reason for the bill being so thick.

There are at this time, however, a few other comments I would like to make about incorporations. One which is allowed under this particular act deals with personal corporations. Since the total French version is brought in I can speak about it, even though somebody might question the English version if there was no particular amendment to this section. We have seen where many services, insurance companies, architects, athletes, entertainment artists and a number of other persons who have incorporated themselves, under the laws of Canada or of the laws of a province, into personal corporations so that they could take advantage of certain tax provisions under the Income Tax Act and thereby be relieved of the heavy taxation levied for general corporations.

In my province the professions were able to convince the government of Alberta that personal incorporation was a good thing. Alberta has a forward looking government which is given to developing private initiative. It has allowed those in the professions to incorporate themselves and associate their business practices with these personal corporations. This gave them a better tax deal. About that there is no doubt. I have always advocated the use of the income tax system on an incentive basis. If this form of organizing one's affairs through a personal corporation gives a better return to the individual, who thus was encouraged to get out and scramble more and to increase his or her economic activities, then so much the better, and Canada gains.

There is always a philosophy which has been abroad in certain political parties, and certainly it is so in the present administration: anyone who makes a dollar must be socked, in other words, hit the hardest. In fact the state claims as an inalienable right its proclaimed share of an individual's economic activity as soon as that activity is concluded, and whether or not the money has been collected does not matter. It belongs to the almighty state. That is a philosophy to which I cannot ascribe, and I repudiate it. It seems to me, in order to regain a sense of the work ethic, of taking our rightful place in the economic world and putting Canada back among the leaders where it was 20 years ago, out of the depths of the rather inferior position into which we have slipped, that we have to give individuals, either in their private capacity or incorporated, the best incentives possible so that they can carry out their economic activities and proposals.

I am not going to go into all of the details. There is no particular point in going into the detail of the changes. I certainly support a bill of this kind. While it was not open to me to get the detail of the study done by the committee in the Senate, I am sure they did very good work, as did the legal affairs committee of this House, but certainly the pattern would be set by the first committee hearings in the other place. I commend this sort of examination by the other House and I say the same about Bill S-4 which precedes it. This bill is one that is equally voluminous but of the same nature.

I trust that we will readily come to a decision on this bill on third reading. I have not seen a speech at second reading from either side of the House which was in opposition to it. There-

fore I would approve of the work done by the Standing Committee on Justice and Legal Affairs.

Mr. Arnold Peters (Timiskaming): Mr. Speaker, I have not had an opportunity to read the committee report and I did not have the opportunity of attending the committee meetings.

I had anticipated there would be some explanation or discussion by some members on third reading regarding the point which was raised just now by the hon. member for Edmonton West (Mr. Lambert), in relation to the translation. I mentioned at the time that it would have been easier if the translation had also carried the original text beside it so it could be easily checked by those members of the House who have that exceptional fluency in both languages. Members would have been able to check the detail that the one language demands, and relate it to the purpose and intention that obviously the other language gives to the legislation.

There have not been any amendments made by the government or by the opposition at the report stage. This may be an oversight on my part, but when the bill was before the committee, consideration should have been given to doing something on behalf of the poor, abused, frequently agitated public. The willingness of members of parliament to do something about the type of protection that could be given under this bill to protect the public from the corporations and the machinations in which they engage, should have been indicated.

● (1512)

It was pointed out by a number of members, including myself, that we were far behind the United States. We were playing with legislation that obviously had been handed to the government by civil servants. I indicated that the Minister of State (Multiculturalism) (Mr. Cafik) had, in his more enlightened days, been interested in this subject. He had indicated that corporations often did things that were diametrically opposed to the wishes of the average citizen. Much of what they did was detrimental to the health and property of individuals in this country.

This bill is now back for third reading. None of this has been done. All we have done is correct some of the abuses that were taking place in the bureaucracy. All that members of parliament are doing is fixing up the legislation so that it can be handled more easily by the civil servants.

A large number of members in this House practise law. Occasionally there is lobbying by their colleagues in practice. They find the law a little difficult to handle in one aspect or another.

Maybe we cannot protect the shareholders, directors and others against the limited penalties in this legislation. However, surely somebody on that committee should have been interested in putting some restrictions on the corporations. The corporations are given the right to establish under Canadian law. We are setting forth the protection the shareholders will receive. We are setting the regulatory powers of directors and how they will relate to the shareholders. However, we are not doing anything to protect the public against the corporations which often work against them.

The example was given of aluminum wire. Because we do not have the guts or the intelligence to put into this bill restrictions on corporations, they do things that are both immoral and unsafe. There are still companies that manufacture aluminum wire for domestic purposes. If the price is right, that wire will be installed in houses and may ultimately result in the death of some people.

The same is true of Ford Motor Company. It was allowed to incorporate. We protect the shareholders and do many other things. However, there is no protection for the consumer who buys from his dealer who, in good faith, is selling automobiles which the company and the board of directors know are dangerous and may result in fatalities.

Ford Motor Company has calculated how many fatalities there will be per thousand or per million cars. In addition, they have calculated what the lawsuits will cost, what the company will have to pay for each accident. They have determined that is easier than redesigning the automobile. That would not be allowed under any other act, but it is allowed in the Corporations Act. That is not because the committee did not know about it. It was because the committee just did not care. They listened to the Minister of Consumer and Corporate Affairs (Mr. Allmand) who says there is protection under another act. However, it should be under that act which gives the corporations the power to set up. That is where protection for the consumer should be. It is the only way the power could then be taken away from the corporations.

The companies are allowed to incorporate. They are established under this legislation. If they do not live up to the requirements in the legislation, their power should be taken away. It is all right to talk about the consumers protection act and other devices we have tried to establish, but they have not worked. The wire companies can still manufacture aluminum wire which could conceivably kill people.

We have not told Ford Motor Company that it must have the type of engineering that will ensure the automobiles they manufacture are safe. If a limiting clause had been put in this legislation, Ford would not be able to sell the Bobcat or Pinto in Canada at the present time. The board of directors, the shareholders and anyone who reads the newspapers know about this because it has been publicized in the United States. With that limited clause, Ford could not sell those cars or could lose its certification under the Corporations Act of Canada.

This is a very limited requirement, but we are not including it. Why all the fuss? Why are we going through this exercise, making the French version coincide with the English version, at least by implication? We have not put the two together. What we have done is write two different acts. The one before us will operate in French. The English act has already been passed.

This act is not being opened up that much by this bill. In effect, only the French version is before us, except for the

initial clauses which are in both languages. We are not going to make any change. A lot of people are having trouble with Firestone tires. Others have the problem of gas tanks rupturing when they are in accidents.

Many people have bought a Chrysler, as I did, which has a starter that will not turn over the motor. It has been admitted in the United States that those starters were built for a much lighter car. I understand they may have to be changed three or four times during the lifetime of the car. That applies not only to my car but to every Chrysler. I have been told by a Tilden fleet owner that he keeps two standard and two heavy duty starters on his counter all the time, and that he is continually changing them. That is an engineering fault.

● (1522)

There are faults in the ignition system of some of the automobiles on the road; there are faults in the cooling systems; there are faults in some of the transmissions, and these have been obvious for more than one year's production run yet they are still being allowed.

The public asks for the kind of protection which is possible under this bill, but the members are not asking for it, and the department does not want responsibility for supervising the relationship between the warranties and the knowledge which shareholders and directors may have about weaknesses in the products they are selling. They do not wish to become involved because this is, to them, a totally different field. Yet someone has to occupy that field.

It is surprising to me that when this bill went to committee the members there examined it, listened to seven or eight members discussing its deficiencies, and then refused to write in any provisions for the benefit of John Q. Public. When a change of government comes about after the next election I predict there will be a minority government and, if there is, all members had better be prepared—

An hon. Member: Dreamer!

Mr. Peters: The hon. member says "dreamer", but the Gallup poll indicates that whether it is the high level or the low level, the voting will almost inevitably result in a minority government.

The public knows that minority government is good government. The people know that the only time they got changes beneficial to them—

Mr. Dionne (Northumberland-Miramichi): On a point of order, Mr. Speaker, I would be glad if you would ask the hon. member to explain how his prediction of the outcome of the next election fits in with the topic under discussion.

Mr. Knowles (Winnipeg North Centre): What are we discussing?

Mr. Peters: We are discussing Bill S-5. The hon. member can look it up on the order paper if he likes—it is under Senate bills. If he looks at it he will not be better off than he is now.

The reason I am interested in minority government is this: we have made no changes in this bill which has to do with corporations. It is an act under which corporations are established, but all the government has been interested in doing is seeing that the French version coincides to some extent with the English version which we passed a couple of years ago. I am saying there are more important things to be considered and one of them is the right of individual citizens to demand that, since Canada provides facilities for these large corporations, the public should in turn be assured that where the shareholders or directors realize there is a problem with the product they are selling they would be guilty of an offence if they do not acquaint the public with it and make every effort to eliminate the hazard. Anything less is unacceptable.

The reason I mentioned minority government is this: the bill went to committee and a number of suggestions were made from all quarters. However, when it came back to this chamber no amendments were reported. Indeed, no amendments were moved in the committee, meaning that it was rubber-stamped there; no consideration was given to it at all. I am convinced this is the case, having heard the previous speaker, the hon. member for Edmonton West, who is a stickler for detail. I have heard him give a number of lectures to the House on details of this nature, and if these matters had been discussed in the committee he would have been among those taking part and some amendments would have been made in it, because I am sure it is not perfect. Consideration might even have been given to making some changes affecting the responsibility of companies which have been incorporated so as to ensure that the public would be protected as well as doing what this act does, namely, protecting the shareholders and the board of directors.

I will not say anything further along these lines. I am sure that if a minority government were in power changes would probably have been made to the benefit of the public. We might have saved someone being killed in a little Ford car, a Bobcat or a Pinto; we might have prevented someone being stranded if he were driving a Chrysler whose starter did not work; we might have prevented someone being killed because of the blow-out of a Firestone tire through a defect the company knew about for a year before it became general knowledge. We might have prevented someone being burned to death in a house which had been wired with aluminum wiring.

I am suggesting this is lousy legislation. It is a lousy way to send it to a committee where the committee does not have the courage or the guts to make any decisions other than those the civil servants have made. I think this is lousy government and the sooner we get into a minority situation the better government will be.

Miss Aideen Nicholson (Parliamentary Secretary to Minister of Consumer and Corporate Affairs): Mr. Speaker, I just wanted to reply briefly to the questions raised by the hon. member for Edmonton West (Mr. Lambert) and the hon. member for Timiskaming (Mr. Peters). The question of the public interest about which the hon. member for Timiskaming has spoken so eloquently was, in fact, raised and discussed

extensively in the Standing Committee on Justice and Legal Affairs. It was unfortunate that their other duties prevented those hon. members from being present because I think that had they been there most of the questions they have raised would have been answered. The point is that this bill which registers corporations is not intended to do everything. A corporation, like an individual, is subject to the law of the land, and the assumption is that a corporation will abide by laws of general application, for instance, in such matters as safety standards.

This bill enlarges the power of the dissenting shareholder who is thereby strengthened when expressing a concern about the public interest. The safeguards for fiduciary responsibility are also increased.

I should like to comment also on the questions which have been raised with regard to the French language translation. We must remember that although this bill has been on the order paper for only a couple of weeks now, it was also on the order paper in the spring, and it is the second time the Senate has examined it, held extensive hearings, and heard witnesses. So it is a bill which has had rather careful examination and broad exposure to the public because the draft bill was in the public domain—it was circulated to lawyers and accountants over a fair period.

● (1532)

The question of the French translation arose when the bill was before the Standing Committee on Justice and Legal Affairs about three years ago. At that time some of the French-speaking members of the committee found fault with the quality of the French in that the translation seemed to them to be clumsy or less clear than it might be, particularly if it were going to be used by members of the Quebec Bar. So the commitment was given to the committee at the time that a new French version would be introduced. Again there was extensive consultation with members of the Quebec Bar, and our colleague, the hon. member for Lapointe (Mr. Marceau), who was the parliamentary secretary to the minister of justice three years ago when the bill in its first shape was before the House, worked with the legal draftsmen in the Department of Justice, with officials of the Department of Consumer and Corporate Affairs, and with members of the Quebec Bar in order to get a version which was clear, accurate, and more acceptable to the practitioners in Quebec.

The Acting Speaker (Mr. Ethier): Is it the pleasure of the House to adopt the said motion?

Some hon. Members: Agreed.

Some hon. Members: On division.

Motion agreed to and bill read the third time and passed.

[Miss Nicholson.]

[*Translation*]

THE LATE MRS. GOLDA MEIR

PARLIAMENTARY TRIBUTE

The Acting Speaker (Mr. Ethier): I understand there is unanimous consent to allow one representative of each party to rise and express briefly his condolences on the death of Mrs. Golda Meir, former Prime Minister of Israel.

[*English*]

Mr. Paproski: Agreed.

Mr. Nystrom: Agreed.

Mr. Bob Kaplan (York Centre): Mr. Speaker, I rise to pay tribute to Golda Meir whose death occurred in Israel before the Sabbath last week. I had the honour to be part of the eight-member delegation of parliamentarians who represented our country in Israel at the funeral. The delegation was headed by the Minister of National Defence (Mr. Danson) and by Senator Jean Marchand.

Golda Meir was, in her lifetime, the most remarkable woman in the world. She settled early in the land which was to be reborn as Israel. Because of her great strength as a human being, her personal values and standards will be a part of that state forever. Her commitment was to a free society, to democracy, to social justice, and to the search for peace.

In her great life she was a victim of discrimination, a refugee, a pioneer settler, a wife and mother, a woman who will always be a particular example to women, a union organizer, a politician, an ambassador to the Soviet Union, a minister and a prime minister who, suffering from the disease that was to ultimately take her life, led her country in war. Regrettably she did not live to see her country know the blessings of peace, but there will be a peace in Israel, a just peace, and when that peace arrives it will be a tribute to her memory.

Mr. Rob Parker (Eglinton): Mr. Speaker, along with my colleague, the hon. member for York Centre (Mr. Kaplan) and, as he indicated, a number of other members in the House and one representative of the other place, I was honoured to attend the funeral of Mrs. Meir in Israel earlier this week. It seemed to me that in attending her funeral, in paying tribute to her, in taking notice of her death today in the House, we mark much more than the passing of a former head of government of the nation of Israel.

Born in the Ukraine, raised in the United States, she was a pioneer in the Zionist movement and in the Israeli organization of the kibbutzim, the collective farm villages that were and are central to the development of the modern state of Israel. She was a pioneer as a woman who combined a career of more than 50 dedicated years in public life with a deep and abiding love for her family. She was a person of caring and compassion, of heart and love for her fellow man, whose turn as leader of her nation was bloodied by a terrible war.

For those of us who did not personally know this remarkable woman, we have still with us an introduction to her in the form of her autobiography entitled "My Life". In it she stated that despite all her accomplishments as a citizen, high government official, minister of the state and first minister, all that she did during her life in Israel and outside it, her proudest achievement was the three years she spent as a young woman at Merhavia, a kibbutz.

When a Jew dies, the friends and family sit Shiva, a seven-day period of mourning. For the death of Golda Meir, a nation will mourn, and for much longer than seven days.

On behalf of my colleagues and my constituents, I would like to say to the nation of Israel and its people around the world, in the words of the Hebrew prayer, "Hashem yinohem et hem", or, may the Lord console you.

Mr. Stanley Knowles (Winnipeg North Centre): Mr. Speaker, on behalf of my colleagues of the New Democratic Party I am pleased to associate myself with the hon. member for York Centre (Mr. Kaplan) and the hon. member for Eglinton (Mr. Parker) in these few words of tribute to a great woman, the late Golda Meir. We are pleased that our party was also represented at the funeral service in Jerusalem by my colleague, the hon. member for Winnipeg North (Mr. Orlikow), and we extend our appreciation to the government for arranging the trip to Israel for a delegation representing both Houses of Parliament.

I am happy to join the two preceding speakers in the words of tribute they have spoken to the life and contribution of Golda Meir.

I should like to add—I suppose it is because I am a grandparent myself that I noticed it—that I believe the last time that Golda Meir was seen on television around the world was during the visit of President Sadat to Israel when she, as a grandmother, gave him a present for a grandchild which had just been born to the President of Egypt. I mention that because it tells us that Golda Meir was not only the strong public international figure we knew her to be, but that she was a warm human being, and we join in this tribute to her memory today.

[*Translation*]

Mr. Gérard Laprise (Abitibi): Mr. Speaker, it is with eagerness that I join my colleagues today in paying tribute to that great lady, Mrs. Golda Meir. As a member of the delegation Canada sent to Jerusalem to attend her funeral, I had the opportunity of seeing that the Hebrew people have lost one of their greatest historical figures whom they had surnamed "Mother Courage". She lived through exile and persecution which doubtless shaped her character and determination. She also helped to build her country as ambassador, member of the Knesset, minister and prime minister. Her public life and her political life did not prevent her, however, from fulfilling her role as a wife, mother and woman. Ben Gurion said of her "She is the only man in my government" which shows how great a role she played in the life of her country: she was a model of courage for the State of Israel and the whole wide world. Her memory will doubtless remain engraved in the minds of men for a long time to come.

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● (1542)

[*English*]

CANADA NON-PROFIT CORPORATIONS ACT

MEASURE RESPECTING CHARITABLE CORPORATIONS

The House resumed from Monday, December 11, consideration of the motion of Mr. Allmand that Bill S-4, respecting Canadian non-profit coporations, be read the second time and referred to the Standing Committee on Justice and Legal Affairs.

Mr. Arnold Malone (Battle River): Mr. Speaker, I take a great sense of pride in being able to talk about Bill S-4 because it deals with the regulations affecting volunteer organizations in Canada. At the outset, I should like to place before the House the importance of volunteer organizations, and then follow through with some of the concerns regarding this specific piece of legislation.

No great nation has reached a state of greatness without the framework of volunteer endeavours. Volunteerism is the true concept of pioneering. I come from the prairies which witnessed, approximately two generations ago, settlers who came to start what turned into the agricultural communities of Manitoba, Alberta, and Saskatchewan. They became the lumbering people of British Columbia and the miners of the north. They were part of the gold rush in the northern areas of the western provinces and the territories. Those people believed in the volunteer concept. Those men and women headed west with nothing but Red River carts and the will to achieve. They were without staples, the normal supply of food. They lacked the shelter by which they would normally be comforted. We recognize that it was the intuitive will of the human being to grasp for something greater which provided the strength of the nation.

Innate within human beings is the natural instinct for curiosity and ambition. As a farm boy I observed that natural instinct in all young, higher mammals. One can see it in young children, puppies and kittens. Anything which limits natural curiosity comes about by an imposed set of regulations and rules. In all societies, obviously rules are necessary. When I take a look at Bill S-4 I am concerned that it contains more than 200 clauses relating to the manner in which volunteers will work effectively within Canadian society.

If Bill S-4 became law in its present form, we would be faced with a situation where those who wanted of their own initiative and ambition to contribute to the fabric of Canadian welfare would require secretarial, legal and accounting staffs, as well as all paraphernalia surrounding economic and political structures. This is a very, very serious retrograde step, a step which could plunge Canada into attitudes which are prevalent

in some of the eastern European countries. The over-regulation and over-power of government is such that the people of those nations feel, unless their governments make them perform some specific duty by law, that they have no incentive of their own volition.

Personally I feel I can speak with some authority on the concept of volunteerism. I spent ten years of my life working with the 4-H Club movement in the province of Alberta. In some of the larger towns in that province the majority of students attending high school were from urban centres, yet the presidents of student unions were usually farm boys. This was not by accident. It was because they came out of the 4-H movement which existed on the backbone of parenting and volunteers. People in the ranching districts of the southern section of the province drove an average of more than 60 miles per member in order for their children to attend the club. They believed that their children were taught something about conducting meetings, public speaking, debating, accounting, looking after animals, and most particularly, responsibility.

I should like to share a recent experience with the House. I am sure three government members share my concern. On a recent trip to the Middle East we visited with the Canadian contingent on the Golan Heights and in Cyprus. Our soldiers there do not know or desire the eight-hour day. Their work is the limit of the task. Whenever their soldiering duties are done for the day, interestingly enough, the vast majority of them are involved in self-help projects.

We noted with great interest that the other battalions serving in the Middle East were of the very strong opinion that Canadian soldiers were favoured with Canadian money over and above other contingents. Also, there was a belief that the United Nations favoured them with a greater degree of money. The truth of the matter was that Canadian soldiers were favoured no more in an economic sense than others. They were favoured because they were blessed with the ingenuity and initiative to go ahead with self-help projects such as developing their own recreation areas, planting grass and trees, and building around themselves something which was very beautiful and a home away from home. In striking contrast, some of the countries just across the rolls of wire fence provided army tents which were sheltered from the wind only by bombed out buildings requiring repair for approximately five or six years.

Everything comes down to the concept of Maslow's hierarchy of human needs: once a human being has met the basic needs of food, clothing and shelter, feels the sense of having been loved and the capacity to be loving, he strives for a sense of self-esteem, willingness, and a desire to achieve.

I find the objectives of Bill S-4 commendable, but when I look at the particular wording of the bill, I become very, very concerned. This bill contains approximately 242 clauses. It is a weighty manuscript to place before any association which operates within the concept of volunteerism. These associations operate because they want to help the people around them, yet now they will be burdened by the heavy weight of government. They will require the assistance of legal people to sift through and comprehend this piece of legislation. The nation will not achieve greatness by the government regulating associations with the ambition to attain achievements which otherwise would not be forthcoming.

I should like to refer to some of the disincentives which exist in eastern European countries. The fact of the matter is that initiative has been destroyed in those areas. Their populations have lost the zest for life which is a natural human instinct. Effectively the bill kills the volunteer sector of our society. Free society needs and must have a free notion of volunteers. Volunteer organizations should not be required to have red-tape computers to thresh through all the material placed before them by government. Not only are the 242 clauses dangerous because they are numerous, they are dangerous because some clauses raise considerable concern for all Canadians, particularly people who believe in free democracy.

● (1552)

In the 700 years the parliamentary system has been in existence, and since the concept of that Mother of Parliaments at the time of King John, we have removed the notion that we are subjects, and now appreciate the fact that we are citizens. Freedom of speech ought not to be taken away in any light form.

I should like to put forward some examples of the things in this bill which create rather grave concerns. I am sure there are many organizations across the country which have great concerns about some of the aspects we find in Bill S-4. The bill contains an indication that churches will lose their voluntary status if what they do is interpreted in any way as being political. Without making reference to any particular faith, one simply has to ask what a church is if it is not an institution to attend to moral questions in a society? Without giving any of my own feelings in this regard at this time, I would simply ask why a church should not be able to express an opinion on capital punishement, on any issue involving law and order, on abortion, on mercy killing, on women's rights or on child abuse, without an assumption being made that in so doing the church is becoming political in its intent and should lose its voluntary status?

Any bill before the House which can be interpreted as having that intent would lend itself to the destruction of the very backbone and fabric of democracy. What we must attempt always to preserve is not just the concept that we regulate the society in which we live but, more important, the incentive of people, wherever they may be within a country, to create a society that reaches greatness because of the ideas, energies, and imagination of the people.

Churches are not institutions to be slighted by legislation that would take away some of their basic rights to speak out on any subject in respect of which, in a self-proclaimed manner, they feel it is their duty to speak. It is an affront to the concept of freedom of speech to have such a clause within a legislative measure.

What of many of the other volunteer organizations in the country and their feelings in this regard? Let me refer to fish and game associations as an example. Are they not to have the

right to become involved somehow in politics when there is a bill before the House such as Bill C-83, the initial gun control bill, or Bill C-51, the subsequent gun control bill passed by this House? A fish and game association is basically a voluntary organization. It is very dangerous to suggest that if ever such an organization were to speak out on something that is political it would somehow lose its voluntary status.

Miss Nicholson: Mr. Speaker, I rise on a point of order. The hon. member opposite has spoken with great feeling of the importance of the voluntary sector, and of that sector being free to do its advocacy job. I think perhaps what the hon. member is responding to is the national revenue definition of a political institution in the tax statutes, which has nothing to do with this bill. The hon. member mentioned a clause in the bill which would limit this kind of activity by a church, but I do not see that in the bill.

The Acting Speaker (Mr. Ethier): Order, please. What the hon. member suggests is more in the way of a correction than a point of order.

Mr. Malone: Mr. Speaker, I do not wish at this time to enter into a debate with the hon. member opposite. I could document that particular statement, and I could go even further by saying there are civil servants who have made the statement that, even if the clause were removed, the intent of the government is to enact the measure with that interpretation. That becomes almost more frightening in that it means without a law there is this intention to place a particular slant or emphasis on this activity.

Why should any group be denied the right to speak? What has this government become? Does it no longer intend that we have citizens in this country? Are we to be reduced again to subjects? Somehow organizations which are really fundamental parts of the nation are being denied the right to speak out on any issue. I must ask myself what organization there is in Canada that speaks out on any issue which does not in some way touch politics? Politics is an all-encompassing concept. It is everything within a society. Therefore any organization that speaks out on any issue could in fact be, or have the potential of being, interpreted as being involved in politics.

This bill needs a great deal of additional scrutiny. The fact that it has 242 clauses supports the suggestion that what we see before us is a government with a great capacity for taking the simple and making it complicated. I would suggest that volunteers, no matter what period in our history they live, have always been and always will be the pioneers of our society.

I have more comments I would like to make, Mr. Speaker, but, noting the time, may I call it four o'clock?

PRIVATE MEMBERS' MOTIONS

[*English*]

The Acting Speaker (Mr. Ethier): Order, please. It being four o'clock the House will now proceed to the consideration of private members' business as listed on today's order paper, namely, notices of motions.

Item No. 2, the hon. member for Don Valley (Mr. Gillies). Shall the item stand?

Some hon. Members: Stand.

The Acting Speaker (Mr. Ethier): Stand by unanimous consent.

Item No. 6, the hon. member for Winnipeg North Centre (Mr. Knowles). Shall the item stand?

Some hon. Members: Stand.

The Acting Speaker (Mr. Ethier): Stand, by unanimous consent.

Item No. 7, the hon. member for Renfrew North-Nipissing East (Mr. Hopkins). Shall the item stand by unanimous consent?

Some hon. Members: Agreed.

The Acting Speaker (Mr. Ethier): Item No. 9, the hon. member for Ottawa-Carleton (Mrs. Pigott). Shall the item stand by unanimous consent?

Some hon. Members: Stand.

The Acting Speaker (Mr. Ethier): Item No. 10, the hon. member for Rimouski (Mr. Allard). Shall the item stand by unanimous consent?

Some hon. Members: Stand.

The Acting Speaker (Mr. Ethier): Item No. 11, the hon. member for Athabasca (Mr. Yewchuk). Shall the item stand by unanimous consent?

Some hon. Members: Stand.

* * *

COMMONWEALTH CARIBBEAN

CLOSER TIES WITH CANADA SUGGESTED

Mr. Heath Macquarrie (Hillsborough) moved:

That, in the opinion of this House, a special joint committee of the Senate and the House of Commons should be established to consider the advisability of taking an initiative in promoting closer commercial and cultural relations between the Dominion of Canada and the communities of the Commonwealth Caribbean and that *inter alia* such committee should consider (*a*) subsidization of sea-borne transport between this country and the Commonwealth area (*b*) Canadian governmental assistance in the upgrading of the seaports of Atlantic Canada (*c*) such tariff changes as might facilitate the exchange of commodities between the two areas (*d*) encouragement of the exchange of students of the two areas (*e*) recommending assistance towards meetings of political business and

educatioal leaders of the two regions with a view to stimulating a north-south exchange of goods, people, services and technology in a mutually advantageous way.

He said: Mr. Speaker, to me this is not a new subject. As some of the veterans like the venerable hon. member for Winnipeg North Centre (Mr. Knowles) will know, it is not a new interest of mine.

Whatever else is uncertain in this political career, and I have found it more uncertain than ever in the last few months, this will certainly be my last notice of motion speech on anything.

● (1602)

I have found that while it is quite a treat and, indeed, sometimes an extremely difficult thing to get into the House of Commons, I am among a small group of people who are finding it quite difficult to get out at the date of our choosing.

Mr. Knowles (Winnipeg North Centre): Some whom we would like to get out will not go.

Mr. Macquarrie: I noticed the former minister of justice across the way this morning, and I had a fellow feeling with him on the situation in which we find ourselves.

I am happy that my last motion under private members' hour should deal with a subject very close to my heart and on which I made a speech in my youth when I sat over there and spoke on a motion by the hon. gentleman who now sits in the other place, Senator McIlraith.

In recent months I have had to live with a personal embarrassment in that I have said goodbye to so many people and have been bade goodbye by so many people and find now that I am apologizing for being around.

Mr. Paproski: It is nice to have you back.

Mr. Macquarrie: Thank you, sir.

I do give the promise that I will eventually go, and that is a firm commitment, with all the uncertainties of the present political situation. I can say that this parliament will eventually end, and that we will not need a Cromwell to say, "In the name of God, go". I think we will eventually be dissolved.

When I first spoke on this subject matter, Mr. Speaker, I sat on your right. I was a government supporter. I am about to leave the House of Commons when it seems that in a few months my party may again be given the opportunity of sitting on the Speaker's right. I have never felt like a biblical figure before, and I suppose I never deserved to feel like a biblical figure, but it reminds me of Moses, who could see but not enter the promised land. But I do see it, I see it clearly, and I am delighted with what I see.

My interest in this subject matter has not diminished over the years, as I have become more familiar with the people of the Commonwealth Caribbean and with the area itself. As I have been, I remain a committed believer in Canadian involvement in the outside world, even though at this time we have enormous and painful internal economic problems.

I have heard, as one is bound to hear, the mutterings, rumblings and grumbles of those who say charity begins at home. I have heard the sour notes of those who point to our own problems, and sometimes they indicate that one has pointed them out from time to time from public platforms. I have never been terribly upset by these people, because I have always believed that those who say that charity begins at home are not usually too charitable at home themselves, so they are not my advisers. I am convinced that despite our stresses and strains, our national problems and our crises, we gain perspective if we recall that we are a part of the greater world. That, I think, is the credo of a good international citizen and a leading member at its best of the international community, as Canada is.

It is never very profitable to spend much time in navel gazing, hand wringing, or problem gathering. This is not a useful exercise. As Mr. Pearson said more than once, in the face of our internal difficulties we gain strength rather than diminish ourselves by giving of ourselves to the outside world. Of course there are questions we should ask about our programs for the outside world. We should ask about the nature of these programs, the types of programs and, in general, our capacity to aid efficiently the developing world. I am happy that the Standing Committee on External Affairs and National Defence, through an important and valuable subcommittee, has looked into this matter in a most searching way and intends to do so again.

To abandon the world because of our internal anxieties and weaknesses would, I believe, be a supreme lack of faith. There are questions which we should ask. One which I have often asked in the last 15 years is whether or not we have our priorities right. I will not use the terrible conglomeration of letters called "priorization". That word is even worse than the word disincentives or the word patriation. What we should ask is what we should do, how we should do it, and where. Even at its best, even at times of great economic strength, the Dominion of Canada could not mount, support, and sustain a meaningful program of assistance for 70 or 80 countries all across the world, so we must develop priorities.

I have never had any hesitation in where I would place my priorities. Commensurate with our capacity, based upon our contacts, our knowledge, and our friendship, I would say that there is no place abroad where we could do more effective work, develop more meaningful contacts and be more significantly helpful than with the nations of the Commonwealth Caribbean. It seems to me that their needs are commensurate with our capacity, or perhaps it would be more graceful to express it the other way, our capacity is more commensurate with their needs. With this area we can see clear prospects of aiding them, even the weakest among them toward a state of economic viability and prosperity.

I think that it is only right and proper that in all such programs of aid we ask, "will our contribution make a difference, will it show up in developing those goals for the people to whom we are extending our aid?" This is a manageable thing to do. Indeed, it is possible that it might make the difference

between a strong and viable policy or a healthy economy and a depressed one.

We know that in our external contacts we have often made grave errors because we really did not understand the people with whom we were dealing. We did not know their customs. So much valuable time was lost and so much strength was wasted. However, we do know the people of the Commonwealth Caribbean, and they know us. We have had a long history of friendly ties with them. Even before we had the capacity to deal with foreign affairs, which I would place at around 1917 under the great Sir Robert Borden's leadership, we were developing contacts with the external world, and these were with the Commonwealth Caribbean. Interesting and valuable trade negotiations were carried out in Ottawa on more than one occasion.

To the historic ties we add the geographic propinquity. They are in fact in this global world, as it is still called, our neighbour. Perhaps more impressive than anything else—and here I show my bias as a parliamentarian—these communities have parliamentary institutions which are strong and which are in some cases carried out under very great difficulty, the highest goals for which parliamentary institutions are established.

● (1612)

I do not get too carried away by the views of those who say we should apply some litmus test to every country in the world and, if we do not approve of them morally, 100 per cent, we should have nothing to do with them. Because we draw our inheritance in a parliamentary way from the United Kingdom as do they, I believe this establishes a bond of extreme importance and immense value. They are sister members of the Commonwealth; they are neighbours, and it is heartening to see that in some of the islands in the Commonwealth Caribbean where the institutions are very small, they are able to carry on well and to develop a party system and all the institutions known to the British pattern.

They know us and they still like us. That is important, Mr. Speaker. Canadians from the private sector and the public sector have been going there for many years. I should like to see this bond strengthened along the lines I have suggested.

Over the years I have moved away from advising aid and toward developing a mutuality of interest and stimulating trade between our countries. That is why I asked for better ports in the east, better facilities for shipping and exchange programs for students, professionals, social workers, politicians and so on. I believe this is the positive way for us to help them and, in the long run, for us to help each other. I think there are great possibilities in this, and I should like to see the matter studied very carefully.

I suggest this proposal should be examined by a joint committee. I propose a joint committee because the Senate of Canada has established an excellent reputation for the quality of investigation of its committees. In my judgment its methods are better than ours, its procedures much more effective, and its accomplishments generally far more substantial. In 1970 a Senate committee made an exhaustive and interesting study of the Commonwealth Caribbean which added much to our deliberations.

I could say much more, Mr. Speaker, but I have spoken on this subject before. Knowing how hon. members hang on my every word in every session, I shall not repeat what I have said. Exactly one year ago on the Friday before the Christmas recess—I seem to be fortunate enough to get the opportunity to speak on a Friday—I remember speaking to hon. members in a parliamentary way. I again invite members who enjoy the fruit of the cane and the Caribbean high commissioners in the gallery to join me, after the debate is over and approval has been given by the House, in a little Christmas cheer à la Caribbean rum.

Some hon. Members: Hear, hear!

Mr. Marke Raines (Burnaby-Seymour): Mr. Speaker, may I say to the hon. member for Hillsborough (Mr. Macquarrie) that I wish him all the best when he retires from this House after his career as a parliamentarian.

I was somewhat suprised that when he resumed his seat he was applauded by members of his party. While I respect the hon. member, I am completely and diametrically opposed to his ideas. During the four and one-half years I have been a member of this House, I have wanted other people from British Columbia to travel to his beautiful part of the world, to Ontario, and to Quebec. I want massive student exchanges. I must tell the hon. member what we have in British Columbia and why I cannot in any way support his plea for exchanges with the Caribbean.

The economy class air fare from Vancouver to Ottawa and return costs $430. It costs more to Montreal, and far more to go to the hon. member's province. For four and one-half years I have been urging this government, the Secretary of State (Mr. Roberts) and everyone else, to provide lower air fares to lure British Columbians to other parts of Canada. So far we have seen just a small drop in fares and the introduction of some charter fares. Many British Columbians still have not seen Prince Edward Island, they have not seen Ontario or Quebec. For half the fare they can travel to Hawaii, San Francisco and Seattle, and people in eastern Canada can take their holidays in the Bahamas and the Caribbean. They can have student and teacher exchanges between Canada and France or, as the hon. member wishes, between Canada and the Caribbean, which are supported by the federal government, while we do not have enough funds to support this country. At this time in our history I want people from the west to see the east, and vice versa.

I propose that every Canadian from British Columbia to Prince Edward Island should have the right to travel to other parts of the country once a year for a fare of $100 or $150, to put an arbitrary figure on it. People from British Columbia could visit Quebec city, Montreal, Prince Edward Island, and people from those areas could visit British Columbia. In this way all would have a better understanding of the country. As a

member of parliament I have had the opportunity of going to Quebec.

The hon. member spoke of a list of priorities. I should like to refer to some that have not done too well. In the Ottawa *Journal* of May 27, 1978, under the headline "Student Exchange Program Goes Broke", there appeared the following report:

> The federal government's showcase student exchange program, Open House Canada, has run out of money with 6,000 on the waiting list.
>
> Co-ordinator Brian Gilhuly said the program's budget of $6 ½ million is enough to take care of 23,500 students. Another 6,000 students have completed the necessary steps and are waiting to be accepted.
>
> Open House Canada offered free airfare to anyone between the ages of 14 and 22 who was willing to be matched up with a host somewhere else in Canada.

Apparently we do not have enough money for these student exchanges. I see the hon. member for Hillsborough is having a chat with a member from British Columbia who is a colleague of mine. I am sure my colleague on that side of the House will add his persuasions to mine.

I do not want to oppose the program for the Caribbean, Mr. Speaker, but it is low on my list of priorities. It is a good idea and I, too, want exchanges with the Caribbean, but also with France, England, and other places. The hon. member, of course, has his list of priorities, but during the 20 minutes that he spoke he never once mentioned any other part of Canada. Has he forgotten British Columbia, Alberta, and other parts of the country? They are all rather beautiful, but it costs the average Canadian too much to visit them.

I should like to hear the hon. member's views on lower airfares. I am sure there are people in his riding who would like to see Quebec and Ontario.

I should like to tell the House of the value of the student exchanges, Mr. Speaker. In British Columbia there is some prejudice against Toronto and Ontario, perhaps even more than in the maritimes. Certainly there is some prejudice against Quebec and against another language. From time to time to it has been my pleasure—as I know it has been for other members—to welcome students from all parts of the country who are participating in programs such as Open House Canada. They have all thought how wonderful it was to have the opportunity to participate.

Three years ago I attended Laval University in Quebec—at my own expense—in order to learn French. I met with students from the United States, British Columbia, and even from Prince Edward Island. All saw Quebec city and the province firsthand as they were learning the language, and they had no prejudices or misconceptions. If both students and adults had the opportunity to travel across the country and still had a dislike of one part of the country, at least it would be well founded on things they had experienced, and not based on misconceptions. Some of those misconceptions are due to the failure of the media, and of the Canadian Broadcasting Corporation in particular to live up to its mandate of explaining one part of the country to other parts.

[Mr. Raines.]

• (1622)

I have called for cuts in the CBC. I have called for these cuts in committee, and I have done so in opposition to this government at times. I have called for cuts in administration, but I have told the CBC president, Al Johnson, in committee that I would even vote for an increase because I think communication is that important. If the CBC would live up to its mandate, nothing could be more important.

Of equal importance to communications is the right of Canadians at this time in our history to travel and see the country and to meet their friends and fellow Canadians from Quebec, Ontario, and Prince Edward Island. And now, in December, 1978, to have a colleague of mine say—and I call him a colleague whether he is on this side of the House or the other side of the House, our ideas could be the same—let us have exchanges with the Caribbean, valuable although that may be, I find it almost to the point of being discourteous that in a 20-minute speech he did not mention once that we have a need in British Columbia and Alberta that is not being fulfilled.

The airfare from Ottawa to Vancouver and return costs $430, and that is not an easy amount to find. So I suppose people from here go to Florida and the Caribbean. I do not blame them. People who live in British Columbia, because of the excessive cost of air fare and the lack of communication—we do not see that on the national network—people in British Columbia are more familiar with Seattle, Hawaii and California than they are with the maritime provinces. This national disgrace must come to an end sooner or later. That is why for four and a half years I have asked that the constituents who live in the Hillsborough riding, as well as all the people who come from Ontario, Quebec, or any part of eastern Canada, be given an opportunity to come to British Columbia, Alberta or any part of the west. By the same token I want the people of the west to have the opportunity to come east.

While I am not telling anyone what language they can or cannot speak, there are growing numbers of people in British Columbia who want the opportunity to learn another language. I submit that we should all join together to give them the opportunity to learn a second language. I do not care what the media or what orators in this House say, and at times I do not care what this government says, because I have been to Quebec, I have spoken to the people there and I have found a desire to learn English. I find their hearts are good.

No matter what premiers or officials of any province may say, I have talked to the people, as have all hon. members—the hon. member from Prince Edward Island has talked to people more than I in his long and distinguished career—and I think the people of Canada are good, and that growing segment who want an opportunity to become Canadians must be given that opportunity. For that reason perhaps the hon. member for Hillsborough will join me in my plea that we have a chance to see all sections of this country and then, after that, perhaps I will be prepared to listen somewhat more carefully to an exchange between the maritimes and the Caribbean.

Mr. Arnold Peters (Timiskaming): Mr. Speaker, I am surprised that you allowed the hon. member for Burnaby-Seymour (Mr. Raines) to discuss his motion when he was supposed to be discussing the motion put by the hon. member for Hillsborough (Mr. Macquarrie).

Some hon. Members: Order.

Some hon. Members: Shame!

Mr. Peters: It is possible for those of us who like hockey to discuss baseball also and these topics do not have to be discussed at the same time. In fact there is some advantage in not mixing them up. I think that when members are discussing hockey they can discuss it, and likewise when they are discussing football, they can discuss it. But they do not necessarily mix, and the rules are not the same.

The Acting Speaker (Mr. Ethier): Order, please. The hon. member is insinuating that the Chair should have intervened when the hon. member for Burnaby-Seymour (Mr. Raines) was speaking. I thought he was addressing himself to the motion before the House. I understood he was stating his views, that contrary to having an exchange of services and techonology, he referred to an exchange of students within Canada, and I thought he was quite in order.

Mr. Peters: Mr. Speaker, thank you for your explanation. I did not understand that from the comments.

We have had the opportunity of associating with the hon. member for Hillsborough in a number of debates—

Mr. Raines: Mr. Speaker, I rise on a point of order. I would like to know if the hon. member understands either one of the official languages. I thought I had made myself quite clear, and if at any time in this House one cannot speak on the need—

The Acting Speaker (Mr. Ethier): Order, please.

Mr. Peters: Mr. Speaker, the member just proved my point.

As I was saying, since 1957 we have had an opportunity of associating on many occasions with the hon. member for Hillsborough and we will be very sorry to see him go. I am sure we will be no more sorry than the people in this country who have felt that we have an obligation in Canada to help some of the other Commonwealth countries. I agree with him that there are no better Commonwealth countries to help than those that will help us. It has never been suggested by the hon. member for Hillsborough that we were going to do this out of the goodness of our hearts. There was a great deal to gain from a relationship where we might need sugar, oranges, or the rum that comes from that part of the world, which is something dear to some people's hearts, as well as cigars. In turn they are interested in our potatoes, wheat, flour, and a number of other commodities that we have in excess in Canada.

It seems to me that is good neighbourliness for Canadians to participate with other Commonwealth countries in that kind of an exchange. Over the years the hon. member for Hillsborough and those who have participated in the Caribbean Canadian committee, loose though that term maybe, have always stressed the fact that this was not entirely one-sided, there were advantages on both sides.

It is interesting to walk down the streets of Toronto because one will find people there from the Commonwealth Caribbean area rubbing shoulders with other Canadians in a harmonious relationship. It is not odd either to walk down the streets in many Caribbean countries because one will find a branch of the Bank of Nova Scotia rubbing shoulders with a branch of the Bank of Montreal or a branch of the Canadian Imperial Bank of Commerce. One can also see ships carrying Canadian goods delivering to Caribbean ports, and in return, bringing back to Canada some of the produce found in that part of the world.

The hon. member has stressed the advantages of developing ports. It is very difficult to deliver or receive goods unless sufficient facilities in the ports are made available. It means that if we are to import tropical fruits and other commodities of a perishable nature from those countries, they will have to be protected with refrigeration and container ships and the other necessities of modern merchandising. Those ports have to be established at both ends of the line. It is only in Canada that we have a ship docking off the shore of Frobisher Bay and then we find we cannot make the delivery via small boats because the water is frozen. Most countries are not that stupid, and it is only in Canada that we believe we do not have to have facilities. We have the ships but we cannot dock them wherever we please. I think the hon. member for Hillsborough is perfectly correct in saying that proper facilities at both ends of a trade route are necessary. We may help in the construction and with technology in the Caribbean, and they may help us in other ways.

There is one thing Canadians miss that our friend in British Columbia cannot give us; during our six months of winter we need warm sunlight. This is something the Caribbean has. The Caribbean has beautiful beaches, warm sunlight, and warm water in abundance. We have commodities the Caribbean countries need. In a limited way we are an industrial nation. A trade can be made very readily which is advantageous to both parties.

It might be wise and more to our advantage than it is to theirs if one were to pick up an Air Canada brochure and find that the prices are quoted in Canadian funds instead of American funds. The other Caribbean Commonwealth countries do not use American money either. It is only a form of exchange for the tourist industry that is operated for both Canadians and Americans. There would be very little difficulty translating Canadian money into money used in Barbados, Jamaica, Trinidad and Tobago and other places in the Caribbean. However, that is not the way it is done. It is converted into American money. This kind of arrangement could be made very easy so that our money is directly related to the Commonwealth Caribbean countries which we visit.

● (1632)

I do not want to spend very much time on this subject.

Some hon. Members: Hear, hear!

Mr. Peters: That is not to satisfy my colleagues on the other side of the House. It is simply because they may not be able to stay on this subject long enough to kill the motion. That is the reason I will not take too long.

We have been very impressed with the efforts that have been made to relate in a fair and reasonable way the relationship between the Caribbean and Canadian people. There is a warm friendship on both sides. It has been ably demonstrated that, given a reasonable response, very unusual results may flow from that which will be to both our advantage and theirs.

We are all familiar with the lack of support on the government benches with regard to the request from the Turks and Caicos Islands. They petitioned Canadian members of parliament to make some kind of arrangement whereby we would provide them with the industrial development necessary to develop those islands into a resort area. In return, the islands could be used for the benefit of Canadian citizens.

The government pooh-poohed that, saying that we would be accused throughout the world of starting up a colonial empire. When my colleague from Waterloo-Cambridge (Mr. Saltsman) suggested those islands attach themselves to Nova Scotia, there was a great hullaballoo. It was suggested by the Turks and Caicos that they become a protectorate of Canada or a territory. The then secretary of state for external affairs, Mr. Sharp, almost had a fit. He asked what our neighbours would say when we went to the United Nations if we had a protectorate or territory in the Caribbean. He said we would become a colonial power.

That was not the way the people on the islands viewed it. They have a relatively small population, 5,000 or 6,000. Even if you include all the relatives on the islands, there still would not be more than twice that number. These people could easily be covered under our old age pension and other social security programs that we have. In return, they would have allowed Canadians to build hotels and establish seaports. The Canadian dollar would have been used as the exchange. Canada could have sent many processed foods and goods to these islands. They, in turn, could have sent us what they grow on their tropical islands, as well as letting us take advantage of their sun and sand. This was pooh-poohed because the officials in the Department of External Affairs felt it would indicate that we were not as pure in terms of being colonially oriented as we pretend to be.

There would be an advantage on both sides. All arrangements would have to be done in harmony. There could be an equal exchange and we could quite easily arrive at a trade balance that would be nil. By reciprocal buying and selling, there would be equal advantage to both sides.

This is not true at the present time in the Caribbean. In Jamaica, for example, we own the banks as well as the bauxite industry. They look at Canadians in a different light than if we were equal partners in a Commonwealth arrangement.

The hon. member for Hillsborough (Mr. Macquarrie) has sown a seed that I hope will grow to maturity. I see great advantage for both the Commonwealth Caribbean and for Canada. I can visualize ships travelling between those two areas in the same way that airplanes do, carrying people and produce, with a mutual advantage to both parties. There should not be any roadblocks whether people want to travel to Hawaii or California. That is not the question. This is an opportunity to expand our trade in a mutually acceptable way and to do it with equality. We would be equal trading partners working to our mutual advantage under a harmonious arrangement between Canada and the Caribbean Commonwealth.

Mr. Douglas Roche (Edmonton-Strathcona): Mr. Speaker, there was joy in the House of Commons today when we were privileged to hear again the distinguished voice of our colleague, the hon. member for Hillsborough (Mr. Macquarrie). There was sadness in the House also when we were reminded of the pending departure of that gentleman who has done so much through his years in the House of Commons to raise the sights of Canadians to our international opportunities and responsibilities.

Some hon. Members: Hear, hear!

Mr. Roche: I say to the hon. member for Hillsborough that this House will be the poorer for his departure. If he leaves behind the many aspects of a legacy through the years, the final chapter being his motion this afternoon, this House has been well served indeed.

Unfortunately, I have to tell the hon. member for Hillsborough that he has not been totally successful in raising the viewpoint of Canadians with regard to international opportunities and obligations. There was a perfect demonstration a moment after that gentleman sat down of a Canadian who has not yet had his vision widened commensurate with the responsibilities he holds as a member of parliament.

The hon. member for Burnaby-Seymour (Mr. Raines), in responding to this motion, made a very interesting speech indeed. I say to him with great respect, and indeed friendship, that his speech this afternoon in which he lamented the high cost of domestic travel and deplored the drying up of funds for the domestic student exchange program, was not a speech against the motion of my friend from Hillsborough. It was an indictment of his own government for failing to do the things necessary in our own domestic economy, giving him a sense of frustration and exacerbation respecting travel in our own country. Just because a point he made indicated the government is not to say that the validity of the point made by my hon. friend from Hillsborough is any less.

● (1642)

I have to remind the hon. member for Burnaby-Seymour that only three or four hours ago in this very chamber the

Prime Minister (Mr. Trudeau), answering a question from one of my hon. friends, gave a run-down of his forthcoming trip to Jamaica where he would be meeting with several first ministers from around the world on the general subject of the north-south alignment. The hon. member for Burnaby-Seymour forgets that his own party has been a leader and, indeed, has supported the two reports of the subcommittee on international development to which my hon. friend from Hillsborough referred. The members of the Liberal party joined members from both sides in making unanimous the two reports which were prepared in 1976 and 1977 as a reflection of the concern of the many members in all parties with regard to the north-south problem.

Those reports from the subcommittee on international development were a reflection of the work which the Standing Committee on External Affairs and National Defence is capable of doing were it given sufficient opportunity. These reports stand out as exceptions to the general lassitude which characterizes the work of the committees generally, and specifically of the Standing Committee on External Affairs and National Defence. If there is any improvement to be made in helping Canadians understand a wider sense of opportunity and obligation—the hon. member for Hillsborough pinpoints a specific area, the Caribbean—it is through the Standing Committee on External Affairs and National Defence. I say to the House with great confidence it will not be long before events are set in motion whereby a sense of leadership will be given to the Canadian people to explain and support the measures which have been recommended by members of parliament from both sides who took part in those hearings.

I will just refer briefly to a couple of sections in that report from the subcommittee on international development. My hon. friend from Hillsborough, referring to the north-south problem in the Caribbean, has by implication talked about the debt problem of the developing countries today. The report which the subcommittee offered to the House and to the government started by quoting the Secretary-General of the Commonwealth, Mr. Ramphal, himself a distinguished son of the Caribbean. He said:

> The inequities in the international system are of tremendous significance. They have given rise to essentially two worlds and the disparities between them are growing. One is the world of the rich, the other the world of the poor, united by its heritage of common suffering. A poverty curtain divides the world materially and philosophically. One world is literate, the other largely illiterate; one industrial and urban, the other predominantly agrarian and rural; one consumption oriented the other striving for survival—

The second report from the subcommittee had to do with intermediate funding. One of the recommendations, indeed, the principal finding and recommendation, reads as follows:

> The flow of "aid", or real financial resources, to developing countries remains as important and urgent as ever and is still the most concrete yardstick of the commitment of wealthier countries to assist the developing world. It is important to stress the continuing role of aid since the debate on the "new international economic order" has often focused primarily on "non-aid" aspects of co-operation.

When the hon. member for Hillsborough comes into the House on a Friday afternoon and reminds us of our opportunities to fulfil the commitments our country has made over the years, for his pains he gets a speech saying we have to improve the situation in domestic air fares and domestic student exchange rates. In other words, we have to make great improvements in the internal economy of our country before we address ourselves to the larger matters of the world. Mr. Speaker, every day of the week members of House are engaged in that very exercise of analysing and trying to improve domestic economy.

Is the hon. member trying to tell us that we cannot give any priority to the subjects my hon. friend mentioned? He forgets that a large percentage of the land of the world and 99.5 per cent of the people of the world are not in Canada. What shocks me is how little time is spent in the House of Commons devoted to occasions on which members can discuss more realistic policies of Canadian involvement in a changing world. If there is any characteristic which marks my hon. friend's motion this afternoon it is the characteristic of being sensible. It is eminently sensible.

I will read the operative section of the motion. He recommends "assistance towards meetings of political, business and educational leaders of the two regions with a view to stimulating a north-south exchange of goods, people, services and technology in a mutually advantageous way." He understands the reality of the human condition today that is threatened by this widening chasm between the 30 per cent of the world who live in the advantaged countries and the 70 per cent who live in the developing countries devoid of any means by which to make themselves more self-reliant. That is what the issue is today. Canada benefits from a more vigorous participation in improving north-south relations.

I shall certainly not be the one to talk out this motion. I want it to go to a committee. I want the subject matter to be cummunicated to the people of Canada and, indeed, to the government side here this afternoon, because it represents the voice of wisdom and outlines the practical steps to be taken in order to move the north-south debate ahead.

There was an implication in the Prime Minister's answer this afternoon in reply to a question, and I invite the hon. member to go back and look at *Hansard* for the Prime Minister said, and he was right, a log-jam had interrupted the north-south dialogue between the developed and the developing nations. Everybody who follows the international scene today is all too conscious of that log-jam.

Many things must be done of a sensible nature, as my hon. friend suggests, which can begin to move us forward in practical steps to close that gap in such a way that the people of the developed countries, as well as the developing countries, are the beneficiaries. I invite the hon. member to give that aspect some thought, even from the vantage point of beautiful British Columbia. British Columbia as well as Prince Edward Island will be among the chief beneficiaries of this move. You see, it is in the interests of both the rich and the poor to boost productivity all over the world.

• (1652)

The heart of the dilemma today is low productivity in both the developed and developing worlds. That is at the heart of economic instability. Once we see that, it becomes easier to take a systematic approach, the kind of approach for which my friend is arguing. It is in the interests of both the rich and the poor, the developed and the developing, to increase the flow of capital into the developing world, and to improve the transfer of technology. That is what he is talking about in his motion today.

Mr. Raines: On a point of order, Mr. Speaker, I hesitate to interrupt the hon. member, but would he permit a question now?

Mr. Roche: I will close my remarks in just a moment and my friend can raise his question then.

In supporting this motion I should like to point out that moving toward a more dynamic global economy is in the mutual interest of both the north and the south, and by raising the purchasing power among the greatly expanding populations of the south, releasing new resources and developing new markets for both the poor and the rich, higher levels of trade can be created within and between all countries. That is the essence of the motion. In effect, the developing countries of the south can become one of the engines of resumed progress in the industrial world. We need those expanding markets.

The subject which we are debating this afternoon is far beyond the subject of just aid. Aid is an inconsequential aspect of the totality of the north-south relations. It is, as my friend points out, an important aspect still, but those who follow the north-south dialogue recognize that if we are going to make a realistic response to the challenges in the world today, then we have to move beyond aid and create a new development strategy.

As the third development decade opens in 1980, one of the things that Canada can do, since we do not really have a strategy but only a lot of ad hoc programs, is to develop a new strategy on industrial development co-operation with the nations in the north-south complex.

Mr. Maurice J. Williams, who is chairman of the development assistance committee of OECD, one of the world's foremost authorities on this general subject, notes the following:

> Broad international support is more likely to be mobilized for evolutionary changes which remove unjust constraints in the international economic order, facilitate an ongoing process of structural change and encourage a concerted effort to help weak and vulnerable people.

That is what my friend is asking for this afternoon in his motion.

Some hon. Members: Question.

Mr. Roche: Canada is well suited to lead and not be a grudging participant in the search for new order in the world. I think that the members of the House should have the opportunity to debate these questions. The Standing Committee on External Affairs and National Defence should be much more active. If we did that, we would have a more realistic foreign policy that is understood and supported by the people of Canada, especially including the people from British Columbia.

Some hon. Members: Hear, hear!

Mr. Raines: Mr. Speaker, I should like to ask a question of the hon. member who comes from Alberta, and I included Alberta in my remarks. What he said was most interesting in dealing with the need for trade with the Caribbean, but I would like to ask him if he would support me in acceding that the priorities of cultural and student exchanges should be the first priority of British Columbia and Alberta in the west? Would he support me in a motion with regard to that priority?

Mr. Roche: The hon. member is perfectly free to submit his own motion and to try to generate support for ideas that are closest to his heart. This afternoon we are privileged to have a motion from the hon. member for Hillsborough, and that is the motion I am supporting this afternoon.

Some hon. Members: Question.

[*Translation*]

Mr. Charles Lapointe (Parliamentary Secretary to Minister of Transport): Mr. Speaker, opposition members made it extremely easy for me today, but probably because they wanted to prevent me from paying tribute to a colleague and friend of mine, the hon. member for Hillsborough (Mr. Macquarrie). I want to tell him my hope that this pre-election period goes on for many more months so I can continue to have the pleasure of working with him and benefit from everything I learn in his interventions which are always full of wisdom and humour. I appreciate his constant concern for the better-being not only of Canadians but, as he has shown in this motion today, of all inhabitants of the globe, and I believe we have in our colleague from Hillsborough one of those new beings or one of those people we call citizens of the world.

Ever since he first sat in the House of Commons, Mr. Speaker, the hon. member has always endeavoured to bring an international dimension to the debates of this House. Unfortunately, I think we do not have enough opportunities to discuss those subjects. I was struck by one of the things he said in his intervention today. He referred to that false proverb which says that "Charity begins at home." I believe as he does that it is imperative, even in a period of economic difficulty, that we use our minds, our hearts and our financial or technical means to help our brothers in other countries of the world going through worse economic difficulties than we are.

Mr. Paproski: Question.

The Acting Speaker (Mr. Ethier): Order. The hour provided for the consideration of private members' business has now expired. It being five o'clock, this House stands adjourned until Monday at 2 p.m., pursuant to Standing Order 2(1).

At 5 p.m. the House adjourned, without question put, pursuant to Standing Order.

HOUSE OF COMMONS

Monday, December 18, 1978

The House met at 2 p.m.

• (1407)

ROUTINE PROCEEDINGS

[*English*]

GRAIN

REQUEST FOR INCREASE IN INITIAL PRICE OF NO. 1 AND NO. 2 WHEAT—MOTION UNDER S.O. 43

Right Hon. J. G. Diefenbaker (Prince Albert): Mr. Speaker, I rise on a matter of urgent and pressing necessity under the provisions of Standing Order 43.

Having regard to the fact that although during the past weeks wheat has been selling out of Vancouver and Thunder Bay at between $4.50 and $4.70 a bushel, and that the initial price for wheat for the farmer at the farm gate is only $2.75, I move, seconded by the hon. member for Saskatoon-Biggar (Mr. Hnatyshyn):

That this House requests the initial price of No. 1 and No. 2 wheat be increased immediately by at least 50 cents a bushel.

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

Some hon. Members: Agreed.

Some hon. Members: No.

Mr. Diefenbaker: Turned down by Liberal members again.

* * *

SOCIAL INSURANCE

ADVISORY COUNCIL STUDY OF INCREASING USE OF SOCIAL INSURANCE NUMBERS—MOTION UNDER S.O. 43

Mr. Ray Hnatyshyn (Saskatoon-Biggar): Mr. Speaker, I rise, under the provisions of Standing Order 43, on a matter of urgent and pressing necessity.

Noting the decision of the Minister of Employment and Immigration (Mr. Cullen) to form an advisory council to study the increasing use of social insurance numbers only after persistent pressure by the official opposition, and noting with dismay and incredulity further evidence of government expansion of the use of SIN in that the Canadian Transport Commission now requires all domestic charter passengers to provide their SIN if they wish to profit from the savings of advance booking, that Statistics Canada demands farmers' SIN in their agricultural enumerative survey, and that the Canadian Broadcasting Corporation uses the SIN as an employee identification number, I move, seconded by the hon. member for St. John's East (Mr. McGrath):

That the minister immediately convene the advisory council and instruct it to report as soon as possible so that legislation limiting the continued expansion of SIN can be introduced after the Christmas recess and, in any event, before 1984.

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

Some hon. Members: Agreed.

Some hon. Members: No.

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CANADIAN BROADCASTING CORPORATION

AGRICULTURAL AND RESOURCE PROGRAMMING—MOTION UNDER S.O. 43

Mr. Lorne Nystrom (Yorkton-Melville): Mr. Speaker, in recent days I and other members, such as the hon. member for Regina-Lake Centre (Mr. Benjamin), have received several complaints from farm people regarding a recent program about beef farming on the Canadian Broadcasting Corporation entitled "High Steaks". Farmers claim that, like the program last year on grain entitled "What Breadbasket", the program was biased, one-sided and it did not represent a true overview of various opinions on the beef industry.

Accordingly, I move, seconded by the hon. member for Regina-Lake Centre (Mr. Benjamin):

That this House recommends to CBC president Al Johnson that he review the position of Mr. Don Baron as director of agricultural and resource programming and ensure that the CBC maintains a high standard of objective broadcasting in their agricultural and resource programming.

Mr. Speaker: The presentation of such a motion for discussion at this time can be done only with the unanimous consent of the House. Is there unanimous consent?

Some hon. Members: Agreed.

Some hon. Members: No.

S.O. 43

[*Translation*]

NATIONAL FILM BOARD

REASON FOR CHANGES IN FRENCH REGIONALIZATION PROGRAM IN ONTARIO AND WESTERN CANADA—MOTION UNDER S.O. 43

Mr. Jean-Robert Gauthier (Ottawa-Vanier): Mr. Speaker, under the provisions of Standing Order 43, I ask for the unanimous consent of the House to move a motion dealing with an important matter of pressing necessity.

Considering the decision of the National Film Board to abolish the Francophone regional production centres in Ontario and western Canada; considering that such a decision will deprive Francophone minorities outside Quebec of an important communication and cultural tool and will also prevent them from obtaining the provincial government and non-government funds they need to operate, I move, seconded by the hon. member for Vaudreuil (Mr. Herbert):

That the Prime Minister (Mr. Trudeau) and the Secretary of State (Mr. Roberts) call on the administrative board of the NFB to justify that reprehensible action which did not contribute to the cultural survival of Francophone minorities outside Quebec when it abolished French regionalization in Ontario and western Canada.

Mr. Speaker: The House has heard the motion of the hon. member. Pursuant to Standing Order 43, presentation of such motion requires the unanimous consent of the House. Is there unanimous consent?

Some hon. Members: Agreed.

Some hon. Members: No.

* * *

[*English*]

FINANCE

INCENTIVE PROGRAMS TO ENCOURAGE EMPLOYMENT OF YOUTH—MOTION UNDER S.O. 43

Hon. George Hees (Prince Edward-Hastings): Mr. Speaker, as the rate of unemployment for men and women under 25 years of age is twice that for those 25 years and over, I move, seconded by the hon. member for Hastings (Mr. Ellis):

That the Minister of Finance be instructed by this House to introduce a program of incentives, without delay, which will induce businessmen and primary producers to employ our young people and enable them to take their rightful place in the work force.

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

Some hon. Members: Agreed.

Some hon. Members: No.

[Mr. Speaker.]

INDUSTRY

FINANCIAL ASSISTANCE FOR STEEL INDUSTRY IN SYDNEY, N.S.—MOTION UNDER S.O. 43

Mr. Robert Muir (Cape Breton-The Sydneys): Mr. Speaker, I rise, under the provisions of Standing Order 43, on a matter of extreme urgency affecting the economic future of thousands of Nova Scotians.

Recognizing that the ten-year, multimillion dollar contract between the Sydney Steel Corporation and the Tree Island Steel Company of British Columbia may represent the only real hope of revitalizing the Cape Breton steel industry, and recognizing the importance of this industry not only to Cape Breton but to all of Nova Scotia, and in view of the fact that Tree Island intends to cancel the contract unless financing can be arranged by December 31 for improvements to the Sysco billet mill—and I note that today is December 18, Mr. Speaker—I move, seconded by the hon. member for Cumberland-Colchester North (Mr. Coates):

That this government give its assurance that it will approve that portion of funding required for the modernization of the billet plant so the province of Nova Scotia may take advantage of the very substantial contract with Tree Island Steel Corporation of British Columbia.

Mr. Speaker: Such a motion can be presented at this time for debate only with the unanimous agreement of the House. Is there unanimous consent?

Some hon. Members: Agreed.

Some hon. Members: No.

* * *

● (1412)

CANADIAN WHEAT BOARD

CO-ORDINATOR TO ENSURE MAXIMUM USE OF RAIL CARS TO MOVE GRAIN—MOTION UNDER S.O. 43

Mr. Gordon Towers (Red Deer): Mr. Speaker, I rise on a matter of urgent and pressing necessity concerning the fact that there are at least 45 unassigned grain cars in a small area around Red Deer city, which means there could be hundreds of boxcars sitting on sidings in western Canada at a time when elevators are plugged and barley is not moving.

I move, seconded by the hon. member for Moose Jaw (Mr. Neil):

That the minister in charge of the Canadian Wheat Board appoint immediately a capable co-ordinator with authority to ensure maximum use of railway cars so vessels will not be held up at the west coast, and thus avoid breaking last year's record $25 million in demurrage charges.

Mr. Speaker: Such a motion can be introduced for debate only with unanimous consent. Is there unanimous consent?

Some hon. Members: Agreed.

Some hon. Members: No.

SOCIAL INSURANCE

USE OF SOCIAL INSURANCE NUMBERS IN CASHING CANADA SAVINGS BONDS—MOTION UNDER S.O. 43

Mr. Bob Brisco (Kootenay West): Mr. Speaker, I rise, under the provisions of Standing Order 43, on a matter of urgent and pressing necessity.

In view of the fact that two constituents of mine, aged ten and 12, last week cashed in coupons from their Canada Savings Bonds to buy Christmas gifts for their parents, and in view of the fact that they were penalized by an unfair 25 per cent deduction because they did not have social insurance numbers, I move, seconded by the hon. member for Central Nova (Mr. MacKay):

The Minister of Employment and Immigration immediately rescind the regulations that brought about this parsimonious action, and allow children, or at least pensioners, to cash their Canada Savings Bond coupons without penalty or, conversely, that the minister be called Scrooge instead of Santa Claus.

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

Some hon. Members: Agreed.

Some hon. Members: No.

ORAL QUESTION PERIOD

[*English*]

ENERGY

SALE OF CANDU REACTORS TO ROMANIA

Miss Flora MacDonald (Kingston and the Islands): Mr. Speaker, my question is to the Minister of Energy, Mines and Resources. Given the sorry history of financial negotiations by this government with regard to the sale of Candu nuclear reactors abroad, a history which includes losses of hundreds of millions of dollars, disappearing agents and mismanagement by AECL—

Some hon. Members: Order.

Miss MacDonald: —can the minister say that the $1 billion loan made by the Export Development Corporation to Romania for the construction of four Candu reactors is all the financing that will be made available, in view of the fact that similar financing with Korea by EDC for one nuclear reactor has now escalated to a cost of $560 million—$1 billion for four; $560 million for one? Is this another $1 billion financial fiasco?

Hon. Alastair Gillespie (Minister of Energy, Mines and Resources and Minister of State for Science and Technology):

Mr. Speaker, I believe that Canadians will take pride in this transaction.

Some hon. Members: Hear, hear!

Mr. Gillies: Especially when they develop an atom bomb, like India!

Mr. Gillespie: Canada has developed the world's best nuclear technology. There is no question that the Pickering reactor, for example, is the best performing reactor anywhere in the world. I do not think most Canadians would want to keep that technology to themselves, on the basis that they are not prepared to export it, or would want to hold back on the manufacturing opportunities which that technology represents.

Mr. Fraser: Answer the question.

Mr. Gillespie: That particular arrangement which has been negotiated with respect to a licensing fee, an engineering fee, and Export Development Corporation standby credit in the amount of $1 billion will provide $1 billion in opportunities for the Canadian manufacturing industry.

Miss MacDonald: Mr. Speaker, I notice that the minister was very careful not to answer the question as to whether or not this $1 billion would be the limit to which this government would involve itself in this particular transaction.

It appears that the licensing agreement between AECL and Romanergo could encompass the construction of more than four reactors. Can the minister tell the House whether the licensing agreement will allow Romanergo to sell reactors to other countries, or expressly states that reactors will be built solely in Romania? In other words, could it allow for further nuclear proliferation even to Soviet satellite countries?

● (1417)

Mr. Gillespie: Mr. Speaker, Romania has signed the nuclear non-proliferation treaty and has accepted international safeguards and inspection by the International Atomic Energy Agency. Romania has in every respect observed Canadian safeguards, the toughest in the world. We negotiated the agreement with Romania a year ago.

As to the question of additional Canadian benefits which may flow from this transaction, it is quite possible that after the four reactors have been put in place, Romania will want to purchase additional components and engineering services from Canada. That would be to the advantage of Canada. But before they can export any part of that technology to foreign countries there will have to be a further agreement negotiated with Romania with respect to those export opportunities.

Miss MacDonald: A final supplementary question, Mr. Speaker. I wonder if perhaps the next customer on the government's list of clientele will be the People's Republic of China.

Since Canada has only recently begun to develop the technology for nuclear waste disposal, and since Romania has not moved in this field at all, could the minister assure the House that any agreements signed between Canada and Romania

anticipate where the nuclear waste will be stored which comes from the Romanian nuclear program? Have there been any discussions between Canada and Romania with respect to the possibility that the nuclear waste would be returned to Canada, or can the minister say that such a proposal has been explicitly ruled out?

Mr. Gillespie: Mr. Speaker, I can say categorically that there is no question of any waste which results from the spent fuel in Romania being returned to Canada as part of this arrangement. The answer is absolutely and categorically no. The Romanians will have to deal with their own waste fuel.

I can say, however, that as a result of the manufacturing opportunities inherent in this field, there will be thousands and thousands of jobs created for Canadians.

SALE OF CANDU REACTORS TO ARGENTINA—STAGE OF CONSTRUCTION

Mr. Elmer M. MacKay (Central Nova): Mr. Speaker, my question is also to the Minister of Energy, Mines and Resources. I presume that this initiative in eastern Europe was for the purpose of opening up new markets for our nuclear technology.

Could I inquire what the situation is with respect to the initiative we took in South America some time ago and, specifically, how matters are proceeding in Argentina? Is the initial reactor close to completion? Is there any progress in settling the misunderstandings that so far have prevented this country and Argentina from proceeding further and, indeed, proceeding further in South America, from the point of view of AECL's first steps in that part of the world?

Hon. Alastair Gillespie (Minister of Energy, Mines and Resources and Minister of State for Science and Technology): Mr. Speaker, my colleague, the Secretary of State for External Affairs, answered questions on this particular point last week and gave a progress report in respect of the discussions between Canada and Argentina.

I think it is fair to say that that particular reactor is on schedule, or within a month or two of being on schedule.

Mr. MacKay: A supplementary question, Mr. Speaker. I would suggest to the minister that the report given by his colleague was not very specific and that the impression given by the minister is not the one generally held by people following the situation.

I should like to follow up the question asked by the hon. member for Kingston and the Islands and ask the minister directly whether, in view of his latest initiative, when the Minister of Industry, Trade and Commerce visits the People's Republic of China, as reported earlier in the year, he is going to have a mandate to talk about nuclear technology with that country.

Mr. Gillespie: Mr. Speaker, the hon. member knows perfectly well that if he has a question for the Minister of Industry, Trade and Commerce, that question should be put to the Minister of Industry, Trade and Commerce.

* * *

CANADIAN WHEAT BOARD

SALES OF GRAIN TO CHINA

Mr. Les Benjamin (Regina-Lake Centre): Mr. Speaker, may I put a question to the Minister of Transport—who is also supposed to be in charge of the Canadian Wheat Board—in view of yesterday's announcement about the United States establishing full diplomatic relations with the People's Republic of China.

Reports indicate that this will mean greatly increased commercial opportunities for the United States in general, and particularly with respect to grain sales, including an additional three million to six million tonnes that could otherwise be bought from Canada.

What action does the minister and the government intend to take to increase our capacity to transport grain from the prairies to west coast ports, so that the Canadian Wheat Board will not be left in the present position of not tendering for further contracts with China because of lack of sufficient rail capacity to handle additional sales?

• (1422)

Hon. Otto E. Lang (Minister of Transport): Mr. Speaker, the question of the capacity to handle grain was considered at a meeting of the senior transportation committee last week and certain steps are being taken in that regard. The existing elevator terminals at Vancouver are adding a total of about ten millions bushels of storage space.

The hon. member knows that we are determined to see that a significant increase in capacity occurs at Prince Rupert so that by the early mid-1980s we can handle a lot more grain there.

His reference to the relationship between United States and China should not be left untouched in view of the fact that Canada long ago recognized the Chinese government. I am sure that will stand our relationship, in terms of the grain trade with them, in very good stead; and perhaps even more than that, the Canadian Wheat Board is alert to maintaining the good relationship which it established by having negotiations and transactions with China even before recognition was given by Canada.

Mr. Benjamin: I am glad the minister said what he did about our trading relationship with China in view of the fact that on November 7, and again on December 7, the minister advised the House, in response to my questions, that CPR had maintained it had enought equipment to handle the projected grain movement and it is now obvious that CPR misled the minister and has caused him to mislead the House, because on December 5 CPR wrote to the Canadian Wheat Board saying

that it would not have enough railway cars to move grain in 1979 and 1980.

In view of the fact the CPR now says it will not have enough cars, will the minister require CPR, under the provisions of section 262 of the Railway Act, to supply sufficient accommodation for this grain movement?

Mr. Lang: The hon. member is misleading the House in suggesting that I thought at any time that CPR had enough equipment. If he would check those answers, I hope he will be good enough to advise the House that I made it clear at the time that I did not necessarily share the view of the CPR which had been put to me about their having enough equipment.

When I saw the letter, not only to the Canadian Wheat Board but an identical letter by the president to me which referred to the shortage of equipment which CPR foresaw for 1979, I began to take immediate action in relation to the question of further cars, and I hope to be able to report further on that soon.

Mr. Benjamin: I hope I did not imply, and I certainly did not mean to imply, that the minister misled the House. He passed on information whereby CPR misled him.

In view of the urgent requirement to enlarge our capacity to move grain and to increase grain sales to China, which is being undermined by CPR—in fact, I think they have lied to all of us—

Some hon. Members: Oh, oh!

Mr. Benjamin: —will the minister now give an undertaking that the farmers will not have to pay for up to 2,000 hopper cars tendered for by the Wheat Board, and will he give an undertaking to implement the Hall commission's recommendations regarding the Crowsnest statutory grain rates, so that henceforth the railway will be responsible for providing sufficient equipment to move our grain?

Mr. Lang: Those are several major questions which are not really related to the earlier sense of the hon. member's question. I did indicate to him that I was taking very seriously the issue of CPR ensuring there is enough equipment later in 1979 and I will be able to say more about that at a later date.

* * *

● (1427)

[*Translation*]

UNEMPLOYMENT INSURANCE ACT

POSSIBILITY OF ABOLISHING REGULATION 57—GOVERNMENT POSITION

Mr. C.-A. Gauthier (Roberval): Mr. Speaker, I should like to put my question to the Minister of Employment and Immigration. I want to come back once again to regulation 57 under the Unemployment Insurance Act. I do so for the fith time; the minister may find me somewhat tenacious, but if I am, it is that I still believe in his honesty and therefore that he will solve this case. I also put this question because of the serious unfairness and discrimination this regulation visits upon many farm workers who have never been consulted and who will have to live off welfare if the situation does not change. In fact, only the minister can solve the problem because it stems from regulation 57 on page 124, and is not part of the Unemployment Insurance Act. According to that regulation, a worker has to work 125 full days. As the minister is aware of this, I merely want to ask him when he is going to give us a final answer on this matter. He promised he would look into the situation. That was about a month ago. When will he give us his answer?

Hon. Bud Cullen (Minister of Employment and Immigration): Mr. Speaker, we did study regulation 57 and I believe a letter was sent to the hon. member in that regard. Moreover, I am sure consultations were held with farm workers; but I shall look into the matter once again, further to the representations of the hon. member.

Mr. Gauthier (Roberval): Mr. Speaker, the minister has just said that consultations were held with the employers. However, none were held with the employees. I looked into the matter myself: today, 90 per cent of all farmers are opposed to that regulation in provincial organizations, and all workers are opposed to it because it is unfair as compared with other industries. That is why I should like to ask the minister whether he can give us a final answer before December 31.

* * *

[*English*]

HEALTH

SALMONELLA CONTAMINATION OF TURKEYS

Mr. Paul Yewchuk (Athabasca): Mr. Speaker, my question is for the Minister of National Health and Welfare. It has been reported that as many as 83 per cent of the turkeys being sold in Toronto are contaminated with salmonella. Can the minister tell the House why this contamination is so high, and why no action has been taken by her department to reduce it?

Hon. Monique Bégin (Minister of National Health and Welfare): Mr. Speaker, I have just received a briefing notice on this. I have only just returned from my constituency and have not had time to study it. I prefer to study this matter and, if I am satisfied that the briefing answers the question fully, I will send a copy to the hon. member.

Mr. Yewchuk: Since the Minister of National Health and Welfare is not informed on this matter, I will direct my supplementary question to the Minister of Agriculture, who is also involved.

About 5,000 cases of salmonella poisoning per year are reported in this country, the largest percentage being in chick-

en and turkey. Will the minister indicate why the percentage of contaminated birds is so high? Also, it has been reported that the percentage is increasing annually. Why is no action being taken to check this increase in contamination of birds as some other countries have done—namely, Denmark and Sweden—and come to grips with the problem?

Hon. E. F. Whelan (Minister of Agriculture): Mr. Speaker, supervision of the salmonella problem, as the Minister of National Health and Welfare indicated, is mostly under her jurisdiction. The Department of Agriculture is also concerned about it.

As I am sure the hon. member knows, there are 1,800 different varieties of salmonella. About six or eight kinds can do damage to human beings. We are trying to control this. I am sure the hon. member also knows that the problem starts right at the beginning with the chicken, turkey, or whatever it may be. This is not confined to poultry products; it is in all meat and fish products.

I am sure the hon. member knows, as well, that it is good kitchen practice to properly clean the board which will be used for cutting up the chicken. The poultry must also be properly cooked. In that way this problem can be eliminated and one will be perfectly safe. You can be perfectly content with the product if you follow proper hygiene. It is a known fact that two out of three persons have this contamination on their hands and can spread it by touching food, and so on.

It is not right to say that any one country has eliminated this problem completely. You could not possibly eliminate it, but you can use every precaution I have mentioned, and that is what we are doing.

* * *

● (1432)

RAILWAYS

EASTERN TRANSCONTINENTAL PASSENGER SERVICE

Mr. J. M. Forrestall (Dartmouth-Halifax East): Mr. Speaker, I have a non-turkey question for the Minister of Transport. I would not call him a turkey; he is not too bad.

We now have in front of us the preferred plan for eastern transcontinental rail passenger service. While at first blush it seems to provide us with an adequate improvement over existing services, it does give rise to one or two questions. First, the timetable for implementation calls for roughly April, 1979. I wonder whether the minister would indicate to the House what preplanning has taken place up to this point by CN, CP and VIA to put in place the necessary timetables and to order the new type of rolling-stock and other facilities which are strongly recommended in the report?

Hon. Otto E. Lang (Minister of Transport): Mr. Speaker, the date of April 1 is being suggested by the Canadian Transport Commission, but I do not know whether the railways or VIA have yet had a chance to react to it. It may be possible, as the CTC suggests in its report, that because the changes are not as major as might have been thought, they will be easier to implement. I shall be discussing this aspect in particular with VIA and CTC, of course, will now come forward with a final plan after which we will hear from VIA as to whether there are any alternatives requested.

As far as rolling-stock is concerned, VIA has been proceeding in obtaining from CN and CP dedicated passenger rolling-stock and has been going ahead with the refurbishing of passenger cars. As well, the ten trains, the lightweight, rapid, comfortable type are, of course, on order so there is no problem contemplated with relation to implementation in this regard.

Mr. Forrestall: Mr. Speaker, I gather from what the minister has said that once again the people in Atlantic Canada are expected to go ahead with a new system with old or worked-over equipment.

Can the minister tell us whether or not VIA Rail will be in a position, some time prior to the implementation of the final report, to bring into service the new light, rapid and comfortable type of diesel rail car service to which the minister has alluded?

Mr. Lang: The Atlantic provinces will have the same opportunities as Canadians throughout the VIA system to use cars which are improved and rebuilt. I would join the hon. member in seeming to suggest that this is not an important change. However, he will have to agree that Canadians in the Atlantic region can be no further ahead than the rest of Canada with respect to riding in the light, rapid and comfortable trains which are on order.

These trains have been on order for about a year now. They will cost a great deal and will be excellent trains, but we really do need them to be built before even the people in the Atlantic provinces can ride in them. So as soon as they are ready, which will be some time in the mid-1980s, they will be available to the maritimes as well as to other parts of the country.

* * *

EXTERNAL AFFAIRS

DIPLOMATIC RELATIONS WITH PEOPLE'S REPUBLIC OF CHINA

Mr. Jim Fleming (York West): Mr. Speaker, my question is to the Acting Secretary of State for External Affairs and follows up an earlier question by the sometimes vocal member for Regina-Lake Centre.

Can the minister say if the historic move to establish diplomatic relations between the United States and the People's Republic of China has any immediate implications for our own relationship with China, and especially our very favourable trade relations at the moment?

Hon. Allan J. MacEachen (Acting Secretary of State for External Affairs): I can only repeat what has already been said, that Canada certainly regarded this as a welcome de-

velopment. It is positive and follows, by some years, the enlightened policy that was introduced by this government in 1970.

Some hon. Members: Hear, hear!

* * *

ADMINISTRATION OF JUSTICE

HARASSMENT OF ORTHODOX DOUKHOBORS—REQUEST FOR COMMISSION OF INQUIRY—RCMP PROTECTION

Mr. Bob Brisco (Kootenay West): Mr. Speaker, my question is to the Minister of Justice. In view of the increasing harassment being experienced by the Orthodox Doukhobor community at the hands of the Freedomite Doukhobors in the form of arson and threats of arson, is the minister prepared to consider recommending the establishment of a commission of inquiry to examine this problem which has gone unresolved for five generations, costing Canadian taxpayers millions of dollars and untold damages, police work and prison services?

[*Translation*]

Hon. Marc Lalonde (Minister of Justice): Mr. Speaker, I shall gladly consider the hon. member's suggestion and the request he is making. First, however, I shall try to ascertain whether this is not a provincial responsibility and whether I should not instead refer this matter to the attorney general of the province concerned. Just the same, I shall consider most seriously the issue raised by the hon. member.

[*English*]

Mr. Brisco: I thank the minister for his answer. I would like to direct my supplementary question to the Solicitor General.

In view of the fact that at this time some 16 homes of members of the Orthodox community of Doukhobors are reported to be on a Freedomite Doukhobor hit-list, and that these home owners are weary from guarding their homes and in fear of their lives, would the minister support the proposal of additional RCMP personnel to be assigned to protect these home owners and others, and to provide increased manpower to the RCMP "D" squad in the Kootenays?

Hon. J.-J. Blais (Solicitor General): Mr. Speaker, I did not hear the question the hon. member directed to the Minister of Justice and I do not know what relation it bears to the question he has asked of me. However, with reference to his representation, the allocation of members of the RCMP within the province of British Columbia is a matter for the province. It relates to the administration of the RCMP within that province for which the attorney general of the province of British Columbia is responsible.

AGRICULTURE

UTILIZATION OF GRAIN TERMINALS SEVEN DAYS A WEEK

Hon. Alvin Hamilton (Qu'Appelle-Moose Mountain): Mr. Speaker, my question is directed to the Minister of Agriculture and relates to the two questions I asked three weeks ago.

Has the minister received any report as yet from the Board of Grain Commissioners about the utilization of grain terminals seven days a week and about bypassing terminals by putting barley through on final export permits from the country elevators?

Hon. E. F. Whelan (Minister of Agriculture): Just this morning, Mr. Speaker, we had a meeting with the chairman of the Canadian Grain Commission. He informed me that several of the suggestions made by the hon. member are quite good, but with respect to some of them he is getting a legal interpretation of the act since he does not feel he has the authority to direct the elevators to run seven days a week. Consideration has to be given to such thing as union contracts, hiring extra people, and so on. Apparently there are quite a number of aspects involved in following these suggestions.

Mr. Hamilton (Qu'Appelle-Moose Mountain): Mr. Speaker, still maintaining the constructive mood which exists between the minister and myself, would the hon. gentleman advise the Board of Grain Commissioners that there was a meeting between labour and management on this subject on July 7, 1975, in Vancouver. The railway unions at that time requested the seven days a week operation. If the Board of Grain Commissioners are informed of this, they will perhaps be in a position to ask more pertinent questions of the grain companies.

Mr. Whelan: Mr. Speaker, I am sure the chairman of the Board of Grain Commissioners is aware of these facts. He has a slight labour difficulty at the present time, as I am sure the hon. member is aware. If I interpreted the chairman correctly, he does not wish to aggravate the situation. Of course, I take the same stand as the hon. member, that when the need is there and urgency exists, the facilities, whether they be on the farm or off the farm, should be run around the clock.

* * *

ADMINISTRATION OF JUSTICE

NELSON, B.C.—TRIAL OF DOUKHOBORS ACCUSED OF ARSON

Mr. Howard Johnston (Okanagan-Kootenay): Mr. Speaker, my question is supplemental to one asked of the Minister of Justice by my hon. friend from Kootenay West.

Considering the telegram received from the participants in a mass meeting of Doukhobor communities at Brilliant, B.C., over the weekend protesting that the court proceedings during last week's arson trial at Nelson, B.C., were a complete mockery of our justice system—as was graphically illustrated by CBC coverage on Saturday night during the national

news—is the minister investigating that trial with a view to developing procedures to prevent a recurrence of events during which the Sons of Freedom group gained complete control of the court proceedings?

● (1442)

[*Translation*]

Hon. Marc Lalonde (Minister of Justice): Mr. Speaker, I shall certainly refrain from answering in a way which would suggest that I agree with the hon. member's interpretation of these legal proceedings. As the hon. member is certainly aware, the administration comes under the jurisdiction of the province, and if there are specific complaints about the way a trial was carried out in a province, they should be directed to the attorney general of that province who is responsible, as I have said, for the administration of justice within that province.

* * *

[*English*]

ENERGY

INCREASES IN PRICE OF OIL—EFFECT ON INFLATION

Mr. Cyril Symes (Sault Ste. Marie): Mr. Speaker, my question is to the Minister of Energy, Mines and Resources and it relates to the inflationary effects of world oil price increases.

In light of OPEC's announcement to increase the price of oil by some 14.5 per cent—I believe that is in terms of American dollars, so the increase will be higher in Canada—and also the government's stated policy to increase the price of domestic oil in July of next year and January of the following year, a 16 per cent increase, can the minister inform the House whether his government has undertaken studies—and, if not, will it undertake studies—to determine the inflationary effects of these oil price increases, particularly on the consumer but also on the competitiveness of Canadian industry, as well as the general drain on federal revenues?

Hon. Alastair Gillespie (Minister of Energy, Mines and Resources and Minister of State for Science and Technology): Mr. Speaker, work which has been done has indicated that if we had gone forward with the $1 a barrel price increase on January 1 which had been the basis of an agreement with Alberta, that particular price movement would have resulted in an increase in the cost of living index over the course of the year of one-half of one per cent. We regarded that as too significant an increase, and that was the reason we renegotiated the agreement with Alberta and postponed the increase which would have taken place.

As a result of the OPEC increase, it is fair to say that other countries will now be hit with the kind of increase we were able to postpone. Indeed, over the period of a year other countries—European countries and Japan in particular—will experience increases of that order or perhaps a little higher.

[Mr. Johnston (Okanagan-Kootenay).]

Our policy has been to protect Canadian consumers and Canadian industry. As a result of the measures we have taken, I think the hon. member can appreciate that Canadian industry will be more competitive with European industry and Japanese industry and that we will be able to maintain our competitiveness with the United States, because as a result of the OPEC increase Canadian prices will still be below the level which will exist in the United States.

Mr. Symes: Mr. Speaker, the minister has confirmed only that there will be a postponement. Instead of facing one price increase in January, we will face two in the next year, and as a result of the additional OPEC increase I suggest that prices will rise even higher.

In view of the continuing trend of higher world oil prices and also the commitment the government has given Syncrude that it will receive world prices, has the minister undertaken any special plans to offset our dependence on high-priced, foreign oil? In particular, are there any plans to push for an extension of the natural gas pipeline to eastern Canada, and perhaps an oil pipeline as well, so that we can lessen our dependence on foreign oil and hence the inflationary effects on our economy?

Mr. Gillespie: Mr. Speaker, the hon. member is paraphrasing the policy announcements we have made and acted on over the course of the last six months. The hon. member will recognize that in August of this year we announced that we were going to renegotiate our agreement with Alberta with respect to the proposed oil price increase in January. We have done that successfully.

We also indicated that we were going to try to work out with Alberta a flexible pricing system so that we could increase the market in eastern Canada for Canadian natural gas, and thus displace foreign imported crude which carries a higher price and which is more vulnerable in the sense that the Middle East is a less secure source of energy for the future. Those are measures which we have already taken.

If the hon. member is suggesting that we should not have postponed price increases, let him say so. It has not been at all clear to me how his party feels about this. It has been even less clear how the official opposition feels about the postponement. The last time—

Some hon. Members: Oh, oh!

Mr. Baker (Grenville-Carleton): We know how we feel about you, Alastair.

Mr. Speaker: Order, please. The hon. member for Northumberland-Miramichi.

PROPOSED ACTION TO MITIGATE EFFECT OF OIL PRICE INCREASES

Mr. Maurice A. Dionne (Northumberland-Miramichi): Mr. Speaker, my supplementary question is to the Minister of Energy, Mines and Resources.

If, as he says, the effects of the oil price increase are inevitable, has the government made any assessment in order to be able to tell us when those effects will be felt? If so, how does the government intend to mitigate these effects, and will the one-price system for oil be maintained in this country?

Hon. Alastair Gillespie (Minister of Energy, Mines and Resources and Minister of State for Science and Technology): Mr. Speaker, the one-price system for oil is fundamental to the government's policy, just as the whole process of moving up to international prices in a graduated and manageable way is also fundamental to our policy.

The last time we moved to slow down price increases we were attacked by the opposition as if our action was some kind of an election ploy. It is about time the opposition stood up and told us and the Canadian people where it stands on this issue.

Some hon. Members: Hear, hear!

* * *

[*Translation*]

NARCOTICS

MEASURES TO CURB USE OF NARCOTICS IN VANCOUVER, B.C.—GOVERNMENT POSITION

Mr. Bill Clarke (Vancouver Quadra): Mr. Speaker, I have a question for the Minister of Justice.

In light of the findings of the British Columbia drug commission according to whose report there has recently been an increase in the use of drugs by high school students in Vancouver, can the minister tell the House whether he has discussed or intends to discuss the issue with the British Columbia attorney general in order to find a solution to the problem?

Hon. Marc Lalonde (Minister of Justice): Mr. Speaker, I have not met with the attorney general of British Columbia since my appointment to the justice portfolio. However, I had the opportunity to meet him a few weeks ago on which occasion we had a few words on the issue of drugs in British Columbia, but not specifically on the problem referred to by the hon. member.

* * *

[*English*]

EXTERNAL AFFAIRS

FRANCOPHONE SUMMIT MEETING—DISCUSSIONS WITH FRANCE

Mr. Stan Schumacher (Palliser): Mr. Speaker, my question is for the Deputy Prime Minister and it relates to the Prime Minister's visit to France last week.

Can the Deputy Prime Minister confirm whether the Prime Minister was able to make any headway regarding the idea of a Francophone summit meeting, or whether the government of France does not really recognize the Government of Canada as a Francophone government and is insisting that the province of Quebec be represented as the delegate, or member, from North America at any proposed summit meeting before the government of France would agree to participate?

Hon. Allan J. MacEachen (Deputy Prime Minister and President of Privy Council): Mr. Speaker, I cannot tell the hon. member whether this particular subject matter was raised between the President of France and the Prime Minister, although I do know that their meeting was very constructive.

Mr. Hnatyshyn: All two minutes of it.

Mr. MacEachen: I add, by way of clarification, that the suggestion contained in the latter part of the hon. member's question would be entirely unacceptable to Canada and to my knowledge certainly has not been advanced by France.

* * *

CANADIAN WHEAT BOARD

CO-ORDINATOR TO ENSURE MAXIMUM USE OF RAIL CARS TO MOVE GRAIN

Mr. Jack Murta (Lisgar): Mr. Speaker, I would like to direct a question to the minister responsible for the Canadian Wheat Board.

Has the minister discussed with the relevant parties in the grain trade the possibility of the government's appointing a grain co-ordinator or somebody who would have jurisdiction to sort out the mess in which grain transportation has found itself in western Canada?

Hon. Otto E. Lang (Minister of Transport): Mr. Speaker, that subject did come up at the senior transportation meeting which I chaired in Ottawa last week. I think there was a strong feeling among the participants at that meeting that much could be accomplished by some hard-hitting, direct contact in meetings like that, and that that might be preferable to putting another agency in position, even an agency under the name of controller. However, we did agree to meet again early in the new year, and I will certainly keep an open mind regarding the right solution, depending on what progress is made.

● (1452)

Mr. Murta: Mr. Speaker, the minister has indicated that he is favourably disposed to thinking about the whole question or the idea of a grain transportation co-ordinator with the power necessary at least to sort out some of the problems in the grain transportation industry at the present time.

In relation to a grain transportation co-ordinator, when will the minister be prepared to make a statement? What time in January? Will it be in the early part of January, or at the Palliser Wheat Growers' meeting at which I understand the minister will be speaking? Is he prepared to make a statement and inform western Canada whether this is a real solution to the problem as he sees it at the present time?

Mr. Lang: Mr. Speaker, I have not made up my mind about when to comment on that issue because, obviously, I have not reached a firm conclusion on it. I just told the hon. member that I will be looking at the matter again in an early January meeting when I will meet once again with the senior people involved in grain handling and transportation. It would not likely occur to me to say very much definitively before then.

* * *

CUSTOMS

RELOCATION OF TRAINING SCHOOL IN OTTAWA

Hon. Marcel Lambert (Edmonton West): Mr. Speaker, my question is multibarrelled in that it may affect a number of ministers, but it is directed primarily to the Minister of National Revenue and the Minister of State for Small Business, as well as to the Minister of Public Works.

Is it the intention to move the customs training school to the quarters being vacated by the coastguard training school on Walkley Road? The Department of National Revenue has received an eviction notice from the Department of Public Works for the premises in the Daly building, effective the end of December this year. In approximately nine or ten months is it still the intention to move to Rigaud, Quebec, the whole being part of a decentralization program costing some $10 million, the minister having clear evidence that the involved personnel do not want to move from Ottawa and the Walkley facilities being perfectly suitable and ample for their purposes?

Hon. A. C. Abbott (Minister of National Revenue and Minister of State (Small Business)): Mr. Speaker, I am not certain of the details of the hon. member's question.

Some hon. Members: Oh, oh!

Mr. Abbott: But I certainly know—

Mr. Hnatyshyn: Be mean.

Mr. Abbott: —that the school will be moved.

Some hon. Members: Oh, oh!

Mr. Abbott: My understanding is that it will be moved to Rigaud. I will leave it at that, rather than try to deal properly with any of the insolent remarks from over there.

Mr. Lambert (Edmonton West): Mr. Speaker, I wonder whether the minister will address himself to one of those clear, concise memos, and not only his files, for the benefit of those of us in the House who are interested in the government's program of retrenchment. This would mean a saving of $10 million in the coming year.

Mr. Abbott: Mr. Speaker, I hope I am able to get the information from my office before it is stolen by someone opposite.

Some hon. Members: Oh, oh!

Mr. Hees: That is a mean thing to say.

* * *

[*Translation*]

FISHERIES

JUSTIFICATION FOR TITLE "DEPARTMENT OF FISHERIES AND OCEANS"

Mr. Donald W. Munro (Esquimalt-Saanich): Mr. Speaker, my question is directed to the minister who is always designated in *Hansard* and in other places as the Minister of Fisheries and the Environment.

On November 30, a press release originating from his department used a terminology little known to date, namely that of Minister of Fisheries and the Oceans.

Is the minister prepared to tell the House what could justify this change and would he give an explanation as to the legal basis of such a terminology?

Hon. Roméo LeBlanc (Minister of Fisheries and the Environment): Mr. Speaker, I do not know the exact legal implications the hon. member is alluding to in his question. I will have to look into that matter. I was told there was no objection to use unofficially one title instead of the other.

I must say that if the hon. member refers to first reading of the legislation splitting the Department of Environment, he will note that its intent was precisely to give that title to the new department, namely "Fisheries and Oceans". Besides, it is to pinpoint the real autonomy, if not in the still official statute, of the minister responsible for environment in relation to myself and to indicate that separation between the two, that those two titles are used.

I must say that the new bill setting up the new department went last week to the legislation committee of the Privy Council, and I hope my colleague will present it within the next few days.

* * *

AIR TRANSPORT

INQUIRY WHETHER DECISION MADE CONCERNING SUBSIDIES FOR EASTERN PROVINCIAL AIRWAYS AT ÎLES-DE-LA-MADELEINE, QUEBEC

Mr. Albert Béchard (Bonaventure-Îles-de-la-Madeleine): Mr. Speaker, I want to direct my question to the Minister of Transport.

In order to avoid another sizeable, and perhaps even the total disappearance of air transport services in the Magdalen Islands by the carrier Eastern Provincial Airways, could the

minister tell us whether a decision has been taken or will soon be taken as to the request for subsidies for that service by Eastern Provincial Airways for the next financial year?

[*English*]

Hon. Otto E. Lang (Minister of Transport): Mr. Speaker, I hope to be in a position to communicate that information very soon to the airlines providing service in that area. I share the hon. member's concern to ensure that, indeed, service is continued.

* * *

RAILWAYS

PRAC RECOMMENDATIONS RESPECTING RAIL LINE ABANDONMENT

Mr. Lorne Nystrom (Yorkton-Melville): Mr. Speaker, my question is directed to the Minister of Transport. My understanding is that the minister has had in his office since November 30 a report from the Prairie Rail Action Committee—known as PRAC—which sources indicate contains a recommendation for the abandonment of 60 per cent of the 2,400 miles of line which it studied.

Can the minister inform the House when he intends to make that report public so that farmers will know whether the lines they utilize will be axed or safeguarded within the basic network?

Hon. Otto E. Lang (Minister of Transport): Mr. Speaker, indeed I have the final report from the Prairie Rail Action Committee. In the earlier cases, a good number of its decisions came in single report form and we were able to take our own decisions regarding them and announce them fairly quickly. In this particular case the report is very comprehensive, including all of the remaining lines under consideration by the Prairie Rail Action Committee. Also, it includes very extensive documentation on the manner in which the committee proceeded and the theoretical basis upon which it approached each line.

We are analysing it for our own purposes in order to decide what we have to do; in addition, we are in the process of printing the report. It will be made public and the decisions will be announced as soon as the printed report is available.

* * *

AGRICULTURE

AGREEMENT WITH MANITOBA FOR AGRICULTURAL DEVELOPMENT

Mr. Jake Epp (Provencher): Mr. Speaker, my question is directed to the Minister of Agriculture. Last Friday, the Government of Canada and the government of the province of Manitoba signed an agreement for agricultural development. We have had similar agreements under PFRA, especially in the interlake region. Many of us have attempted to obtain an agreement for southeastern Manitoba to have agricultural development go forward in that area. I understand southeastern Manitoba was included in the agreement. When is the agreement to take effect? What specific proposals are being made in the agreement regarding agricultural development?

Hon. E. F. Whelan (Minister of Agriculture): Mr. Speaker, the agreement takes effect April 1. That is why the signing took place the other day in Ottawa between myself, the minister in charge of DREE and the minister of agriculture for the province of Manitoba.

The province and the federal government will be spending approximately $9 million for drainage programs, diking, etc. That will include the part of the province of Manitoba to which the hon. member referred. The agreement is over a dozen pages long. It outlines each area for crop research, forage research, livestock testing programs, etc. It is quite a detailed agreement. I would think it is a public document and that it can be made available to the hon. member for study.

* * *

PRIVILEGE

MR. YEWCHUK—COMMENT OF PARLIAMENTARY SECRETARY TO MINISTER OF NATIONAL HEALTH AND WELFARE TO INDIAN DELEGATION

Mr. Paul Yewchuk (Athabasca): Mr. Speaker, I rise on a question of privilege concerning a matter of great importance and urgency which reflects unfavourably on all members of this House.

On Friday last, representatives of the National Indian Brotherhood and of the maritime Indian chiefs had a meeting with the Parliamentary Secretary to the Minister of National Health and Welfare (Mr. Robinson), since the minister did not have the time to meet with them. The meeting was cut short by the division bells at 3.30 p.m. and an arrangement was made to reconvene on Tuesday to continue the discussions. As the Indian representatives were leaving the parliamentary secretary's office, words were uttered which the delegation found offensive. The words were as follows:

> Maybe when we meet next Tuesday, you can wear your feathers.

● (1502)

The Indian representatives felt this was a racial slur against them and an insult to all Indian people in this country, and that these words were unbecoming of a member of this House. They have asked me to raise this matter in the House on a question of privilege in order to give the member or perhaps the minister a chance to retract that statement and to apologize to the Indian people as well as to members in this House.

[*Translation*]

Hon. Monique Bégin (Minister of National Health and Welfare): Mr. Speaker, obviously I cannot prejudge what my parliamentary secretary has said or has not said. Hence I will let him clarify himself this part of the question. However, I can assure the House that the first part of the statement of the

hon. member for Athabasca is untrue. I have never refused to meet the Indian chiefs. In fact, I talked to them Thursday afternoon and the hon. member was there. I had twenty minutes with them at the Committee on Health, Welfare and Social Affairs where a kind of filibuster was organized.

The Indian chiefs of the Atlantic provinces arrived in Ottawa on Thursday, after sending me a telegram late Monday. It was the first time I ever heard of their visit and I answered right away, indicating that unfortunately on Thursday my schedule was extremely full and that I preferred that our representatives meet first to make a good analysis of the question and, of course, I assured them that I would meet with them personally afterward. I proposed to go to the maritimes myself instead of having them come to Ottawa, at a cost of some $9,000 since it is the most elementary courtesy from a minister to her Canadian constituents. I wanted to make that clear.

[*English*]

Mr. Speaker: The hon. member has raised by way of a question of privilege a complaint that has come to his attention from a body which, of course, is not a party in the House. I would have very grave doubts about the procedural basis for this matter. I should think it would require some sort of conduct on the part of a member which would in some way bring the whole House of Commons into disrepute. If it is simply a matter of some sensibility on the part of any group, whether or not that sensibility is well founded—and I am not commenting on the sensibility of that group as that is not the point—I have to deal with the matter only on a procedural ground.

Upon reflection it may be, since the hon. member has raised the point, that the member or parliamentary secretary involved may want to examine what has taken place and consider whether any statement, either here in the House or privately to the group involved, may be in order or appropriate. But on procedural grounds it would appear to me that it would be a great extension of a question of privilege as we understand it to bring this matter within the bounds of a question of privilege. I will not make that final determination until there has been an opportunity for a response by the parliamentary secretary.

MR. PARKER—REPLY OF MINISTER DURING QUESTION PERIOD

Mr. Rob Parker (Eglinton): Mr. Speaker, my question of privilege relates to a remark by the Minister of National Revenue and Minister of State (Small Business) (Mr. Abbott) during the question period. I do not have the exact quote but I believe he referred to the theft of documents from his office by members opposite, unspecified. I am very new in this chamber, but it seems to me that kind of accusation unfairly impugns the reputation and practices of members on this side of the House. I would ask that the minister either clarify his remark, make a specific charge if he has one in mind, or withdraw the remark entirely.

[Miss Bégin.]

Mr. Speaker: Order, please. Like the hon. member, I will have to examine the record. I did not have the impression that what the minister said at the time was unparliamentary in nature, but again I will look at the record to determine whether it was or not.

ROUTINE PROCEEDINGS

[*English*]

PUBLIC SERVICE

TABLING OF CLASSIFICATION AUDIT REPORT

Hon. Judd Buchanan (President of the Treasury Board): Mr. Speaker, pursuant to Standing Order 41(2), I wish to table, in both official languages, a report on the classification audit in the national capital area and the non-national capital area.

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[*Translation*]

JUDGES ACT

MEASURE TO GRANT IMMEDIATE ANNUITY TO JUSTICE MORAND

Hon. Marc Lalonde (Minister of Justice) moved for leave to introduce Bill C-33, to authorize the granting of an immediate annuity to the Honourable Mr. Justice Donald Raymond Morand.

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

* * *

[*English*]

QUESTIONS ON THE ORDER PAPER

(Questions answered orally are indicated by an asterisk.)

Mr. Roger Young (Parliamentary Secretary to Solicitor General): Mr. Speaker, the following questions will be answered today: Nos. 178, 258 and 552.

[*Text*]

CLASSIFICATION STAMP OR SEAL

Question No. 178—**Mr. Cossitt:**

With reference to the answer to Question No. 1,853 of the Third Session of the 30th Parliament which states in part: "Clerks, typists, stenographers, secretaries may use any classification stamp or seal provided they have been properly cleared and are acting under the direction of a person authorized to classify information", what are the names of all persons in each department who have authorization to give such directions to staff members regarding classification of documents as "top secret", "secret", "confidential", "most secret", etc.?

Hon. Robert K. Andras (President of the Board of Economic Development Ministers): See Beauchesne's Parliamentary Rules and Forms, citation 171(a), (b), (c) and (d).

AUDITOR GENERAL—LAWYERS IN PROVENCHER

Question No. 258—**Mr. Epp:**

From June 1, 1974 to date, what lawyers in the Constituency of Provencher were given work by the Auditor General's Office and what amount was each paid per year?

Mr. Claude-André Lachance (Parliamentary Secretary to Minister of Justice): In so far as the legal agents of the Minister of Justice are concerned: None.

TAX ON INSULATED STEEL ONE-DOOR SYSTEMS

Question No. 552—**Mr. Hare:**

1. What is the income from the tax on insulated steel, one-door systems?

2. What would the income be if all storm doors were not exempted from the federal sales tax?

Hon. A. C. Abbott (Minister of National Revenue): 1. Revenue is not recorded in a manner which permits identification of the sales tax paid on this product.

2. This information is not available.

[*English*]

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

Mr. Speaker: Shall the remaining questions be allowed to stand?

Some hon. Members: Agreed.

GOVERNMENT ORDERS

[*English*]

UNEMPLOYMENT INSURANCE ACT

MEASURE TO AMEND

The House proceeded to the consideration of Bill C-14, to amend the Unemployment Insurance Act, 1971, as reported (with amendments) from the Standing Committee on Labour, Manpower and Immigration.

Mr. Speaker: Order, please. The House is aware that there are 31 motions on the order paper at report stage of Bill C-14. I have closely studied all of these motions and should indicate now to the House that I have procedural reservations concerning five of them, specifically motions Nos. 11, 12, 27, 30 and 31. As has been my practice in the past, I will give an indication now, in a preliminary way, of the reasons for my reservations. Then, depending on progress in respect of the bill, I hope I will have an opportunity to give the proponents of those motions the opportunity of trying to persuade me otherwise, following which I will make an adjudication in respect of these motions in a procedural way so the House will be aware as early as possible of the manner of dealing with these, and will be in a position to plan its business for the remainder of its consideration at this stage.

As I have done in the past, I have asked that a copy of my own notes in respect of this decision at this time be distributed to House leaders. My own notes are prepared for me and my use in the chair in English, but where relevant I have asked that a rough copy in French be prepared for those members who may be involved and who may be more at ease in French than in English.

Perhaps I could indicate the motions, and there are several, that ought to be debated and voted on separately. They are motions 1, 2, 14, 16, 21, 22, 23 and 29. Those eight motions in my view ought to be debated and voted on separately. Motions Nos. 3 and 4 will be grouped for debate and voted on separately. An affirmative vote on motion No. 3 would obviate the taking of any vote on No. 4. Motions Nos. 6 and 7 would be grouped for debate and a vote on No. 6 would obviate the necessity of a vote on motion No. 7. Motions Nos. 5, 8, 9 and 10 should be grouped for debate. Motion No. 5, I believe, is in the name of the hon. member for Humber-St. George's-St. Barbe (Mr. Faour). Motions 8, 9 and 10 are in the name of the hon. member for Winnipeg North Centre (Mr. Knowles). Motion No. 5 will be voted on separately. With respect to the other three motions, we will vote on motion No. 10 first, as the result of the vote may eliminate the necessity of voting on motions Nos. 8 and 9.

● (1512)

Motions Nos. 13 and 15 will be combined for debate. An affirmative vote on motion No. 13 would obviate the necessity of a vote on motion No. 15. Similarly, motions Nos. 17 and 18 should be debated together, with an affirmative vote on No. 17 obviating the necessity of a vote on No. 18. The same holds true with motions Nos. 19 and 20, motions Nos. 24 and 25 and motions Nos. 26 and 28. Those pairings of motions will be grouped for discussion with a vote on the motion to delete in each case ruling out the necessity of a subsequent vote on the motion to amend.

With respect to motions Nos. 11, 12, 27, 30 and 31 I have reservations on procedural grounds. Motions Nos. 11, 27 and 30 clearly seek to amend the parent act in a way that was not envisaged by the amending bill. In each of these cases the very language of the motions directs us beyond the amending statute into the parent bill and is contrary to the citation in May's nineteenth edition at page 521, paragraph (1)(d).

Motion No. 12 is defective in that it proposes to amend more than one clause. It poses for the House the procedural impossibility of amending two clauses in a bill by one motion. I would direct the House to Standing Order 75(5) which states, in part:

—written notice is given of any motion to amend, delete, insert or restore any clause in a bill—

Hon. members will note that the word "clause" is singular. I would also like to refer hon. members to a statement made by my very distinguished predecessor, Mr. Speaker Lamoureux, on June 20, 1969 at page 1218 of the *Journals* which reads:

It appears each motion at the report stage should actually be directed to a specific clause of a bill rather than a number of clauses. Such motions, I submit, should not relate to two or more clauses.

Motion No. 12 is therefore defective in that it seeks to amend two clauses and clearly flies in the face of that precedent.

Finally, motion No. 31 is out of order on the ground that it does not make a date certain, either by royal assent, proclamation or date fixed, for the act to come into force. The hon. member, it seems to me, has made a very sporting attempt in motion No. 31, by a very imaginative approach, to put a condition precedent in front of the coming into force of the act. I am not saying that that is impossible, but that if it is attempted the effect of it has to be that the act still comes into force on a date which can be fixed. I would think that the hon. member, being a strong proponent of the argument that unemployment rates are not agreed upon in this House, will agree that the formula for finding an agreed upon rate of employment would be quite an achievement in itself. Even if that were to be agreed upon, it still does not lead us to a certain hour on a certain date when the conditions would be fulfilled and upon which the act would come into force. Whatever the effect of a proclamation clause, it must lead to a date which can be fixed with certainty so that all the world knows exactly the moment the law comes into force.

For those reasons, I would say these motions are procedurally unacceptable to the Chair. Each proponent, if he so wishes, may try to persuade me otherwise. I do not expect that they would be prepared to do so at this moment, but since we do not come to one of these troubled motions until we have debated the first ten motions, perhaps they could be debated at that time. I presume we will take the greater part of today on those ten motions. If we do not, however, it would not be inconvenient to the House, upon the calling of this measure tomorrow, if it is the government's intention to so call it, to give the proponents time to put their procedural arguments, whereupon I could rule at that time as to whether or not the matter ought to stand and be considered as part of the discussion on the report stage of this bill, or whether it will be set aside.

If there is no serious objection to my proposal, I suggest that the House move now to the consideration of motion No. 1. The next day that this bill is called, at the beginning of the debate, I would call the hon. members who put these motions to put their arguments. I would try to make a ruling as soon as they have completed their discussion, and let the rest of the debate proceed.

Mr. MacEachen: Mr. Speaker, on one point relating to your suggestion, I would advise the House that it will be the intention of the government to call this bill tomorrow and on whatever remaining days are required to pass it. I notice the very large number of amendments, and I would indicate to the House that it would be agreeable to the government, in order to give hon. members additional time to debate this important item of legislation, to have additional hours of sitting during this week.

Finally, may I seek clarification as to whether it would be the practice, when the debate, for example, on motion No. 1 is completed, to call the vote at that point, or would we call the votes when a number of motions have been finished?

Mr. Speaker: It is my understanding that we would follow the practice which we have in the past, that is, to enter into the discussion of some of these motions and at a time when we have covered enough of them that a vote might be arranged, or when it is convenient for the House, or, failing that, when I thought that a number of votes might be called, we would deal with them.

I understand that one of the motions which I have ruled aside on procedural grounds stands in the name of the government, motion No. 11. In respect to that motion, there may be a desire to deal with it in some way, even if ultimately after argument it is found to be a new amendment to the bill. I understand there may be a disposition to deal with it and let it continue on some consent. Since we now have the assurance that the bill will be called tomorrow, I think we ought to deal with it in a final way at that time.

● (1522)

Mr. Knowles (Winnipeg North Centre): Mr. Speaker, I simply wish to support the suggestion you have made that we might defer the first four, five or six votes until we reach a convenient time. In other words, there is no point in taking a vote immediately after motion No. 1. I also would indicate our approval of the proposal that the procedural debates might take place tomorrow. Only one of the five concerns us in this party, but it would seem logical to have all the arguments at the same time.

As to extended hours, perhaps we should wait to see what happens.

[*Translation*]

Mr. Lavoie: Mr. Speaker, I would like some information, as I am not used to the procedure regarding the introduction of amendments to legislation I would like to propose an amendment to Bill C-14 and I would appreciate if the Chair could tell me when I can do so.

Mr. Speaker: First of all, the hon. member for Hochelaga (Mr. Lavoie) proposed motion No. 27. I indicated that there was some problem regarding this motion and I said that, if possible and if it is agreed, I would prefer to hear tomorrow the arguments of each member who has proposed a motion. There are five such members, including the member for Hochelaga, who has proposed motion No. 27. I have the impression that the hon. member for Hochelaga is now asking for a ruling regarding the motion that he intends to propose during debate. Is he referring only to motion No. 27?

Mr. Lavoie: Mr. Speaker, I do not know if the number you mention corresponds to the order in which the motions are to be discussed. The motion that I proposed and that I gave to the clerk concerns clause 14 of Bill C-14. Obviously, it relates strictly to that. If it is not possible to discuss these amendments today, and if it is possible tomorrow or the day after, I will simply discuss them at that time, Mr. Speaker. That is all I wanted to know.

Mr. Speaker: It must be clarified that there are two points to be considered in motion No. 27 from the hon. member for Hochelaga (Mr. Lavoie). I indicated that we would discuss the procedural matter tomorrow at three o'clock. Then, after that, we will start the discussion on the substance after other discussions.

[*English*]

I would therefore propose at this stage to proceed with the discussion on motion No. 1 in the name of the hon. member for New Westminster (Mr. Leggatt).

Mr. John Rodriguez (Nickel Belt) (for Mr. Leggatt) moved:

That Bill C-14, to amend the Unemployment Insurance Act, 1971, be amended by deleting clause 1.

He said: Mr. Speaker, we have proposed this amendment to delete clause 1. From the moment the minister announced on September 1, 1978, that he intended to tighten up the Unemployment Insurance Act and sketchily outlined the areas in which he was going to move, this party went on record as saying the minister was distracting attention away from the real issue that is evident in this country, and that unemployment insurance was not unemployment insurance but employment insurance. That is the issue.

I recall turning on the television set on September 1 to watch the national news. There was the minister in full living colour telling how he was going to tighten up the Unemployment Insurance Act. Then came the Conservative party spokesperson, the hon. member for Vancouver Quadra (Mr. Clarke), on the television set telling us that this bill moves in the right direction but does not go far enough. He talked about moving to the right with the Unemployment Insurance Act and put the Conservatives on record in what they want to do, that is, move beyond what the minister announced on September 1.

When we examined the bill that the minister brought down, and particularly that section of the act it proposed to amend, we concluded that this was a vicious and discriminatory bill. We pointed out the clauses which we feel are discriminatory and those which are vicious. We consistently tried to pin the minister down on the rationale behind the bill. He told us it was the government's perspective that the public thinks people are ripping off unemployment insurance. The minister was looking for a scapegoat in order to regain popular public support for the government and hit on the people who are collecting unemployment insurance as the people who are ripping off the system.

To set the stage, the minister placed $150,000 worth of advertisements across the country which say, in effect, that such and such a person who is collecting unemployment insurance has his hand in the taxpayers' pockets. He created an atmosphere in which those people who are working feel that those who are collecting unemployment insurance are indeed sticking their hands in the workers' pockets.

The minister then conducted a survey to find out if the advertisements were effective, and as you might expect the results showed the public perception to be that those who were collecting unemployment insurance were doing so illegally and were rip-off artists.

This party has never avoided saying that the unemployment insurance program suffers from a percentage of rip-off. It is no greater than the percentage of doctors who rip off the medical insurance program, however, and no greater than the percentage of lawyers who rip off legal aid schemes. It is simply comparable to any other social program in our society.

The minister brought in Bill C-14 on the basis of perceptions gleaned from a survey probably taken in areas where the advertisements had been placed in some density. Apart from the Conservatives, who supports the minister in these conclusions? Mr. Speaker, you will shortly see one of the greatest performances ever seen without a stage. You will see the Conservative party in the House swallow itself.

• (1532)

Some hon. Members: Explain.

Mr. Rodriguez: The hon. member for St. John's East (Mr. McGrath) is smiling at me. I hope he will continue to smile as they rise to his eyeballs.

Who supports the minister in this attack on the unemployed other than the Conservative party? No one else but the Canadian Manufacturers' Association. They came before the committee which was studying this bill. By the way, only nine witnesses were heard on this bill. The manufacturers appeared before the committee to support the moves the minister was making in the bill. They urged the minister to go even further on some amendments. Who appeared for the Canadian Manufacturers' Association to give witness that night but the vice-president of the International Nickel Company, Frank Burnett. How Inco fits into the CMA is completely beyond me. Moreover, I do not know what Inco has done lately to create employment in this country. It seems to me they have helped to put people on the very unemployment insurance program which they came before the Commons committee to tell members of parliament to tighten up.

What was their argument for supporting the bill? I want to quote from the brief they presented in which they said:

Because of the extent of unemployment among young people and women, we suspect that over 50 per cent of claimants come from households and families where there is more than one wage earner.

They are saying that overwhelmingly people on unemployment insurance do not need it because they can pool the family

income. Where are the figures to support that argument? They were tall on statements but very short on programs.

Who else supported the minister on this bill? The Canadian Construction Association came before the committee. What did they have to say? Their contribution was some of the most unadulterated garbage that has ever been presented to a Commons committee. When we take a look at the friends in the minister's corner, we should all tremble with fear in this country. They said:

What is probably the most serious problem of all—

They are talking about the unemployment insurance program.

—is the impact on moral and social values. This is particularly evident among young people. The ease with which they are able to achieve a satisfactory way of living supported by long-term unemployment insurance is becoming increasingly popular and widespread amongst large numbers of young people. It is difficult to measure the price that our country will pay for this deterioration of values. Our society cannot stand further deterioration of moral standards.

There is not one shred of evidence to support this garbage. This is the kind of support the minister has in his corner. Perhaps that is why he was led the other night, in an unguarded moment in the committee last week, to accuse the young people, in Cape Breton specifically, of sitting with their thumbs in their mouths, of being thumbsuckers. He said:

I just cannot understand the thinking of the New Democratic Party . . . that we are forcing young people to move around this country.

Now, is that not just too bloody bad! That is the best thing that could ever happen to this country! I hope to hell they move all over the country!

We heard that suggestion before, that young people not only move around this country but that they move beyond the borders of Canada to look for work. The fact is that there are no jobs for young people to move to. It was thought that they could move to Alberta, that Alberta is now the Valhalla of employment opportunities. But that situation has changed. It is not so now. Even the minister's own department of manpower is refusing, for example, in Thompson, Manitoba, to relocate people from the Sudbury basin, even though Inco had hired people to go there from Sudbury. But lo and behold, the manpower office in Thompson will not relocate them. As a matter of fact, I have just drafted a letter to the minister with respect to that matter.

Who else is in the minister's corner, apart from the Conservative party in this House, the CMA, and the CCA, who said the following in their brief:

As the result of the Public Attitude Survey—September 1975—

Now we are legislating by public attitude.

—sixty per cent of Canadians felt that the eight weeks minimum entrance requirement is too short and that an entrance requirement of about six months would be more appropriate.

That is from the "Highlights of the Comprehensive Review" of the minister's own department, what was called the public attitude survey. So why not six years, as the hon. member for Broadview (Mr. Rae) suggests, or why not eternity? Or why not until the unemployment rate drops to 4 per cent? That would be even further into the future than eternity, if it is conceivable at all.

[Mr. Rodriguez.]

Who else is in the minister's corner? None other than the Canadian Federation of Small Business who sent me a telegram saying that they carried out a survey among their members and found that 95 per cent of them supported Bill C-14.

We see lined up on the side of the minister the Conservative party, who is supposed to be the official opposition in the House, the Canadian Manufacturers' Association, the Canadian Construction Association and the Canadian Federation of Small Business. Who else do we see there? We see the Canadian Chamber of Commerce right smack in the minister's corner.

Who is on the opposite side? Who is saying to the minister that unemployment insurance is not the problem? None other than the Economic Council of Canada. In their 1976 report under the section headed, "People and Jobs", they said the following, and I want to quote it because it seems to me that it puts the whole matter into context. They have garnered the facts and analysed them and come to what I think would be some legitimate conclusions. They said:

We have looked closely at the provisions of the unemployment insurance system, as revised in 1971. We believe the system is comprehensive and generous by any standards and, as a second line of defence against financial hardship and income security, it has gone a long way towards eliminating poverty in this country . . . It—

The unemployment insurance program.

—has the effect, it may be argued, of transferring to persons most prone to involuntary unemployment, many of whom have less than average education, some of the income security that others now enjoy as a result of past public transfers of wealth implicit in the education and training systems.

It concludes as follows:

—It would, of course, be possible to try to eliminate abuses by cutting certain categories of claimants or the duration of benefits, or by extending the period of work before claimants become eligible for benefits. But such recommendations could prove harmful to persons most exposed to periodic and genuinely involuntary unemployment . . . For this reason we believe that much of the problem of abuse of unemployment insurance could be solved by two methods—by tightening administrative methods to get persons back to work, and by creating jobs to absorb them.

That has been the cry of those who have lined up against the minister and this vicious and discriminatory Bill C-14.

Who else is lined up against the minister on this bill? The following telegram was received by members of the committee:

● (1542)

The poverty task force of the United Church of Canada is opposed to any reduction in unemployment insurance benefits. The reductions of 1976 have already gone too far. We are also opposed to increases in entrance requirements. Fourteen weeks of work in the current qualifying period is more than enough. We don't believe that the rationale for discontinuing coverage to people who work under 20 hours per week as described in information paper 1 released by Employment and Immigration Canada makes a case. It's hard to comprehend these proposed amendments at a time when the unemployed number over a million.

Rev. Robert Lindsey, Associate Secretary, Division of Mission in Canada, United Church of Canada.

When that was brought to the minister's attention in committee, he made the facetious remark that he would speak to his pastor or to the United Church because that is where he

goes. He said he would have a chat with them. That is the way this government handles opposition; it has a chat.

Something that irks me about Bill C-14 is not so much what is in the bill but the way in which the government has handled it. Have you ever seen this government bring in legislation with regard to the corporations in this country? I was on the finance committee when Bill C-16, the Borrowers and Depositors Protection Act, was brought before it. I have seen amendments and changes to the Bank Act. This government would not bring in any changes which affect the way corporations do business in this country without first consulting them for their opinions and ideas.

When Bill C-14 was before the committee, there were witnesses who had some knowledge of unemployment insurance. In fact, they deal with the Unemployment Insurance Act almost every day of their lives. When asked, they told us that they had not been consulted about these changes.

The CLC was never consulted and neither was the CSN of Quebec. The National Union of Students and its counterpart in Quebec were not consulted on the contents of this bill. The government's own Advisory Council on the Status of Women was not consulted. The government should have advised that group what they were contemplating and asked for their opinion. However, they were not consulted at all.

The height of pomposity was the minister saying it was not up to them to consult but that the government should be consulted. It is not up to these organizations to consult the government. The government would never act in that way with regard to the corporate sector of this country.

We asked whether the government had consulted with the trade union movement because the bill specifically affected the subplans and the wage loss plans the unions had negotiated with employers. The deputy minister said they did not consult them. When we asked if the government was going to consult them, he said they would if they were asked. I have never seen such autocracy. I have never seen such—what is the word I am looking for?

An hon. Member: Liberals.

Mr. Rodriguez: That is right. They have acted like Liberals with regard to this bill. They do not consult with anybody; the people must consult with them. Not even the dictators of Latin America act that way. I know the minister will get up and plead innocent to a lot of what I have said.

Mr. Cullen: Mr. Speaker, I rise on a point of order. I understand we are dealing with motion No. 1 which reads:

That Bill C-14, an act to amend the Unemployment Insurance Act, 1971, be amended by deleting clause 1.

The hon. member's diatribe, most of it not based on fact, may be appropriate for second reading or third reading. However, when dealing with a specific motion that the clause be deleted, the hon. member's comments do not have any relevance.

The Acting Speaker (Mr. Turner): The hon. minister's point of order is well taken. I ask the hon. member for Nickel Belt (Mr. Rodriguez) to stick to the motion under consideration.

Mr. Rodriguez: Mr. Speaker, I thought I was speaking to the bill. Clause 1 of the bill reads:

(1) Paragraph 2(1)(*r*) of the Unemployment Insurance Act, 1971 is repealed and the following substituted therefor:

"(*r*) "Minister" means the Minister of Employment and Immigration except in parts IV and VIII;"

As this is the minister of employment, I am right on the clause I am talking about. We have looked at this bill. It is important to get the thrust of what the government is trying to do on clause 1. We want to have it deleted. If it is deleted, the rest of the bill will become meaningless.

As I was saying, there was no consultation on clause 1 or any other clause. The minister cannot get up in this House later and say there was consultation because he admitted in committee there was none. There was no consultation with the provinces. In fact, the provinces have worked out what their costs will be under their welfare programs if Bill C-14 is carried.

A great debate began between the Minister of Employment and Immigration (Mr. Cullen) and the provincial welfare ministers with regard to whose figures were right. What they did was typical. They set up a federal-provincial committee to study whose figures were right. Emanating from the provincial welfare ministers, and touted by the Tories, the lackeys in the House of Commons, was a two-tier system.

There was no consultation with the provincial ministers and no consultation with the trade union movement on clause 1 or any other clause. In fact, the Steelworkers of America pointed out they had several hundred contracts which were tied to the maximum unemployment insurance benefit. Lo and behold, in one fell swoop this minister says that collective agreements do not count. The government can cut right through to the heart of it, cutting right through collective agreements.

We found out that could mean up to $17 a week in 1979-1980 under a collective agreement agreed to by workers and their employers. When they have a strike, the government will turn around and say that is what happens when you take off wage controls. The government is inciting workers into a situation where they will be developing bad relations between the employers and employees. What did the minister and deputy minister say in committee about that issue? They said that when the contract comes up for renegotiation, they can renegotiate a new figure.

The Acting Speaker (Mr. Turner): Order, please. I suggest the hon. member get back to the terms of the debate and speak to motion No. 1.

Mr. Rodriguez: Yes, Mr. Speaker. There was no consultation whatsoever on clause 1. Having given the background to the bill and what transpired in committee, I would like to make clear the lines that have been drawn in this debate. It is the government and the official opposition that are pushing

this bill. This party, the party of right, justice, goodness and light, is opposing Bill C-14. I should get a little applause for that!

Mr. Knowles (Winnipeg North Centre): Hear, hear!

Mr. Rodriguez: Clause 1 has a connection to clause 14, which talks about taxing back unemployment insurance benefits. In effect, it dandies up the language which allows clause 14 to take effect. What is the government arguing with respect to taxing back? They are saying, in effect: People who are wealthy should be prepared to pay back benefits via the income tax provisions; they should be prepared to pay back the benefits or part of the benefits they have received under unemployment insurance. So they have introduced this formula of 1.5 times the average annual insured earnings. That is what is proposed and it works out to around $18,700 for next year. That is what they are calling an excessive amount of earnings; if you are getting that much or go above it, you will have to pay back a percentage of benefits.

● (1552)

It just so happens, Mr. Speaker, that the metro Toronto social planning council came out the other day with the latest figures showing that there is a $1,150 jump in costs affecting a family of five. Such a family would have to earn a taxable income of $14,450, or $12,170 after tax. The poverty level in metropolitan Toronto therefore, for a family of five, is now $12,170 after tax. But the government wants to tax it back as soon as income reaches $18,000 or over.

We in this party have said this is a phony approach. When the provinces proposed a two-tier system and the provincial Tory premiers got their lackeys in the House of Commons to push it forward, we heard the minister say that it took away the insurance principles from the program. What does he think clause 1 does, Mr. Speaker, if it does not take away the insurance principle? Those people at the top of the earning scale, paying the same premiums for the coverage, are going to find their benefits have been taxed back. That is not an insurance scheme, Mr. Speaker; that is breaking with the insurance principle which the minister has touted time and again during debate in committee on this bill.

That was the argument he used against the Conservative party when they proposed a two-tier system. We say this is really a prop; if you want to go about with this sort of game, taxing people who are making a lot of money in this country, why not revise the Income Tax Act? I have been around here participating in debate, sometimes at great length, on the income tax program. But what has been done? It seems to me the principle the government is following is to take from those who earn a lot from this country. They ought to get into the whole question of revising the progressive income tax system so that as people earn more they are expected to pay more income tax. That is why we argued so vigorously against the loopholes, the RHOSP, the RRSP and the various other ways the government allows those who are wealthy in this country to escape paying their fair share of taxes. It seems to me a worth-while project for the government to embark upon would be to set up a just tax program so that those who earn most from the economy are taxed accordingly.

It seems to me this clause is the thin edge of the wedge. The next step will be consideration of family income. If a family's income is over, say, $22,000, the government will want to tax back. This is the new game which is being played by the government. That was the thin edge of the two-tier proposal made by the Conservatives—to take family income into consideration.

We have heard some very persuasive argument by the hon. member for Kingston and the Islands (Miss MacDonald) against the whole concept of using family income to determine what persons will get under any kind of social program introduced. That is what the minister is proposing to do though. That is where they are headed with this proposal, it seems. I can just imagine the bureaucratic red tape which would be involved. Already the unemployment insurance program is a very tough one with respect to administrative detail. Large numbers of those receiving unemployment insurance do not have the educational background to understand what is involved. That is why members of parliament often become advocates for constituents on unemployment insurance. We have tried to bring this point home in the past when we dealt with Bill C-69 and Bill C-27, which was an erosion of the 1971 Mackasey agreement. God bless his soul; he is now up there with the chairmen—

An hon. Member: He won his war with poverty!

Mr. Rodriguez: Yes. After bringing in the Unemployment Insurance Act of 1971 he has gone on to his just reward—to be chairman of the board.

Mr. Benjamin: He is flying up there in the clouds, now.

Mr. Rodriguez: Mr. Speaker, we brought the point home to the minister and his officials that the act is very complicated and bureaucratic. What the amendment before us will do is to superimpose on an already very complicated act an involvement by the income tax department. People who dispute what has been deducted will have to appeal under the Income Tax Act. So there will be two appeal authorities to be dealt with, the Income Tax Act and the Unemployment Insurance Act, and, as I said before, this will affect people who have very basic concepts about the way in which the unemployment insurance program works. In that shuffle I am sure many people will be hurt.

How much is the minister proposing to get out of this tax back clause? In all of Canada, $9 million. What about the hundreds of thousands of people who have paid premiums to get coverage? If they go on benefit their premiums are not reduced. If the minister wanted to extend this principle of insurability he ought to have established a ratio between the amounts paid by people who are taxed back and the premiums they should pay, but he has eschewed such a principle. It is unfair. I will tell you what it is, Mr. Speaker: it is grand larceny. Because people have no choice but to contribute to the

program. It has, in effect, become a tax. That is what it is, and I wish the minister would cut out all this flim-flammery. If he is going to tax the people and take back so much from them through income tax, why does he not come right out and say it? Why is he playing all these "here we go around the mulberry bush" games? In the harshest language I can think of, the minister is perpetrating grand larceny.

• (1602)

This government should be taken on the carpet for this. It is saying to people that they must come in, they must belong and they cannot escape. Unemployment insurance premiums are compulsory. They are deducted at source. That is not a matter of choice. People pay premiums thinking they will receive maximum benefits related to the amount of money they pay per $100 of insured earnings. Lo and behold, when the time comes to collect, there is the minister with his hat trying to collect $9 million. He is stealing $9 million from Canadians, and I wish he would come clean and tell the Canadian people that that is exactly what he is doing.

We have said in a very serious way that the overrun in the unemployment insurance program does not exist on the employer and employee account. What employers and employees pay carries the program for what it was designed to do. The overrun on the program is carried on the government account. Last year that overrun was $1.8 billion. That was the accumulated deficit on the government account, and that is where the minister is having difficulty. That money comes from the coffers of the country directly. It is costing the government. The minister wants to indulge in some fiscal legerdemain and slip this over to the employer and employee side of the ledger sheet so that he will look good in the eyes of the public. Here is a tough minister. Look how tough he is. He has really cracked down on the unemployment insurance program.

An hon. Member: He is not tough; he is nasty.

Mr. Rodriguez: The minister does not talk tough, he talks nasty, and in light of some of the quotes I read into the record, his mouth should be washed with soap. Back in the old country where I come from my mother would wash my mouth with soap if I used the language this minister of the Crown used. It was a totally shameful display. He used such words as "bloody" and "hell". I think that is disgraceful. He may think that is flamboyant language, but the people of Nickel Belt do not think that at all.

Mr. Symes: Those genteel miners.

Mr. Rodriguez: We think the minister is blustering. If he is trying to speak to the people of Nickel Belt, he should speak more clearly. His language is certainly not becoming.

In conclusion—

Some hon. Members: Hear, hear!

Mr. Rodriguez: I see that Liberal backbenchers now have the claps.

I think we have put forward an admirable proposal. We have said that clause 1 should be deleted. Hopefully that would result in the deletion of clause 4. As a matter of fact, we are hoping that we can extrapolate the plausibility of our proposal to the whole bloody bill.

Some hon. Members: Shame!

Mr. Dawson: Soap!

Mr. Rodriguez: Oh, pardon me.

The Acting Speaker (Mr. Turner): Order, please. I suggest that the hon. member watch his language in this House.

Some hon. Members: Hear, hear!

Mr. Rodriguez: Mr. Speaker, I listened to your reprimand and I know that, being an old railroader, you will certainly understand that my language was most intemperate.

We are suggesting that clause 1 should be deleted. In all the hearings of the committee the minister accepted none of the propositions put forward by the opposition—

The Acting Speaker (Mr. Turner): Order, please. I regret to inform the hon. member that his allotted time has expired. He may continue with the unanimous consent of the House.

Some hon. Members: Agreed.

Some hon. Members: No.

Mr. Bill Clarke (Vancouver Quadra): Mr. Speaker, today is just like last week in the committee. The hon. member for Nickel Belt (Mr. Rodriguez) has again used all his time. There were about 34 committee meetings over the last few weeks, during which time I was afraid that I might end up being brainwashed by the hon. member for Nickel Belt.

Mr. Rodriguez: No problem with that.

Mr. Clarke: It took a great deal of adherence to my principles to avoid having some of his garbage rub off. The hon. member for Nickel Belt spoke about garbage coming from members from other corners of the House in the committee, but there was a full share of unmitigated garbage coming from the dreamers on my left, who seem to think that this country does not need any taxpayers. They seem to think that all we need is unemployment insurance beneficiaries.

If there were any provisions in this bill which might have the effect of cutting anyone's benefits, we would be sure to hear from the hon. member for Nickel Belt or one of his rotating army of colleagues who came into the committee to keep us amused. It was interesting that when the time came for the committee's procedures finally to wind down, the hon. member for Nickel Belt sat there by himself and exercised his vote. His rotating army had taken off for greener fields or dreamier pastures. I do not know where they went.

An hon. Member: We are entitled to only one vote.

Mr. Clarke: They may be entitled to only one vote, but in that committee we saw how NDP tactics for delaying things work. Some of us who were there had somewhat higher motives than those of the NDP.

An hon. Member: Get a halo.

Mr. Clarke: If there is any question about the motives of the NDP, I think we need only refer back to November 10 when this bill was referred to the committee. We heard no objections from the NDP. As a matter of fact, I do not think any member of the NDP was here that day.

An hon. Member: What about the Tories?

Mr. Clarke: The Tories were here that day. They were anxious to get this bill into committee so that it could be given the detailed examination which only a committee could give to it. I think 34 committee meetings should be adequate to allow that kind of study. I think it is obvious that the NDP wants to continue its delaying tactics. One tactic is to move to delete clause 1, which sounds innocent enough, but it would subvert the whole bill.

I want to state why it is the intention of my party not to support motion No. 1. It is the stated intention of my party, and has been for some time, to support restraint on the part of the government. Speaking for my party in the second reading debate, I said that this bill was a step in the right direction, but we do not like the minister's proposals, and I think that probably became obvious when we opposed the bill in committee. However, we have hopes, and the amendments proposed by members of my party should indicate that we hope that the government will see the light before this debate ends. It is our intention to re-submit our amendments at this stage.

I want to say a word about why we oppose this motion and about what complaints we have regarding the government's methods. We will be debating our proposals fully as we proceed with this debate, but it is obvious to us that the minister made proposals which would not strike at the problem which we and the public perceive to be present in the unemployment insurance system. The minister's proposals are more inequitable than we would like them to be.

As a national party my party was able to accept proposals made by three provincial ministers on behalf of all the provinces and territories. It is worth noting that included therein were the agreements of the New Democratic Party province and of the Liberal party province. I do not think there is anything unusual in the national Progressive Conservative party seeking to agree with six provincial Progressive Conservative governments. It demonstrates that we as a party can work on a national basis to put forth ideas for which there was agreement. The proposals put forward by the provinces were a fairer method of solving the problem of unemployment insurance inequities.

● (1612)

The scope of the bill does not allow for many of the inequities. As I have said many times, it is unfair that many Canadians who are not entitled to benefits under the unemployment insurance system must nevertheless contribute to what I call the deficit and to what the minister calls a commitment. One can call it what one wants, but it costs taxpayers approximately $2 billion every year. Hard working, self-employed Canadians and those retired on pension are not entitled to benefits under the scheme, yet they are required to pay into the deficit. We do not think that is fair.

Members of the New Democratic Party talk about their labour friends and how angry they are about the cutbacks. There are working people in my riding, as well as a lot of people concerned with labour. The view of labour organizations does not surprise me—that some of their members will lose benefits. The majority of working Canadians realize that they pay not only through payroll deduction but also toward the $2 billion deficit. They do not like that fact, and they do not think it is fair. The abuses are well known to workers. In fact, they are probably better known to the workers of the country than to many of us in the House. The proposals of the government will not be effective in getting at the people who need to be curbed in order to make this scheme an insurance one.

The government's proposals will load an unfair burden on to many of the less affluent provinces. This was pointed out by the provinces. It was not done deliberately by the government, but through ineptness. It put proposals forward without studying how the costs would filter back into the provinces. The government was not receptive when this was pointed out. We consider this to be bad, and it led to our amendments. Perhaps we borrowed our proposals from the provinces, but they will save more money than the proposals of the government aimed toward restraint. Our proposals are less complex and adhere more closely to insurance principles. When the House considers our motion, we will deal with the proposals.

I sympathize with members of the Liberal party. Perhaps they have been required to put their scheme into effect more quickly than they would like. For approximately two or three years, my leader called for a major overhaul of the unemployment insurance system. The government commissioned a report entitled "A Comprehensive Review" in 1976. In February, 1977 the government released a report on that comprehensive review. One would think that the government had enough time to get matters into shape; but the government cannot even put the pregnancy amendment into effect because it does not fit into the rules concerning the presentation of motions.

When the Prime Minister (Mr. Trudeau) came back from Bonn this summer, he saw the light. He announced to Canadians that restraint was necessary and that further announcements would be made. The Minister of Employment and Immigration (Mr. Cullen) had the finger pointed at him. He was told to get his amendments going and on the table. Dutifully, the minister made an announcement on September 1. He announced his program to the world at large. Approximately two months later, the minister introduced his bill into

the House, and for reasons he will not tell us the proposals were not quite the same as he had indicated on September 1.

I feel sorry for members opposite. They have had adequate time to establish a perfect set of rules for the game. But when they are finally forced into action, they cannot stick to their guns for more than a month or two at a time. Now the combined opposition will be blamed for delaying this matter. It is similar to the Grinch who stole Christmas. We will be blamed for sitting here instead of being on Christmas holiday.

I should like to remind the House that the bill was introduced on November 2. Debate on second reading commenced on November 9 at eight o'clock in the evening. At that time there were less than two hours of debate on this important bill in the House. I do not think 34 committee meetings was an unusual amount of study. Many more witnesses could have appeared before the committee in order to tell their problems, but I think we received adequate input from them.

We cannot expect to scrap all of the work which has been done to this point. Restraint and reform are sorely needed. We will see what happens to the amendments we put forth. Then we will make up our minds on the bill itself. For us to support motion No. 1 and thereby scrap all the work which has occurred to this point would be contrary to our policies. Therefore, we will not support the motion before the House.

Hon. Bud Cullen (Minister of Employment and Immigration): Mr. Speaker, one has to calm down somewhat after hearing the remarks of the hon. member for Nickel Belt (Mr. Rodriguez). He has a way with words. I was pleased Your Honour chastised him and indicated that he should clean up his language. The hon. member misinterpreted almost everything I have said. He made reference to rip-offs. I have not used those particular words at any time in any of my speeches. Also he suggested that people thought there was a lot of illegality. That is not what the report called for, and the hon. member should know that.

Turning to the motion itself, clause 1 simply is consequential to clause 14. It provides that the Minister of National Revenue and Minister of State (Small Business) (Mr. Abbott) will be responsible to administer the benefit repayment provisions of the bill. We do not require a long-winded or bombastic debate by the hon. member for Nickel Belt on that particular subject.

The hon. member for Vancouver Quadra (Mr. Clarke) talked about the pregnancy benefits and suggested that we cannot get the particular motion through. As I said to the hon. member at committee, I knew it was not a proper amendment. I indicated that it could not be passed at committee stage, but that I was prepared to bring it forward at report stage on the understanding that clearly the motion was out of order unless it received unanimous consent of the House. As Mr. Speaker said earlier today, for those very reasons we will get into debate tomorrow. But I concede the motion is out of order in so far as the rules are concerned.

● (1622)

I did give an undertaking to members opposite and to the women who will benefit from this particular clause that I would bring the motion forward. If we get unanimous consent of the House it will in fact be carried. If we do not get unanimous consent it will not be carried and certain benefits will be lost by these women. I think it is a little unfair to suggest that we could not even bring forward an amendment that was in order. The hon. member knows I gave that commitment at the committee stage.

I am a little disappointed in the position taken by the NDP. I think there can be legitimate differences of opinion. We have those with members of the official opposition and we certainly have them with members of the NDP. We could have had a good debate, and we could have had solid input rather than the bombast and histrionics we have witnessed from the hon. member for Nickel Belt. There are obviously some areas of this bill that could be improved upon. I would hope that we continue looking at the bill to see how we can make it better and more effective.

However, hon. members of the New Democratic Party have totally destroyed that opportunity by bringing in something like 25 amendments that are all over the park. They really are not interested in a serious debate on this particular bill. Because of that, it is somewhat difficult to respond to the hon. member, particularly when, in respect of an innocuous amendment to a clause in the bill simply indicating that the Minister of National Revenue and Minister of State (Small Business) is responsible for administering this particular part, we get a 40-minute diatribe by the hon. member for Nickel Belt. That, in my opinion, is really not honest debate. I suggest we get on with the vote, Mr. Speaker.

Mr. Bob Rae (Broadview): Mr. Speaker, the fact that clause 1 is the subject of the amendment that has been proposed encourages me to take issue with what the minister has just said. The hon. member for Vancouver Quadra (Mr. Clarke) made a similar remark, in respect of the suggestion that, because we were so active in committee and had more than one person in attendance at the 34 or 35 meetings of that committee, this indicated somehow unparliamentary behaviour on our part. It was suggested that the fact that we debated the measure all the way through in terms of its content also put us in this position. I suggest to the minister that, if he looks at the transcript of the remarks made in that committee by various members of our party, he will find very serious criticism of the philosophy that is behind and underlies this bill. Certainly I put forward that criticism, as did the hon. member for Nickel Belt (Mr. Rodriguez), the hon. member for Humber-St. George's-St. Barbe (Mr. Faour), the hon. member for New Westminster (Mr. Leggatt) and the hon. member for Timiskaming (Mr. Peters). We were all there speaking on behalf not only of our constituents, but also on behalf of the many other groups who have come to us asking for help.

Many groups were not able to attend the hearings. The committee did not hear from the largest industrial union in the

country in respect of this bill. It did not hear representation in respect of the programs that are going to have an effect on supplementary unemployment benefit packages which are part of collective agreements right across the country. I think the hon. member for Nickel Belt put it very well when he suggested that, if this were a financial bill, there would not have been an employer, an employers' group or an industry that would not have preoccupied members opposite. Simply because it is trade unions and the working people involved the government thinks it can lump them all into one group and say: "We have heard from the auto workers so we know what labour is going to say anyway, and we do not have to hear from anybody else". That is the kind of sympathy and understanding that organized labour gets from this government, and that is the kind of sympathy and understanding this government gives to the ordinary working men and women.

An hon. Member: And the Tories.

Mr. Rae: There is no point in even dealing with the remarks of the hon. member for Vancouver Quadra, because the Tories really missed the boat in terms of what we have been saying about this bill. I think that hon. member said there were inequitable aspects of the bill that went too far even for the Conservative party, or words to that effect. The only thought that occurred to me, as it did to my colleague the hon. member for Greenwood (Mr. Brewin), was: What are the inequities that those people find acceptable? I would like to know what they are so we can put them forward.

I think it is a good time to look back at the debate of 1971, and this speaks directly to the motion and to clause 1, because the minister's authority and responsibility for administration of the act is really what is in question here. I would like to read into the record some words spoken by the then minister of labour, Mr. Mackasey; may he fly in peace, Mr. Speaker. Mr. Mackasey has gone on to his own reward. I think it was Lord Palmerston who once referred to the British civil service as the indoor relief department of the aristocracy. I think the Canadian civil service has become the indoor and outdoor relief department of the Liberal party. They have their own unemployment benefit scheme for superannuated politicians on that side. I do not suppose they could really be heard to blame other Canadians if they expect equal benefits from their government.

I want to just read into the record exactly what Mr. Mackasey said when the benefit increase went up. In 1971 there was a maximum of $53. The government of the day brought in amendments that put it up to 66⅔ per cent and 75 per cent for people with dependants. Let me read into the record something Mr. Mackasey said as it appears at page 5039 of *Hansard* of April 19, 1971:

> —the increase in benefits will postpone the day when people chronically unemployed must turn to welfare if they have no other sources of income. It can be said that the benefit structure has been developed by people who care about people. The argument that this will breed laziness, that it is catering to lazy people, is an argument that should not be raised in this chamber. But, Mr. Speaker, it is an argument that we hear too frequently. It is said that people are inherently lazy. That has not been my experience.

Later in the same paragraph he said:

> —I do believe that the overwhelming majority of Canadians in the work force would prefer a job rather than unemployment insurance or welfare, if they have that choice.

Mr. Mackasey then goes on to say—and for the benefit of those who want to look at this I would repeat that it is in *Hansard* for April 19, 1971, and I would suggest to hon. members opposite that they listen to this because they might learn something:

> There have been the usual criticisms, Mr. Speaker, that unemployment insurance is welfare in disguise. It never has been that and it was never meant to be. We have attempted to close up the unintentional loopholes that previously permitted welfare connotations to creep into the plan. One of the weaknesses of the present structure is this: it has been difficult for people legitimately in the work force for the first time to become identified as legitimate members of the work force. After you leave university or high school or teacher's college and enter the work force for the first time, you must be part of the work force for two years and accumulate by a tortuous formula 30 contributions—hon. members know all the rest of it—as well as so many contributions in the last year before you are eligible for any type of assistance. We propose to reduce that period. We shall consider someone as attached to the work force if that person has as few as eight weeks of contributions. I say that because we are interested in the future of that worker and not in his past history. I think this will be of tremendous advantage to the Canadian worker. This is his fund.

Those are the words of the minister of labour who at that time was responsible for the administration of the Unemployment Insurance Act. He is the one who brought in the amendments in 1971. I think it is worth pausing a moment to reflect on those words, that this is the worker's fund, or the fund of the working person; it is his and her protection against unemployment.

We can see that the government's approach in this matter has been crystal clear from remarks made by the deputy minister in answer to questions, and from remarks by the minister in answer to questions. It is perfectly clear that this is no longer the workers' fund, but that this is the employers' fund. This fund is now regarded as the fund of the organized employer in Canada.

Keeping the record in mind, tell me at what point the Canadian Manufacturers' Association gave a damn about income maintenance. I am sorry for using that word, Mr. Speaker, but I think it is necessary in these circumstances. When did the Canadian Federation of Independent Businessmen worry itself sick about the fact that working men and women are not able to pay their mortgage payments or deal with the difficulties of economic life because of unemployment?

There was a revolution of ideas, Mr. Speaker, in the 1930s. That revolution and idea brought home to people that unemployment is not a voluntary thing. To use the words of the great social scientists of the late nineteenth century and early twentieth century, "unemployment is a social disease, a disease of industry and the economy". It has many different causes and many different facets to it as an economic phenomenon, but it is not a voluntary act. We must never forget—as the government has, and of which the Tory party has had no knowledge at any time—that unemployment is something which happens to working men and women. When people are suddenly put on unemployment, it has a devastating effect on

the individual, their well-being, their ability to deal with life, not to mention the family.

● (1632)

Let me quote from a speech made on April 20, 1971, when the new act was passed. It was made by the hon. member for London East (Mr. Turner), who is still the hon. member for London East. It reads:

I must emphasize that the lower qualifying requirements have been proposed only after a considerable amount of research and study centred around the motivation of the individual, the needs of a worker when faced with a loss of earnings, and the ever-changing composition of our society, which brings with it a reshaping of the labour force and its attendant dislocation of individuals. The results of these studies have shown us that no rigid guidelines are available from which we could formulate a hard and fast rule for qualifying, but there are indications that current conditions require a re-orientation of our thinking in terms of providing protection and assistance to members of the labour force. Therefore, we must look to our objectives in deciding on a level of minimum attachment.

That speech went on to refer to what it was like to be unemployed and what the Canadian worker was up against when he faced unemployment. Today that spirit seems to be dead on that side of the House. Their Christmas present this year for the unemployed worker is a reduction in his or her benefits of 10 per cent, at a time when welfare payments, old age pensions and workmen's compensation benefits are increasing to keep pace with the rise in the cost of living. In this case the government has taken one critical weapon in the fight against poverty and the maintenance of income for the families of these working men and women and has singled it out for special attention.

It is unbelievable that welfare payments are going up while unemployment insurance benefits are going down. Families can now get more from welfare programs than from the unemployment insurance program. It is a guaranteed incentive for those people to stay at home and not join the work force. Perhaps that is what the government wants, to see women and youth, who are often part-time employees and unable to achieve the sufficient number of hours to qualify for unemployment, leave the unemployment insurance system and go to the welfare system. That is their philosophy.

Mr. Boulanger: It is the demagogy of the NDP.

Mr. Rae: The hon. member has said it is demagogy. I do not think that is fair. The hon. member for Mercier (Mr. Boulanger) has said that I am a demagogue. That is a very unfair charge because, like an archaeologist, we go with the evidence which is before us and the footprints are there. They are the footprints of dinosaurs. The government is not walking in Bryce Mackasey's footprints; it is walking in the footprints of dinosaurs.

Some hon. Members: Oh, oh!

The Acting Speaker (Mr. Turner): Order. I suggest to hon. members that we get back to the motion under discussion.

Mr. Rae: If I have wandered from the path, Mr. Speaker, it is because of some hon. members opposite. If one looks at the philosophy which underlies this clause and the other clauses, it is completely incoherent but at the same time it is a reactionary attack on unemployed people at a time when the world recognizes that unemployment is not the problem of the individual worker but of society.

The government has not decided whether the program is an insurance scheme; therefore they have raised the question of overpayment of benefits. Part of the underlying philosophy of this bill seems to be that the government would like to go back to an insurance scheme to help tighten things up. However, they also say that they will collect back benefits paid to people earning more than $18,000, which turns it into a welfare scheme, a needs-related scheme. If it is a needs-related scheme, it does not relate to the needs of Canadians. Their needs cost much more than the maximum of $240 which the government proposes.

The metropolitan social planning council of Toronto in its report two weeks ago said that a family of four in that city requires $14,000 to live above the poverty line. This bill does not provide for that fact. The Minister of National Health and Welfare (Miss Bégin) has brought in a scheme which provides tax credits to families making less than $18,000. This is a small step in the right direction, but the Minister of Employment and Immigration (Mr. Cullen) is taking that away with the stroke of a pen.

This government cannot make up its mind where it stands with regard to income security and income maintenance. It says that we are filibustering this bill and taking our time, and that is quite correct. We are doing everything we can to explain to the people of Canada that this measure combines an incoherence of thought and purpose with a reactionary philosophy that needs to be exposed. We all have our different styles in exposing it. If the hon. member for Nickel Belt can use colourful language, then more power to him.

What our purpose in committee was, and what our purpose is this week, is not to talk for the sake of talking, but to attempt to get across to Canadians, who may be confused and uncertain as to exactly what the abuses of the unemployment system are, what the program is, and explain that the amendments which have been proposed by the government—many of which are supported by the Conservative party—will quite simply have the effect of reducing the income of working Canadians and Canadians who are not working but would like to be.

The hon. member for Vancouver Quadra has attacked the New Democratic Party, saying that we do not care about spending, about who pays for these programs, and that we would like all of Canada to be unemployed and drawing unemployment insurance benefits. That is reactionary twaddle which has no substance. This party would like to see all Canadians working. There are now nearly one million unemployed in Canada, or over one million by any definition other than that of the government. I should like those people to be able to lead a decent life. I should like the hon. member for Vancouver Quadra to indicate what level he thinks is appropriate and what a 10 per cent cut in benefits will mean to people

who rely on those benefits. I should like him to tell the hon. member for St. John's East (Mr. McGrath) how to explain this to people in the Atlantic provinces where the unemployment rate is over 15 per cent and where unemployment insurance benefits are critical to income maintenance and planning for those families.

● (1642)

I can speak first hand on how this situation affects my riding. When I go there and meet with people on Friday night, Saturday and sometimes on Sunday I find that there are some who cannot get mortgage money at less than 13 per cent. There are others whose cars are being seized because they are unemployed or have been unemployed for so long that they are now on welfare. Some people, for example, cannot draw workmen's compensation for one reason or another. There are women who cannot get back on the labour market because when they become unemployed, the benefit payments are low compared to welfare. They cannot get on manpower training programs either because of problems I have mentioned to the minister.

I am concerned about the level of benefits being paid to Canadians, about the fact that the government appears to be enamoured of the concept that unemployment is apparently a voluntary phenomenon and that hundreds of thousands of people are choosing it rather than employment. This philosophy is based on anecdotal evidence and is not substantiated at all.

Mr. Boulanger: You should read all the court cases.

Mr. Rae: The hon. member for Mercier cries out that I should read something.

Mr. Boulanger: I said you should read the court cases.

Mr. Rae: I have read the court cases.

Mr. Boulanger: How many in the last year?

The Acting Speaker (Mr. Turner): Order, please. I regret to inform the hon. member that his allotted time has expired. He may continue with the unanimous consent of the House.

Some hon. Members: No.

[*Translation*]

Mr. Jacques Lavoie (Hochelaga): Mr. Speaker, I rise to speak on this clause because it seems to me there is surely a contradiction here. Indeed, reference is made to overpayments, as referred to also under part VIII or clause 14, if your prefer, about which an amendment has been introduced and on which I will have an opportunity to speak. In any case, Mr. Speaker, what is important is the problem as it relates to unemployment insurance, and it is obvious that this problem preoccupies all members.

When people come to see us—of course, we are there to look after them and we try to do a good job—sometimes that is extremely difficult. I am not blaming the minister. I know he is doing what he can. I know also opposition members are there, more often to criticize rather than suggest practical amendments to the legislation, but it seems to me the following could have been taken into account but the minister will probably be able in spite of the bill to take into account the fact that at a certain point when people come and see us and say: Young people do not want to work, they prefer to live off social welfare, that is not true, Mr. Speaker. There are some but not many. Often, Mr. Speaker, young people who come to see us want to work. That is not complicated but it seems to me that we should be providing more training whether of an academic nature or in other areas where young and older people also have access. There is often talk, Mr. Speaker, of managing to provide full employment. That is not complicated. It is possible in this country.

I have spoken about this before, and I will come back to it. I will ask you, Mr. Speaker, if what I say is out of order, to tell me. I think that young people, when someone receives—and I have talked about this before the parliamentary committee—and the hon. member for Nickel Belt (Mr. Rodriguez) knows that, just like all the others. I simply mentioned that we want to save money. It is obvious that the government must cut expenses one way or another but, Mr. Speaker, I would not like to penalize people who are unemployed against their will and who have no other choice. And the way it is, those people will in fact be penalized. Therefore, it seems to me that we should have a closer look into that situation in order to prevent those people from being penalized later. So, it is true that we must save money.

Obviously, I will talk about clause 5 which says that we are going to take the 66⅔ per cent and make it 60 per cent of the income to save 6⅔ per cent. But if, for instance, we tell someone who earns $100 a week at a rate of $5 an hour that he is going to work 20 hours a week under Canada Works or other projects, according to what the minister decides, it seems to me that will allow us to encourage people to go to work, and that we will in fact discourage them from depending on unemployment insurance.

It seems to me that only then can this becomes truly concrete. If we want to pass legislation, we must be reasonable. We should not penalize people who have no business being penalized. I have nothing against clause 1 as such, but I wonder whether this clause could not be broken up in two since it mentions part VIII which comes under clause 14. There seems to be a contradiction somewhere. I am not a lawyer, I am a simple citizen like everyone else, but I am trying to understand. Mr. Speaker, there is something which does not seem clear in all this. If someone in the House can clarify this for me, I would like him to do so because I want to understand and to participate with all my colleagues on both sides of the House in passing bills which will benefit all Canadians. After all, they are the ones who contribute, they are the ones who pay our salaries, they are the ones who pay for unemployment insurance. As a matter of fact, we should not even call it unemployment insurance, but rather employment insurance. In

my opinion, it is time that we stop talking about unemployment all the time. We should talk about employment instead.

Mr. Speaker, this is how we can encourage people to work. Let us stop talking about unemployment and telling them: You are like this or like that. We talk about that too much, even in this House. We create psychological problems for the people when we should be trying to do the opposite. We should encourage people and show them that there are not only bad things in this country, but also some good. We must try to strike a balance.

In any case, Mr. Speaker, I hope that this clause will be amended, unless the minister can provide further clarification. I believe there is some confusion between clause 1 and part VIII. If the minister can explain this and make me understand this clause, I may be able to support him.

● (1652)

[*English*]

Mr. Arnold Peters (Timiskaming): Mr. Speaker, as has been mentioned, this bill received considerable attention in the committee and some references have been made to the relationship of various committee members to the bill as well as to the fact that the representation on the committee was not necessarily fair or equitable. I presume the hon. member for Hochelaga (Mr. Lavoie), who has just spoken, had that in mind when he made his comments because he also comes from an area where unemployment is a considerable problem and where the problems of the individual become more apparent than the $1 billion, in nice round figures, which the government has decided it wants to save.

It is all very simple, Mr. Speaker, and it has not much to do with employment. Nor has it much to do with unemployment, I suppose. It involves every Canadian, and there are one million of them who are unemployed. Individually they believe that if they go through the various stages which they are asked to go through to locate a job, then they have fulfilled their obligation, but that the government has not fulfilled its obligation in making work available for them. Because they have done what they are supposed to do—when they were working they paid money into the insurance fund—now that they are unemployed, they should be able to receive their benefits.

That is the problem as seen from the point of view of the individual. When we look at the problem from the point of view of the country as a whole, we are ashamed to admit that we have one million unemployed and that we have to raise $2 billion to add to the insurance fund which was established a number of years ago when we thought that a 4 per cent rate of unemployment was too high. When the individual looks at this plan, he hears the government saying to him: "No, Joe, we will change the rules now; although you have been paying in for years, your benefits will change now."

There is another group of people who are watching the individual, Joe Doe, and wondering what these changes will mean to Joe Doe in relation to them. I am referring to the municipalities of this country. The government and the Conservative party are saying that there are many people who abuse the unemployment insurance program. They say that every day, and I am sure most Canadians are saying that. It is quite true that many people in organized labour, as well as housewives and people on the street, do say that. Everybody knows somebody who knows somebody who has a friend who has taken advantage of the unemployment insurance program.

That may be true, and if it is, it is a pretty sad state of affairs; but we members of parliament can plug those loopholes if they are as broad as people seem to think they are. But that is not what the government is doing. The government has said: "We must get rid of the expenditures; we must cut out $1 billion." If, because we have an excess of unemployment we are paying out more than the amount for which the plan was originally designed, and if, out of that $2 billion, there is a waste of 25 per cent, or half a billion dollars, then the other half will have to be built up by the municipalities because we are saying that the need is still there and will have to be met in some way.

It is very interesting that the various provincial governments have indicated that there would be a large drain on their treasuries and they were not sure how large it would be. The figures varied anywhere from $10 million to $50 million in some of the provinces. That seems to be quite a large sum to be playing with.

I think the plan has been unfair in another way. The minister indicated that we should have had some serious, intelligent discussion of the bill. Surely one or two good ideas have been put forward by the ten witnesses who appeared before the committee, and surely the minister would agree that some cogent arguments were put forward by one or two of the witnesses on some aspects of the bill. Surely the minister will admit also that the hon. member for Hochelaga had a good point to make, that his parliamentary secretary who gives him advice had some good points to make somewhere along the line, or even that some good amendments were put forward at some time in the back rooms.

The minister himself did not amend the bill in any way and he did not make any major concessions on any important aspects of the bill. To be fair to the minister, let me point out that he toyed with one part of the bill that is probably more complicated than any other, and that is the totally new concept of the two-tier system. I think the minister would agree that the new concept, to be realistic, would have to be considered in a pretty broad philosophical way rather than by way of an amendment to the existing act. If the implementation of the two-tier payment system were to be considered seriously, it would have to be considered initially from a philosophical point of view and new legislation would have to be brought forward. In my opinion, the minister did not consider any of the proposals put forward by the witnesses who came before the committee, and he did not want to hear any more witnesses because he did not listen to the ten who had been before the committee. There is no point listening to 100 witnesses if you decide not to listen to one.

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

PROCEEDINGS ON ADJOURNMENT MOTION

[*English*]

SUBJECT MATTER OF QUESTIONS TO BE DEBATED

Mr. Deputy Speaker: Order, please. It is my duty, pursuant to Standing Order 40, to inform the House that the questions to be raised tonight at the time of adjournment are as follows: the hon. member for Medicine Hat (Mr. Hargrave)—Agriculture—Request that beef import quotas will not be increased; the hon. member for Eglinton (Mr. Parker)—Employment—Clarification of provisions of Outreach program.

It being five o'clock, the House will now proceed to the consideration of private members' business as listed on today's order paper, namely, notices of motions and public bills.

PRIVATE MEMBERS' MOTIONS

[*English*]

GOVERNMENT EXPENDITURES

ADVISABILITY OF LIMITING COMPENSATION PAYABLE TO CERTAIN CATEGORIES

Mr. James Gillies (Don Valley) moved:

That, in the opinion of this House, the government should consider the advisability of introducing legislation to limit the total compensation payable to (a) a public servant (b) an officer or employee of a Crown corporation (c) an officer or employee of an agency coming under the jurisdiction of the government, to an amount no greater than the maximum salary and allowance paid to the elected representative who receives the highest salary and allowance under the terms of the Senate and House of Commons Act.

He said: Mr. Speaker, I hope this motion will be supported by a number of members of the House for a number of reasons.

First, I have said many times in the House that because we operate under the British parliamentary system we have not built into our legislative processes any system of checks and balances. Moreover, because of the changes that have taken place in the rules of the House over the course of the last decade, members of parliament have been unable to hold up supply to the government, one of the fundamental privileges of any opposition. Consequently one of the fundamental ways in which a government should be held accountable for what it does is non-existent in our parliament.

● (1702)

I have also often made the point in the House, as have many of my colleagues, that in the examination of estimates before the committees of this House we are not able, for a variety of reasons, to do an adequate job of finding out where the taxpayers' money is spent. Consequently, it is important that we begin to build into our system some checks and balances to take the place of those checks and balances we no longer have.

This proposal today introduces one check, albeit a rather modest one in terms of the total number of dollars involved. However, it is symbolically an important check on the way the taxpayers' money should be spent.

If we legislate that no employee of the Government of Canada, or of a Crown corporation or agency of the government, can receive compensation greater than the highest compensation paid to an elected official of this country, namely that of the Prime Minister, we have set a standard for salary determinations which I think is important. Can one argue affirmatively that any member of the public service or of an agency of the goverment should be paid more than the Prime Minister of Canada?

My second reason for introducing this motion is that we have had great difficulty over the years establishing appropriate compensation for senior executive members of the public service. As hon. members know, a variety of committees have been set up to examine compensation for public servants and to set up adequate guidelines. However, this has always been extremely difficult to do. These committees tried to have some kind of comparability with similar salaries in the private sector, but the problem is that the jobs are not the same.

I have had friends point out to me that a person who fulfils the responsibility of deputy minister has only half the job of a senior vice-president or senior executive officer in the private sector. In the private sector, the man with that responsibility has to raise the money he spends as well as oversee the way in which it is spent. The deputy minister, on the other hand, does not have the problem of raising the money; he only has the problem of spending it.

I am not suggesting a deputy minister might not have other duties that a man in the private sector does not have. The reality is that it is difficult to make comparable decisions as to how these positions should be compared.

The third reason for bringing forth this suggestion is that we are in a period of restraint. Anyone who has been in this House of Commons for a number of years knows that politicians do not raise their compensation without considerable debate. They do not do so without assessing whether the people of Canada really believe members should be paid more for the services they provide to their constituents and the people in general. There is always heated discussion when the question of payment of members of parliament comes forward. That is not the case with the establishment of compensation for executives on the administrative side of government. There is no public debate on the question of compensation for a very large number of government, agency and Crown corporation employees.

In the last ten years, as the figures show, the increase in the number of appointments of people filling executive level jobs has been larger than in any single area of employment in the federal government in relative terms, and the public knows little about the salaries of these employees.

The fourth reason for supporting this motion is that it would bring public accountability to the establishment of salaries in

the public sector and Crown corporations. On occasion we try to find out what the compensation in certain activities paid for by the public happens to be. It is difficult to get that information. Too often the responses are very much like that made by Senator Marchand when he was minister of transport. When asked on the order paper to provide to members of parliament the levels of compensation for senior officers in Air Canada, the reply was that it was not in the interest of the corporation to make that information available, that it would be competitively difficult because the private sector did not make such information available, and it would be bad for morale. The shareholders of that corporation are the people of Canada and yet they are not given this information.

When Air Canada's major competitor, CP Air, decided to do some financing in the United States, it was forced by the SEC to make that information available and it did so. Why should the people of Canada not know what the compensation is in this corporation and in fact all agencies in which they are the major shareholders? If my proposal were adopted, the people of Canada would know what the compensation is for a large number of people who work for them.

Fifth, such a measure would help to redress some of the imbalance which has developed between the legislative arm of the government and the administrative arm. Politicians constantly hear that the government is really run by the public service. We are asked why politicians do not have more control over the public service.

If a situation develops where the deputy minister is paid more than the minister, what can one expect? Who in the eyes of the people of this country is worth more in the service to this country, the deputy minister who is paid more, or the minister? Presumably it is the deputy minister. While this is not a significant factor, the imbalance needs to be redressed. We need some way to ensure that the legislative element is in control. One of the ways this can be looked at is through the compensation system.

I am sure most members know that in the United States a system limiting compensation has been in effect for many years. In fact, it has been in effect throughout the history of that nation. There have been many studies, and suggestions that it is very difficult in that country to get the type of public servants that are needed, but the system prevails.

Under the administration of President Ford and the administration of President Carter, changes have been made in the compensation to senior executives in the public service, but in no case have they been made in such a way that public servants are paid more than the elected representatives. There is no one in the United States public service who earns more than the senior elected officials in the United States. There are very few people in the public service of the United States who earn more than cabinet ministers.

To give some idea of the way in which the situation has got out of balance, at the present time a deputy minister in Canada can earn over 18 per cent more than a senior undersecretary in the government of the United States. There may be very good and just reasons why senior public servants in this country should be compensated substantially higher than public servants in the United States.

I want to be very clear that I am not arguing or suggesting that our public servants are necessarily over-compensated. What I am arguing and suggesting is that we do not have in place in this country a built-in way of keeping sound control over the payment of senior public servants and that our system needs it. I would argue that the appointment of ad hoc committees to try and bring in studies of comparability with regard to compensation is not as satisfactory as built-in control.

If we are concerned about restraint and a proper balance between the legislative and administration function in the nation and a proper utilization of the resources of this country, what better way to start than by putting in a built-in check on the use of the taxpayers' money and that no legislating employee of the government or any of its agencies may be paid more than the Prime Minister of Canada? What a sensible solution! What a sensible way!

● (1712)

I am not arguing in favour of an increase in pay for legislators; I am arguing that under the present system there should be some sort of built-in control, some built-in guideline, so that we might know where we are going. How foolish it is to have a system under which deputy ministers are paid more than ministers. What kind of a system is that? We in this country badly need controls built in in the way in which compensation is paid to employees of the public service. We need controls built in to the whole system of expenditure in this country. I am arguing that the government give serious consideration to passing legislation limiting the amount which any public servant, any employee of any agency of the government, can receive. They will not be permitted to earn more than the Prime Minister of Canada gets. I can think of nothing which would do more, symbolically, to improve the legislative posture in this nation and I urge every member here to support this motion.

Mr. Donald J. Johnston (Westmount): Mr. Speaker, I found this motion interesting and in some respects unusual, coming, as it does, from the hon. member for Don Valley (Mr. Gillies). I do not discard it out of hand because I think there is much merit to some of the points he has made, but I believe the mischief he is trying to correct would not be affected by the adoption of the motion he proposes.

We are considering a motion which essentially excludes the marketplace; it curtails the right of the individual who offers his services to a Crown corporation in an executive capacity to negotiate a level of remuneration which he might expect to receive in the private sector. Under its terms, no man or woman could be hired by the government or by one of its agencies at a higher salary than that paid to the Prime Minister (Mr. Trudeau). I suggest this would place a government in an untenable position and make it impossible to obtain people with the competence we require in, for example, Crown corporations which play an increasingly important role in this

country. It would concern me very much if Air Canada, for instance, could not compete in the marketplace for the skills and talent required to give the people the best service available.

Mr. Gillies: That is why you hired Bryce Mackasey.

Some hon. Members: Oh, oh!

Mr. Johnston (Westmount): I am glad to see hon. members have a sense of humour. I detected an ambiguity in the remarks of the hon. member. Are we being asked to increase the level of remuneration of legislators in this country, specifically of the Prime Minister, since that is to be the touchstone used to determine maximum compensation to be paid elsewhere? Or are we being asked to roll back the remuneration paid to senior civil servants, presidents of Crown corporations and so on? I gather from the comments made by the hon. member that it is the latter.

I personally favour the hon. gentleman's view because the people who are involved in the political process are not essentially seeking remuneration. As the hon. gentleman knows very well, "Man does not live by bread alone", and nothing could be truer of the representatives of the people involved in the legislative process. I would suggest, however, when we turn to the people who are serving as employees of government agencies and Crown corporations, that this is not the case. The hon. member is seeking a form of wage parity which does not accord with what I understand to be a classical philosophy of the Conservative party, one to which I happen to subscribe myself, namely that we are not to be envious of what is paid to others, of what is paid to members of the public service.

I share the view of the Auditor General, expressed some weeks ago, that we should be prepared to remunerate the public servants of this country by paying the highest wages required to obtain the best possible people, while at the same time we should retain the right to terminate those services in the manner adopted by the private sector. I have no doubt that, notwithstanding the argument put forward by the hon. member, deputy ministers and senior officials in Crown corporations and government agencies discharge responsibilities which in many instances are as great as those undertaken in the private sector, sometimes greater.

The hon. gentleman made the point that officials in the public service wear only one hat—the spending hat—whereas in the private sector they have responsibility both for spending and for raising money. I do not think the analogy holds. I believe there are many officials of major corporations whose roles are almost identical to those of the deputy ministers of many of our departments. I believe that at the top level of responsibility our public servants are probably underpaid, not overpaid as the hon. member suggests. It may be that adjustments ought to be made elsewhere in the public service, but they should not affect senior public servants nor should they affect presidents and senior executive officers of Crown corporations.

I return to my view that if this motion were adopted we would not be able to attract necessary skills into the public service.

Mr. Gillies: Let's try it.

Mr. Johnston (Westmount): The hon. member says, "Let's try it", but I am personally not prepared to take the chance of losing some of the most able people in the country on this issue of remuneration. I think the Canadian people are prepared to pay according to responsibility assumed.

• (1722)

The hon. member has drawn upon the American experience, but the American experience, fortunately or unfortunately—and there are arguments both ways—is quite unlike our own in that policymakers in the United States change, by and large, with change in the administration. As we know, federal administrations in the United States change every four years. The difference is that people who assume the roles of undersecretaries, assistant undersecretaries and others in terms of the policymaking apparatus in the United States are essentially servants of the people during limited periods of time. It is a responsibility and an honour to take such positions, but these people are basically private sector people who return to the private sector at the end of a given four-year period. Some of them take leaves of absences from universities, businesses and so forth. In fact, in many respects I suggest that that aspect of the U.S. system is healthy because there is a constant interchange between private sector and public sector personnel due to this process.

There are very few major law firms, investment houses or corporations in the United States which do not have among their ranks some people who have served government in senior capacities in one or more administrations. Unfortunately—and I say "unfortunately" because our system as it now operates is not compatible with that kind of change—we have basically a permanent civil service in this country. There are great advantages and disadvantages to our system, but I suggest that in the absence of undertaking very fundamental reforms in the entire government apparatus in Canada it would be virtually impossible to adopt this motion at this time. It would have a severe impact and the civil service would experience severe dislocation, not to speak of Crown corporations and Crown agencies.

Hence I am drawn to the conclusion that as much as I agree with the motives which obviously underlie this motion, I cannot accept it as being a reasonable means of accomplishing the objectives the hon. member for Don Valley wishes to accomplish.

I say in conclusion that we must never forget the role of the elected representative of the people, the role which each of us in this chamber sees as being very distinct from that of the public servant. There is no reason to suggest that if any limitation is to be placed upon the remuneration paid to public servants, it should take the form of wage parity with the people

who represent the people of Canada. I really do not think the people of Canada believe that a deputy minister is more important than a minister just because the deputy is paid more. I believe that the people of Canada and the people in this House are willing to pay for performance.

I also believe—and the Auditor General endorses this—that if performance is not forthcoming, that man should go. That is one part of our system we should look at in terms of establishing checks. I would much prefer to see our public servants and the officers of Crown corporations and Crown agencies paid salaries, remuneration and benefits which are comparable with those paid to men of equal ability in the private sector, with the knowledge that, if performance is not forthcoming, the people of Canada have a right to terminate services in the same way they are terminated in the private sector.

Mr. Ray Hnatyshyn (Saskatoon-Biggar): Mr. Speaker, I am anxious that this matter be dealt with during the course of this private members' hour so I will confine my remarks to a minimal length of time.

I was glad to hear the comments of the hon. member for Westmount (Mr. Johnston), which in essence indicated to me that while the hon. member has certain reservations as to what would necessarily flow from this resolution, by and large he is very much interested in and sympathetic with the objectives set forth by my colleague the hon. member for Don Valley (Mr. Gillies), who, incidentally, is to be congratulated for bringing this matter to the attention of the House.

Generally speaking, I think all of us in this House feel that this resolution has great merit, that it should receive some very serious consideration in terms of the operation of the public service vis-à-vis the operation of the legislative arm of our parliamentary system. I suggest, however, that there is a problem with respect to defining precisely what effect this resolution might have on the whole question of secrecy in government and in government agencies. As the hon. member for Don Valley pointed out in his introductory remarks, very often we in parliament inquire about the salaries of chief executive officers of Crown corporations or government agencies and are told by ministers responsible over and over again that that information is confidential and not available to the people of Canada.

Perhaps the hon. member argued this matter on the basis of principle, but we really do not know in pragmatic terms exactly how many senior public servants and chief executive officers of Crown corporations might be affected. The most immediate example of which I can think is the recent appointment of the chairman of the board of Air Canada. I think there is information, not through the House but through press reports, to the effect that this new chairman qualifies to be part of a very elite group of chief executive officers of Crown corporations and that he will receive a salary and other incidental benefits which will bring his level of total remuneration above that of the person who was responsible for his appointment, namely the Prime Minister (Mr. Trudeau).

The main reason I join in this debate is that I think most hon. members feel that this subject matter should receive detailed consideration in a committee of this House. That would provide an opportunity for us to examine the context within which this motion might be beneficial to our system in an institutional manner. That is to say, are there ways by which we in parliament can come forward with suggestions or amendments in accordance with the motives which brought the hon. member for Don Valley to put this motion before the House? Are there specific suggestions, guidelines or legislative provisions which could be brought forward for consideration and which might bring about the perspective I know we all want to have with respect to this division between legislative and executive or, indeed, public servant pay scales and the relationship which exists between these two segments of our system of government?

Under those circumstances, I would like to propose an amendment to the motion before us. I propose to move, seconded by the hon. member for St. John's East (Mr. McGrath):

That this motion be not now further debated but be referred to the Standing Committee on Finance, Trade and Economic Affairs for consideration and report back to this House.

[*Translation*]

Mr. Deputy Speaker: Does the hon. member for Gatineau (Mr. Clermont) want to rise on a point of order or does he want to participate in the debate?

I shall now consider the motion that is being proposed.

● (1732)

[*English*]

I want to consider the amendment attentively because it is a new perspective and at first glance seems to be a new proposition. At this time I will now recognize members who are interested in contributing to this. However, if the House has no objection, while I am contemplating the amendment, I will recognize the hon. member for Gatineau (Mr. Clermont).

[*Translation*]

Mr. Gaston Clermont (Gatineau): Mr. Speaker, I should like to say a few words on the amendment to the motion of the hon. member for Don Valley (Mr. Gillies). According to that motion, and I quote:

—the government should consider the advisability of introducing legislation to limit the total compensation payable to—

Mr. Speaker, suggestion is made here, not that the motion be referred to a committee, but that it be discussed by the House. First of all, I should like to say that the motion of the hon. member is intended primarily to restrict, generally, the expenditures of the government by offering civil servants reasonable, good and equitable salaries. That is an objective to which no hon. member in this House could possibly object, and towards which this government has constantly strived, and continues to do so. I believe one can say, in all fairness, that the various succeeding governments of this country have always endeavoured to achieve that objective, regardless of their respective accomplishments.

The motion raises a problem since it endeavours to compare and conciliate two quite different facts, that is the compensa-

tion of parliamentarians and employees of a vast multidisciplinarian organization which assumes responsibilities of direction and management in specialized disciplines, those responsibilities being sometimes similar to those of employees in the private sector. With your leave, sir, I would say that the comparison made by the hon. member is not valid. The needs of both groups, the reasons underlying the definition of their compensation and the points of comparison are quite different. I wonder if the hon. member, when he refers to the elected representative who receives the highest salary and allowances under the Senate and House of Commons Act, means the Prime Minister. I know that such reference was made by the hon. member for Don Valley, but in doing so he made that comparison more difficult.

Allow me, Mr. Speaker, to remind the hon. member of the unique character of the basic problems which their compensation system was suppose to solve. I will refer hon. members to the report of the Advisory Committee on Parliamentary Salaries and Expenses prepared in the early seventies under the chairmanship of Mr. T. N. Beaupré. Generally speaking, the advisory committee refers to the discussions that took place in this House a few years ago and more particularly to the comments made in 1963 by the then prime minister, the Right Hon. Lester B. Pearson. The report contains the list of specific problems enumerated by the prime minister to justify the adoption of special provisions pertaining to members of the House. That list mentioned, and I quote:

The maintenance of two residences, one in the riding and one in Ottawa;

With a few exceptions, Mr. Speaker.

Financial sacrifices especially for new members;

Disruption of family life;

Difficulties in educating children;

Difficulty in attracting young candidates because of the loss of income in accepting a political life;

If the financial barrier were allowed to continue as a deterrent to attracting candidates to public life, parliament would lose its representative character as only the financially independent could afford to be members.

In general, Mr. Speaker, it is my opinion that these conditions, although they must necessarily be taken into account in order to establish the salaries of members, do not concern the compensation payable to public servants. The nature and conditions of work differ greatly in both cases and it would not be reasonable to ask for exact comparability between the two systems of remuneration.

I would like to quote again from the Beaupré report and draw the attention of the House to some interesting paragraphs. First:

The establishment of appropriate levels for parliamentary salaries must be based largely on subjective judgment. The position of the federal parliamentarian is unique and therefore, it cannot be easily compared to apparently similar positions in other political jurisdictions, either in Canada or elsewhere, nor to other occupations in Canada. Virtually none of the guidelines normally used to determine rates of remuneration in other sectors of the economy is applicable.

Furthermore, the committee does not "accept the proposal that parliamentary salaries should be related to the salaries that the government establishes for the executive category in the public service", even though it briefly dealt with the relative salary of a deputy minister accountable to the ministers.

I am prepared to suggest, Mr. Speaker, that the opposite is equally true. Public servants' salaries should not be compared arbitrarily and systematically to the salaries of members of parliament. However, you can rest assured, Mr. Speaker, that to raise peremptory, arbitrary and systematic barriers, as proposed in the motion, will result without doubt in a direct and relevant comparison between the duties and responsibilities of the various groups concerned.

Since government activities represent a practical exercise rather than a mere exchange of intellectual ideas, I wonder, Mr. Speaker, whether the hon. member for Don Valley (Mr. Gilles) has considered all the real problems that the passage of his motion would entail. As I said earlier, Mr. Speaker, there are obviously and quite legitimately some differences in the nature of the activities, working conditions and underlying factors behind the salary rates paid to legislators and public servants. Allow me to look a little more fully into some aspects of civil servants' salaries. To this end, I believe it would be appropriate to take into account two agencies which have allowed successive governments to direct their efforts in order to determine the level of compensation of federal employees. They are the Royal Commission on Government Organization, the so-called Glassco commission, and the Advisory Group on Executive Compensation in the Public Service, most often identified with the name of its current chairman, Mr. Lambert.

With your permission, Mr. Speaker, I should like to quote a few extracts from the Glassco report which represent in many respects the basis of the administration and compensation policy within the public service for the past 15 years. In Volume I, dealing with the policy of compensation, the commission states in part: "Levels of compensation comparable with those of other employers keep an enterprise financially competitive in the market for skills and talent. They also tend to minimize the risk of losing present employees to more attractive employment elsewhere. At the same time, the philosophies underlying the internal administration of wages and salaries may have a profound influence, for good or bad, upon the employees morale and productivity, and upon his incentive for growth and development. They may emphasize the relation between employee effort and the objectives of the organization, as well as the performance and reward, or they may conceal a link which should, precisely exist."

Mr. Speaker, the Glassco report also states the following: "Although comparability with wage levels outside the public service has been a stated or implied bench-mark for wage determination in the federal public service ever since 1919, it is not possible to make a single, simple generalization about these relations." As far as I know, the commission does not refer to the comparability of wage levels between parliamen-

tarians and civil servants, maybe, Mr. Speaker, because it would have found that the proposal we are considering today is a method that is too general to determine the compensation at more senior levels in the public service.

In the late sixties, the creation of the Advisory Group on Executive Compensation in the Public Service was a concrete attempt by the government to collect judicious advice on the remuneration of senior officials. Hon. members certainly know that the present advice originates from people who are themselves representative of senior levels in the Canadian business sector.

I am sure you are all aware that the present chairman of the group is Mr. Allen T. Lambert, and I should like to take the opportunity to draw the attention of the House to some very pertinent parts of its most recent report. In the second report of the group, we can read the following, and I quote:

—we were struck by the fact that it is necessary to ensure that executive personnel compensation in the public service should remain at a reasonable level of equality with those in the private sector; this level should however be considered reasonable comparatively to wage levels of other categories of public servants. We think more than ever that the efficiency and effectiveness of the public service, and the importance of this efficiency to the government and to the taxpayers could not be stressed enough, continue to depend to a significant extent on the maintenance of reasonably competitive wage levels for senior public servants.

In the fifth report, the group continues in the same direction, and I quote:

It was impossible for the advisory group to arrive at precise conclusions with respect to the equivalence principles and limitations that should exist between the public and private sectors. We do not believe that specific mathematical formulas could be set. However, the studies undertaken were useful in our considerations on the appropriate rates, and we will continue to take them into account when time comes to formulate recommendations that are made from time to time.

The reports the government got based on the advice of experts in these matters clearly show that the salaries paid to senior officials must compare with those paid to their counterparts in the private sector and must in so far as it is possible remain competitive with the latter. I find it difficult to understand how the hon. member can bring himself to believe that senior officials are going to protect effectively the interests of the public if they receive salaries that differ a lot from those paid in the private sector. So that will not happen, a comparison has to be made between the levels of pay in the public service and the private sector.

In concluding, Mr. Speaker, I want to indicate that I cannot support this proposal not only because it goes against the policies set by successive governments but also particularly because the remuneration policies of those governments which are intended to achieve over-all comparability with the other sectors of the Canadian economy are still adjusted to needs, and I find it impossible to reject them for the proposal of the hon. member for Don Valley (Mr. Gillies). Mr. Speaker, we must continue, and I am sure we will, to recruit and keep competent senior officials not only because their work is a challenge and important but also because the pay they get squares with the work they do and compares by and large with what is being offered elsewhere.

● (1742)

[*English*]

Mr. Deputy Speaker: Before recognizing the next hon. member might I be permitted to give my ruling in respect of the proposition moved by the hon. member for Saskatoon-Biggar (Mr. Hnatyshyn).

The difficulty I am faced with at this time in respect of the proposed amendment is that the hon. member is proposing two things. If he will refer to citation 200(4) of Beauchesne's fourth edition at page 168 he will see it is clearly stated there that:

A motion which contains two or more distinct propositions may be divided so that the sense of the House may be taken on each separately.

There may not have been too much difficulty in that regard but for the fact that the hon. member is proposing to refer the subject matter to the committee and trying also at the same time to stop the debate by the first part of his amendment. In addition, we might have members in the House who agree with the second part of his amendment but do not agree with the first part.

If the hon. member would take the trouble to read citation 202(6) of Beauchesne he would find that it states as follows:

It is not an amendment to a motion to move that the question go to a committee.

His second proposition is faulty in that it is completely contrary to citation 202(6). On this ground, and because of the fact that I cannot put before the House an amendment, part of which would go against the rules, I must reject the complete amendment moved by the hon. member.

Mr. Hnatyshyn: Mr. Speaker, of course I recall the citations to which Your Honour has referred, and they were in my mind when I proposed this particular motion. I would simply like to get some clarification of the point you have raised. The first aspect is, of course, in respect of the nature of the two parts of the amendment. It would seem at first glance that the first part would terminate the debate, but there is no question that it would not have had that effect because the motion itself is debatable. For this reason it seemed to me we might have the opportunity of discussing the merits or otherwise of what I think is a very sensible and worth-while proposition, namely, that this matter should receive more intensive attention than we are able to give it in the course of the one hour allotted for private members' business.

The fact that there seemed to be general acceptance of the proposition put forward by the mover of the motion was the rationale within which I brought this forward.

● (1752)

Secondly, while the motion contained the recommendation that the matter be referred to a standing committee for detailed examination, the most important part of it was that the committee report back to the House, perhaps for further debate. I was wondering whether under those circumstances that would now take the matter outside the prima facie objection that you have raised by your ruling, that this matter

is not a motion merely to relegate the matter to a committee where it may then die but, indeed, was a motion which directed the committee to report back to the House. I would like you, sir, to clarify under those circumstances what might be the distinction which would allow you to put the motion so that we may have the feeling of the House on giving this matter more consideration in committee and, at the same time, that we not be precluded from debating the matter at the time the committee reports to the House.

Mr. Deputy Speaker: The hon. member is making a suggestion on which I do not have to agree or disagree, the merits of considering the motion either in committee or in the House. My difficulty is with the procedural aspect of the matter. I agree with regard to the topic of the debate, and if I were accepting the motion it would not preclude a debate. Procedurally, however, the debate should be on the amendment proposed by the hon. member, not on the main motion, although these debates sometimes allow members to spend most of their time debating the fundamentals of the main motion.

At the same time a suggestion to have the Chair allow a question of this kind to be put to the House so that the subject matter may be referred to a standing committee which would report back to the House, is not a practice that follows precedent. Perhaps the hon. member was not listening, but I read a citation from Beauchesne's, paragraph 6 of citation 202, which says very clearly that it is not an amendment to a motion to move that the question go to committee.

I realize what the hon. member is attempting to achieve. I believe he is trying to do what we sometimes do with private members' bills, when a motion is made that a bill not be read a second time, that the bill be struck from the order paper and that its subject matter be referred to a committee. Even in situations like that, we are not entitled to order the committee to report back to the House. We send the subject matter for consideration to the committee and that is the end of it, so even in that respect the hon. member is overstepping the rules.

With regard to the suggestion to allow his proposition to refer the subject matter to committee, the motion, which is for general discussion, is before the House at this time. It is here for discussion, decision, and recommendation, and I think that the hon. member's objective should be first to let the House go as far as it will with the debate and to hope for a vote. If things do not go as the hon. member would like, perhaps in another way he could make a proposal that might meet his objective. As it now stands, I do not think that we can deal with his amendment.

Mr. S. Victor Railton (Welland): Thank you, Mr. Speaker, for taking so long in coming to your decision. I followed your procedural perambulations with a great deal of interest, and I did not think the decision would take anybody with your experience quite as long. I was not really sure whether it was the legality of the procedure or the indecipherability of the longhand written amendment in the first place that was bothering you.

[Mr. Hnatyshyn.]

I thought that the motion by the hon. member for Don Valley (Mr. Gillies) was interesting, and still is for a couple of minutes. In the wording, the hon. member is limiting the compensation payable to so and so, and so and so:

—to an amount no greater than the maximum salary and allowance paid to the elected representative who receives the highest salary and allowance under the terms of the Senate and House of Commons Act.

In other words, this motion narrows it down to the question of what we pay executives in the civil service and Crown corporations.

The hon. member might have said in his motion that the Prime Minister (Mr. Trudeau)—knowing that he is underpaid because of all the flack that goes with the job—should get at least twice as much money.

Mr. Knowles (Winnipeg North Centre): No, no!

Mr. Railton: The hon. member did not even say that the other members of the civil service at the lower grades should not be paid higher than members of parliament. However, members are so notoriously underpaid, they haven't had a raise, I think for about six or seven years, and they get nothing but flack. Right now members here do not get as much as members in the provincial legislatures. I do not know why the hon. member for Don Valley mentioned congressional salaries in the United States because they are so far ahead of our salaries that there should be no doubt about the foolishness of comparing or setting the same salaries based on the salaries of elected representatives to the House of Commons.

The other point I would like to make, if you will give me a little time, Mr. Speaker, is with regard to the suggestion that we set ceilings in the private sector. How can we do that unless we adopt the same authority as they have in Moscow? This is a democracy, and we do not set the salaries in the private sector. I could go on and on and really get down to my prepared notes, unless you wish—

Mr. Deputy Speaker: Order. I regret that I must interrupt the hon. member—

Mr. Gillies: Mr. Speaker, on a point of order and just so there is no further confusion, there is nothing whatever in my motion about setting salaries in the private sector.

Mr. Deputy Speaker: Perhaps it is time to say that the hour provided for private members' business has expired. It being six o'clock, I do now leave the chair until eight o'clock p.m.

At six o'clock the House took recess.

● (2002)

AFTER RECESS

The House resumed at 8 p.m.

GOVERNMENT ORDERS

[*English*]

UNEMPLOYMENT INSURANCE ACT

MEASURE TO AMEND

The House resumed consideration of Bill C-14, to amend the Unemployment Insurance Act, 1971, as reported (with amendments) from the Standing Committee on Labour, Manpower and Immigration.

Mr. Arnold Peters (Timiskaming): Before we were interrupted by private members' hour, Mr. Speaker, I was saying that the government has decided to save a billion dollars. This saving is to be achieved principally through adding to the burden on the backs of the working people, particularly those in areas of high unemployment.

It is very interesting to note that although the unemployment insurance fund was presumably actuarially sound when it was established, it now shows a drain of $2 billion. This has certainly been a political football. The Liberal party has won a couple of elections by promising to include people who were not intended to be included when the Unemployment Insurance Act was first enacted. Now it appears that contributions of employers and employees are to be reduced simply because there is a surplus of about $400 million in the fund. This indicates that up to the point where workers and employers were to carry the unemployment insurance plan, the plan was sound.

Where the difficulty arises, Mr. Speaker, is that ten years ago 4 per cent unemployment was considered too high. I remember that the New Democratic Party felt a reasonable figure would be 1 per cent and that this would take care of the turnover of people who looked for jobs in other fields, those being transferred, or such things as retraining and reclassification programs. We certainly thought that 4 per cent unemployment was too high. In the last ten years the government has increased the intervention point from 4 per cent to 5.5 per cent, to 6.5 per cent and now, according to this bill, the trigger figure is 11.5 per cent. I suppose the government considers that things are not bad if it is less than 11.5 per cent. If it goes over that figure I do not know who is going to handle it. Certainly the government apparently does not intend to participate in the unemployment insurance fund in order to carry that kind of unemployment.

Whether 4 per cent, 10 per cent or 50 per cent is the acceptable level, it is the unemployed person who is affected, not the worker. It is the unemployed person who worries how to cope with his situation, whether he loses his car or his house. Even whether he loses his wife and family sometimes depends on how long he is unemployed.

The cost is immense in a social sense, Mr. Speaker. It may well be that we should not be covering social costs through unemployment insurance and should not be making arrangements for the well-being of citizens in lieu of employment. The way to help the unemployed is to give them jobs.

When I first started paying unemployment insurance it was a simple proposition. I do not know how we allowed this government to get into this mess. There was cyclical unemployment then too, but not to the degree we have it now.

The Liberal party bragged about how many more people are working today. That is all right for the person who is employed, but the one who is unemployed and cannot buy his children Christmas presents or pay the light bill is not helped by knowing that the Liberal government is able to provide jobs for more Canadians than ever before. There are more people in Canada today than ever before, Mr. Speaker, so the only figure that has relevance is the percentage of the population that is working. Unemployment has an immense effect on the individual concerned.

The government is really saying to employers and employees that they have done very well. The government is saying, "You have $400 million excess in the kitty, you have a surplus. It is so high that, under the act, we have to reduce it, so we are reducing the premiums to you people."

• (2012)

They have not covered the problems about which, I am sure, everybody in the street speaks. They have not covered the problem of your neighbour who came from a big construction job where he made $20,000 and is now on unemployment insurance. No one knows where he got the $20,000 construction job or where he spent his summer, but he is supposed to have made a large amount of money and he is supposed to live the rest of the year on unemployment insurance. We are not doing anything about him, nor are we doing anything about the people about whom the minister is speaking, such as the women who are the abusers of this system. We are not doing anything about the young people in that sense.

What we are doing is to say that it will be much harder for women to get into the labour force and that they will be treated less advantageously than other segments of the population. We are saying to the young people that they are repeaters because they do not have permanent jobs. I suggest, Mr. Speaker, that they are lucky to get any kind of job.

Your son and mine who go to college find that it is almost mandatory for them to find a summer job of some kind to qualify for the benefits they will need to put them through college. They will take any kind of job. Sure, these are temporary jobs and they are not the kind of job they expect to put them into the labour force, but they are the best jobs they can find.

All of our young people are plagued with the problems of having no particular training for a career job and very few of them have any experience after living on a farm, working in a store, or doing some such work because of their parents' occupation. Most young people do not have experience in any form which would enable them to get a better job. These are the people we are cutting off, these are the people we are hurting, and it will create an immense problem.

I would have no problem at all walking into an unemployment insurance office and collecting unemployment insurance.

It would mean that I had worked at a job and paid my contributions so I was entitled to unemployment insurance. That was my right because I had paid the premiums. No one goes out and bangs up his car because he has car insurance. Perhaps I should not say that nobody does it because there is always a nut somewhere who will park his car on a dangerous corner and wait three or four hours knowing that eventually somebody will run into the car and he will get whatever had been wrong with the car previously fixed up. There are exceptions to everything. Doctors cheat, lawyers cheat, and workers cheat, but that does not mean that all workers, all doctors, or all lawyers cheat. There are just some who do, and we have to look after those exceptions, but we should not abuse the whole system for them.

As I was saying, before the Liberal government bought the computer system and the high-priced help—they decided they must have a means to check the help they had hired the day before—one would go into the employment office and, if they had a job, one would take it, but if there was no job available for you, then they would mark it on their slip and you could go over to the unemployment insurance side where you presented the card which had the record of your contributions on it, then they gave you the cash and you went away looking for a job. When you found a job, you started again making contributions which were then marked on the card. If you thought you did not get enough money, they would show you your card and you could add up your contributions yourself or you could have your lawyer or accountant look after it. Now it is so complicated that we do not really know whether or not people are honest in collecting unemployment insurance.

It is very easy for the minister to say, as he said in a discussion in which I was involved, that he anticipated people would move. I do not expect a Liberal government to be always in office. The last time it stayed 20 years. Now it has been in office long enough and it should go. I expect some change after the next election, and when it comes about I anticipate—perhaps I am a born optimist—that things will be better and that more jobs will be available, especially in northern Ontario, in my riding, where the Minister of Regional Economic Expansion (Mr. Lessard) has spent $2.5 million looking for minerals. If they find any minerals, I expect some mines will be opened, and if they are, I want those young people, not those living in Toronto but those living in Timiskaming to get those jobs—

The Acting Speaker (Mr. Turner): I regret to interrupt the hon. member, but the time allotted to him has expired. Is there agreement to allow the hon. member to continue?

Some hon. Members: Agreed.

Some hon. Members: No.

Mr. Johnston (Westmount): Mr. Speaker, I rise on a point of order. I take exception to the statement made by the hon. member for Timiskaming (Mr. Peters).

An hon. Member: That is not a point of order.

[Mr. Peters.]

Mr. Johnston (Westmount): The statement was made that doctors cheat and lawyers cheat. I do not think that is a parliamentary comment. He went on to say that not all doctors cheat and not all lawyers cheat. I would like to correct the record—

The Acting Speaker (Mr. Turner): Order, please. That is not a point of order, it is a point of debate, and if the hon. member wishes to get into the debate, I will recognize him later on.

Mr. Fonse Faour (Humber-St. George's-St. Barbe): Mr. Speaker, before I start my comments on the bill I should like to tell hon. members about the education which this whole process has been for me in the last few weeks. The process to which I refer is the legislative process which this bill has gone through from second reading in the House through the committee stage.

In my naivete as a new member I approached consideration of the bill in committee with a fair degree of optimism, thinking that we would find in the committee a considerable amount of co-operation on the part of the government to get to the nub of the problem of unemployment insurance and of unemployment, and a willingness on the part of the government to accept suggestions and amendments to its proposals in the legislation.

We heard from the minister himself that this piece of legislation is not the end-all and the be-all, that the bill is not perfect and that it is expected it will be revised in the future because it does not provide the whole answer at this time. Since that is the case, I was quite taken aback, I must say, when I found out that the government seemed completely unwilling at the committee stage not only to accept suggestions for changes in the legislation but even unwilling to listen to the witnesses and to accept the proposal that more witnesses appear before the committee.

The distinct impression I had of the attitude of the government was the attitude which I had observed in some circles before, that is, "My mind is made up, so don't confuse me with the facts". That was the attitude that came across to me as a freshman member of the House, and that is before being tainted with all the prejudices which members normally acquire with time in the House.

● (2022)

At first I was astounded to find that the government did not wish to listen to many groups and individuals who are concerned about the impact this bill will have upon them. At least 35 groups and individuals wished to appear before the committee to state their case. They wanted to state their view on the proposed changes to the Unemployment Insurance Act and to offer suggestions as to how the problems presented by the government could be better met and solved than by the legislation before us.

The minister stated a willingness to listen to suggestions. He stated that the legislation certainly was not perfect and would suffer revisions over the next few years. In spite of that

statement, there was a severe restriction on the number of witnesses who could be heard. There was certainly a restriction on the time which each witness was allowed, which was about one hour before the committee.

Because of the efforts of the minister and the parliamentary secretary to force this legislation through the committee stage as quickly as possible, the witnesses were not allowed enough time to prepare their briefs, do the necessary research, and present telling evidence to the government which might have convinced it to accept some revisions to the legislation. There were accusations by some witnesses that they were severely handicapped by the shortness of time allowed to them to prepare their brief and present it to the committee.

I repeat, it was quite an education. When I came to the House, I felt that government and opposition members alike would co-operate and look at legislation before them, not as the end-all and be-all in itself, but as a proposal for the committee to work on, make amendments to, and make adjustments so that it would be a little more perfect when it came back to this chamber for final deliberation. I did not see that. As I say, I saw a government which had a piece of paper in its hand called Bill C-14. I saw that it was completely unwilling to accept amendments or to listen to witnesses.

Mr. Boulanger: Mr. Speaker, I rise on a point of order. I hesitate to do so knowing that the hon. member is a newcomer. As with all NDP members, he learns fast. However, I think he is going a bit too far. I suggest that he stick to motion No. 1 rather than give a résumé of what happened in committee. I believe he should be instructed to stick to the motion before us.

The Acting Speaker (Mr. Turner): I suggest the hon. member for Humber-St. George's-St. Barbe (Mr. Faour) stick closely to motion No. 1.

Mr. Faour: Mr. Speaker, I believe my comments are relevant to the over-all consideration of the bill. The experience over the past three weeks has given me, as a freshman, certain opinions on the bill which I would like to present. It is important that hon. members understand how I came to feel this way and have these opinions with regard to what has gone on.

I repeat, it was my opinion as a freshman member that, in the main, the government was unwilling to accept alterations or amendments to this bill. As I said before, the attitude was, "My mind is made up, don't confuse me with the facts." That is my opinion of the government's attitude.

I come from one of the poorest regions of the country. My constituency is among the highest unemployment areas in this country. The official unemployment figure announced by Statistics Canada is in the vicinity of 15 per cent to 17 per cent. However, Statistics Canada has finally adopted a concept of hidden unemployment figures. Including the hidden unemployed in my constituency, the figure would be somewhere between 25 per cent and 30 per cent. Because of that, my constituents are very much interested in what goes on with this bill and what it will mean to them.

There are communities in my constituency—the same probably applies all over the country but my experience is related only to Newfoundland—where at certain times of the year unemployment insurance is almost the only source of income for a great majority of the people. For many people it is the only source of income for at least a certain part of the year. It is a very necessary part of their family budgeting for the year. Without it, they would be destitute.

To give an indication of what this might mean, I will quote the reaction of a member of the minister's department, an employee of the commission in St. John's. When confronted with the type of proposals the minister announced in August, his reaction was that in Newfoundland next winter it will mean cold homes and hungry children. That man had seen how necessary unemployment insurance is in one particular part of this country. He knew precisely what the effect would be of restricting or withdrawing benefits from certain people.

Cold homes and hungry children in Canada in 1979 are completely unacceptable. That is not the way this country should be governed. However, that is what the minister is offering to people on the northwest and northeast coasts of Newfoundland, people who have no alternative to unemployment insurance.

It is difficult to tell someone to get a job when there are no jobs available, when the unemployment rate in that area is between 25 per cent and 30 per cent, and the person knows that if he moves to a large city he will not have the necessary skills to get a job. In addition, it would mean leaving his family and his home.

I know the minister has encouraged young people in particular to travel around this country. That may be very commendable, but it is another story when you are forced to leave your home and your family. When a member of the family has to travel to western Canada in order to support his family back home, it often results in a broken family. I hope that is not what the minister is offering the people in parts of the country like Newfoundland. I know that deep down he is a good man. If he knew the facts, he would not be offering that kind of solution to those who have no alternative.

The proposals before us in Bill C-14 will do two major things. They will restrict the number of people who can collect unemployment insurance benefits and reduce the amount of benefits they receive. Let us look at these individually to see how they relate to my part of the country where unemployment is extremely high.

Because of the seasonal nature of their occupations, such as working in a fish plant, fishing, logging or whatever, some people in my constituency only get so many weeks work during the summer. In the past, this has meant they have been able to obtain unemployment insurance which has enabled them to survive the winter without having their children cold and hungry. They survive the winter with some degree of dignity in the hope that the next summer they will be able to obtain the same kind of work which will carry them over the next winter. For more than 8,000 in Newfoundland this will not be possible—they will be forced on to the welfare rolls, they will be

obliged to cut down the amount of food and fuel they can buy for their families.

● (2032)

If this proposal goes through it will mean serious deprivation for many people next year. Many people have depended on unemployment insurance for a substantial portion of their annual income, and now much of this support will be taken from them. There are, of course, the welfare rolls. In Newfoundland the welfare office is fairly active as things are—I cannot say it has more clients in proportion to the total population than any other province in the country but I suspect that is the case. The welfare rolls will get longer. Newfoundland is a province which already has a tremendously high debt. I shall not go into the financial status of the Newfoundland government, but the added costs of welfare payments will prove to be a serious additional burden. It is somewhat unbelievable to me that some 8,000 people—

Mr. Lalonde: The hon. member might mention that we pay 50 per cent of welfare costs. He might put that on record.

Mr. Faour: That may be so, but this will still have serious consequences for many communities.

Reduction of benefits is another aspect to be considered. The government has proposed that benefits be reduced by 10 per cent across the board from 66⅔ per cent of insurable earnings to 60 per cent. That is a reduction of about 10 per cent. At a time when inflation is wiping out the benefit of any increase in income people may get, at a time when incomes in provinces like Newfoundland are among the lowest in the country, at a time when the Metropolitan Toronto Social Planning Council suggests that a family needs $14,000 if it is to live above the poverty line, the government is cutting down on the amount the average individual in Newfoundland receives from unemployment insurance.

Since the amount is based on income earned we need to look again to ascertain who is being hurt worst. They are people at the lower end of the income scale receiving the minimum wage, or slightly better, for a few months of the year, enough to qualify them for unemployment insurance benefits. They would qualify for two-thirds of the meagre income they earned in the summer and this will have to carry them over the winter. This is certainly not a very great amount at present, but under the government's proposal the proportion would be cut to 60 per cent.

In Newfoundland the average wage is about $100 a week. The government is proposing that an individual should live and feed his family on $60 a week. In other words, a person who earned the minimum wage in the summer would have to live on a weekly income of $60. I think, for instance, of fish plant workers who are not unionized and whose wages are not very high. They earn the minimum wage or slightly above it and, of all people, it is they who will have to accept a cut in income because of the government's austerity measures. This is unforgivable. What they should be getting, as was suggested by one or two witnesses, is added income during the winter months so that they could cope with inflation. Remember, payments are based on income earned some time earlier, and inflation is eating up every month the amount they are receiving. So while the government is putting forward the figure of 60 per cent, in real buying terms that figure may be closer to 55 per cent six months after the claimant begins collecting benefits.

These are aspects which I believe the government has failed to consider or, if it has considered them, it has dismissed them as being too unimportant to stand in the way of slashing reductions in expenditure. What the government is doing is making people at the low end of the economic scale, people who can least afford any reduction in income, shoulder the burden of cutbacks and restraints. The government is telling them it is they who must bear the brunt of government waste and excesses. To my mind this is not fair play. The Prime Minister (Mr. Trudeau) many years ago talked about a just society. This is not a just society. If the Prime Minister would cut out give-aways to corporations the government could probably make up the same amount of money as it hopes to gain from this bill without attacking the poor and the unemployed who can least afford a cut in income at the present time.

As I said before, I am sure the minister has some good in his heart. If he really knew what the effects of these cutbacks would be, especially in parts of the country like Newfoundland, he would never introduce them in the form in which we see them. But he has not had a chance to see what the situation is really like. The committee, led by the government members, heard only nine witnesses, and most of those were from central Canada, either academics or professionals who had jobs. We never saw a single unemployed person appear before that committee; we never heard one bit of testimony from a person who was unemployed, the person who would be most affected by these cutbacks. I am sure that if the minister could have heard testimony from those directly affected by his proposals he would have relented. I cannot believe that if he understood the impact of these proposals on Newfoundland, for instance, where unemployment is very high, or on Cape Breton, he would seek to push these proposals through. For some reason, however, the government appears to have made up its mind. It does not wish to be confused by the facts. It wants—

The Acting Speaker (Mr. Turner): Order. The time allotted to the hon. member has expired. He may, of course, continue by unanimous consent.

An hon. Member: No.

● (2042)

[*Translation*]

Mr. Charles Lapointe (Parliamentary Secretary to Minister of Transport): Mr. Speaker, I had hoped until recently that I would not have to take the floor on this bill as the original purposes of the legislator, when he presented Bill C-14 to the House, are commendable and I think that if this bill could be

fairly applied for all Canadians I would not have any objection to support it.

However, Mr. Speaker, we realize that because of some geographic divisions some people and some underprivileged areas of the country are completely deprived of the income they require to live, of rights to which they are entitled. Owing to the magic of some geographical line, the residents of a given village might be exempted from some provisions of this bill when a few miles further other people just as underprivileged would be subject to regulations imposing severe financial and moral hardships, because those people will not be able to find employment.

Mr. Speaker, I have before me a document dated June 1978 and published by the Department of Manpower and Immigration which says that the official unemployment rate in the Charlevoix riding is 23.4 per cent. This rate has been determined by manpower and immigration officials to calculate the budget for the Charlevoix riding under the Canada Works program and the Young Canada Works program.

Mr. Speaker, 23.4 per cent is the official rate established by Manpower Canada when we know full well that the rate does not take into account welfare recipients who are not included in statistics of unemployment or manpower offices.

Mr. Speaker, I checked today with the offices of Manpower Canada in my riding and I was informed that in December unemployment in Charlevoix, including welfare recipients, reaches 42 per cent. But because of an imaginary line somewhere along the St. Lawrence River, three-fifths of Charlevoix riding are included in metropolitan Quebec where you find cities with an unemployment rate around 5 per cent or 6 per cent. This is why, Mr. Speaker, my riding has an effective unemployment rate of 9.5 per cent when the actual and official rate as established by the department is 23.4 per cent.

Well, Mr. Speaker, a majority of my colleagues are from urban constituencies where the unemployment rates can be high and the people also are faced with property problems, but very few members here, outside my colleagues from the Atlantic region and eastern Quebec, really know what it is to live in an area where the unemployment rate may be as high as 20 per cent.

When we suggest it is not possible for an individual to find work for more than ten weeks, this is something other members from more affluent areas cannot get themselves to understand. Apparently they do not realize that in areas where the tourist trade is the only industry, the season extends from June 15 to September 15. Apparently they cannot understand fishing clubs are only open from June 24 to September 3, which can only give some nine work weeks. My colleagues do not seem to realize that even if people make five job inquiries a week by visiting in some particular village the two garages, the two groceries and the clothier or any other office where they might find employment, even if they repeat this 40 times or during 40 weeks, they will not find enough work to last for more than 12 weeks in a year.

And now we are dealing with Bill C-14. Mr. Speaker, I would like to suggest all the changes are acceptable in principle, because all the unemployed support the allocation of more funds to job creation, which is the specific aim of this legislation. However, Mr. Speaker, in the extremely underprivileged areas, particular measures are absolutely essential for the people to live decently. And to meet that concern to some extent, a special clause was introduced for areas with unemployment rates above the 11.5 per cent mark. Unfortunately, Mr. Speaker, the following change has been made in clause 7(*t*) of this bill:

(*t*) establishing regions appropriate for the purpose of applying subsections 17(5) and (6) and section 35 and delineating boundaries thereof, based on the boundaries of the regions used by Statistics Canada in relation to its labour force survey;

It is because of this, Mr. Speaker, that I cannot support the bill in its present form. The government seems to be delineating areas without checking on the spot the effects that this will have. Those responsible will probably never have the opportunity to visit these areas or alleviate the human tragedies that their decision will cause.

Mr. Speaker, you will recall the anguish of Sir Cyril Radcliffe when Lord Mountbatten asked him to divide the Indian empire between what is now India and Pakistan. Sir Cyril Radcliffe was very concerned about the situation and very unhappy about having to do what was asked of him, but I have the impression that we are now faced with a blind administration which is saying: The Saguenay river goes through here and it will be a good place to put a boundary. No one thinks about the chain reaction that this can provoke in a specific area where people are too poor to fight and to look for more work.

Mr. Speaker, the major employer in my constituency is the Canada Works program, and every year, 600 to 700 jobs can be created in the area. This is an excellent program, and I must say that the people have learned to depend on it to improve their economic situation. However, there are certain rules for programs such as Canada Works. For instance, if someone worked last year on a given project, he is not entitled to work on another project this year. Now, people will be left without a job for 52 weeks. They will never again be able to qualify as former applicants or newcomers and be entitled to unemployment insurance benefits.

Mr. Speaker, I would like to make my colleagues aware of this type of day to day reality, of the serious problems that confront the underprivileged. Those are the concerns that I wanted to communicate to my fellow members. Perhaps we could ask Statistics Canada for example to refine its economic regions, to increase them so that the statistical data can correspond more closely to reality.

Mr. Speaker, I think that this bill requires of lot of improvement before it can be passed, and I trust that if we all decide to make it more acceptable to the underprivileged we can do so. It is with this wish that I would like to conclude my remarks.

[*English*]

Mr. David Orlikow (Winnipeg North): Mr. Speaker, we are debating a bill to tighten up the Unemployment Insurance Act. This bill is made necessary, if it is necessary at all, by the disastrous economic and social policies of this government.

In introducing this bill on November 9 the minister said it was necessary because the government wanted to reduce some of the disincentives to work which are present in the program. The minister said this bill was necessary because the program cost over $4 billion in the latest fiscal year. If the program cost that amount, it is because in the last half dozen years of Liberal government there has been a steadily increasing number of unemployed and a steadily increasing unemployment rate. To a large extent this was brought about by the fact that the government has been more concerned about the threat of inflation than it has been about unemployment.

● (2052)

At the present time there are over one million people unemployed in the country. At least the last available figure for October, 1978, indicated that there were more than 900,000 people unemployed. That is an increase of approximately 2.5 times what it was ten years ago when the present Prime Minister (Mr. Trudeau) took office. It is an indication of the failure of the goverment to deal with this problem. Although the bulk of unemployment, substantially more than half, occurs in Quebec and the Atlantic provinces, there is relative silence on the part of members of parliament from Quebec. I find that rather interesting. They seem disinterested in the plight of their constituents, particularly the members from eastern Quebec where the rate of unemployment is 15 per cent or more.

In March of this year there were more than 300,000 people unemployed in the province of Quebec; in Ontario, more than 300,000 people; in British Columbia, more than 100,000; in New Brunswick 40,000; in Newfoundland, 35,000; and in Nova Scotia, 42,000. The situation is getting worse rather than better.

The announcement yesterday and today concerning the sharp increase in the cost of oil charged by OPEC countries will result in a further increase in the unemployment rate. The United States is expecting a substantial increase in its rate of unemployment, which will be reflected immediately in an increased rate of unemployment in Canada.

The official unemployment figure in Canada for the month of October was over 900,000 people. Many studies have been conducted in which estimates were made as to the real number of unemployed. The official figure represents only people who are unemployed and actively seeking work. Many researchers have established that the number of people unemployed is

perhaps 30 per cent to 35 per cent higher than the official figure. The unemployed people who are not included in the official statistics, because they have given up looking for work, are married women and young people living in the slow growth areas such as Newfoundland, New Brunswick, eastern Quebec, northern Ontario, and the interlake area of Manitoba. In those areas there are no opportunities for employment, so people have stopped looking. The general problem of unemployment is serious, yet the problem facing young people is much, much worse. The official youth unemployment figure for many parts of Canada is 2.5 times the number of unemployed, rather than the 8.2 per cent figure for the entire labour force. In March of this year the official figure for youth unemployment was 16.5 per cent. In fact there are substantially more unemployed youths than that.

The government is attempting to hide the extent and the seriousness of unemployment in Canada. It has attempted to limit access to employment information at the regional level because the government realizes the situation is much worse than it has been willing to indicate or the public understands. It has been suggested that many people could be working but they do not want to work. The fact is that there are over 900,000 people unemployed, and there are less than 50,000 job vacancies in the country. This means for every job vacancy there are between 15 and 20 people unemployed. It does not take into account that many of the vacant jobs require skilled workers who cannot be found in the ranks of people seeking employment. That is a problem hon. members should discuss at length with the Minister of Employment and Immigration (Mr. Cullen). The minister and his department have spent billions of dollars in manpower training programs which have failed miserably to meet the needs of employers. But that is not a subject for debate this evening.

We require more information than we are receiving if we are to deal with the problem of unemployment. If information became available as to the number of unemployed in various regions, the types of unemployed people, and the types of jobs which should be available and are not available, the government might be embarrassed. The fact that this information might embarrass the government ought not to dissuade us from insisting that Canadians and parliament are entitled to more information rather than less. The fact that this information might cause difficulty and embarrassment on the part of the government should not obscure the fact that the secrecy which the government and the Department of Employment and Immigration are attempting to achieve is not consistent with an open and democratic method of public policy development.

In September the government announced the cancellation of the joint federal-provincial community employment strategy program, even though the employment programs implemented by the government in recent years have always been too little and too late. The reason for the government's failure to meet the needs of people who want jobs can be found in the fact that the government has refused to commit itself to a program of full employment.

In the United States a full employment bill is seen as a necessary legislative framework to achieve full employment. Such a commitment has never been adopted in Canada. The equal opportunity and full employment act before the United States Congress and Senate defines full employment as a "situation under which there are useful and rewarding employment opportunities for all adult Americans willing and able to work." The Americans talk about full employment for all Americans willing and able to work, yet we receive a constant revision of the idea of full employment from the government.

At one time the government and its economic advisers considered acceptable unemployment to be 3 per cent of the labour force, then later it was increased to 4 per cent, and now the government talks about a much larger figure. A few years ago a system was adopted through the Unemployment Insurance Act whereby the more government failed, the greater number of people unemployed, the higher the percentage of the labour force unemployed, the more we paid our share of the unemployment insurance deficit. There is a built-in incentive for the government to fail, because the greater the amount of unemployment the less the government is required to pay. This is the situation which we are facing.

● (2102)

The minister, in various speeches inside and outside the House, has indicated there is a great desire on the part of Canadian people for a tightening up of unemployment insurance programs. He has indicated that the government wants to make unemployment insurance programs less generous, and wants to encourage the unemployed to take work. He has suggested there is a belief on the part of the public that many jobs are unfilled because the unemployed are unwilling to work.

On what does the minister base that belief? He bases it on a so-called marketing research study on unemployment insurance which was commissioned by his department and published in September, 1978. There is an indication on the first page that it contains "public reaction to proposed 'information on hiring' procedure". It states that it is "a survey of public opinion for: Employment and Immigration Canada", and was prepared by Contemporary Research Centre Limited.

Let me refer the minister to page 25 of that so-called survey which contains some of the questions which were asked. The first question or statement to which an answer is required is:

> Stricter controls are needed to ensure that unemployment insurance benefits do not go to people who will not take a job.

That statement received an 87 per cent favourable response. Anybody who has given any thought to the subject will know that the answers one gets depend to a large extent on the questions one asks. If one asks: when did you stop beating your wife, or have you stopped beating your wife, you will get a different answer than if you were to ask a sensible question.

Supposing instead of asking that kind of question about unemployment insurance the minister had asked a similar question about income tax, what do you suppose the favourable response might have been? Let me suggest a question to the minister. Suppose the survey had asked the following question: do you believe that the people at the upper income levels in this country do not pay their fair share of income taxes? I am sure he would have received more than the 87 per cent favourable response. He would likely have received a 97 per cent favourable response. Instead of asking the question that was asked in this survey, if it had asked, or suggested: many people in the upper income brackets take advantage of loopholes in the Income Tax Act in order to avoid paying their fair share of taxes, what percentage of favourable response would that have received? I would suggest it would receive a 95 per cent favourable response.

The survey then requested a response to the following statement:

> The new stiffer requirement to get unemployment insurance is a step in the right direction.

That received a 72 per cent favourable response. Supposing the survey had asked, or made the statement to which a response was required: the new stiffer requirements to make sure that people do not use loopholes in the Income Tax Act in order to avoid paying their fair share of income tax, what response do you expect that would have received? I suggest it would have received a 95 per cent favourable response, particularly if it had been asked of people working for wages and salaries, about the self-employed, doctors, lawyers and architects.

I suggest to the minister that this was not a fair survey and does not really represent what the people think. The minister received answers to questions predetermined or designed to elicit the kind of answers the government wanted, because the government was determined to cut down on the amount of money it has to pay out in unemployment insurance benefits to those who are unemployed.

The solution to the unemployment problem will not be found by forcing people to accept work they do not want. The solution to the problem is not to suggest to teachers, social workers, and others that they should take jobs mopping floors. The solution to the problem will be found when the government finds the jobs it promised the young people would be available when it encouraged them to go to colleges and universities.

We have the best educated and trained group of young people Canada has ever had, but what are we saying to them? We are telling them there are no jobs in this country in the fields in which they have been trained, and no jobs in the fields in which we encouraged them to study and labour for two, three, four or five years. We are saying that there are no jobs that will be financially rewarding, and no jobs that will be satisfactory in terms of the jobs for which they have been trained and which this country requires. That is what we are saying to them when we turn the screws on unemployment insurance regulations. We are telling them to take any job, regardless of past experience or education. We are telling them they have to take jobs because, if they do not take them, they will not receive unemployment insurance benefits. We are saying this as though it was their fault there are no jobs.

As I have indicated, the number of available jobs is limited to probably not more than one job for every 15 to 20 people unemployed. By forcing people who are receiving benefits out of the system we are not going to force them into other jobs. If every job vacancy was filled we would still have in the neighbourhood of 850,000 unemployed. That is a fact the minister stubbornly refuses to face.

We must consider who will be adversely affected by this measure. If we look at the facts we will discover it is not the ordinary citizen who has been brainwashed by the media of this country, and fooled by the kind of trick questions asked by those trained seals the minister hired to do this so-called survey, who will be affected. We will find it is precisely the poorest people in the country who live in slow-growth areas who will be adversely affected.

Let me refer the minister to a letter from a member of the legislature of Manitoba, the hon. member representing the provincial constituency of Churchill. That is an area in which a very large percentage—

The Acting Speaker (Mr. Turner): I regret to inform the hon. member that his allotted time has expired.

Mr. Elmer M. MacKay (Central Nova): Mr. Speaker, this is a very interesting debate because we have people sitting across there like the minister who has been desperately trying to extricate himself from one of the biggest examples of foot and mouth disease this House has seen for a long time as a result of his intemperate and untimely remarks in committee.

An hon. Member: You're full of bugs.

Mr. MacKay: I can tell you about bugs, if you like. There are more bugs in this bill, and in the head of a minister who would make a statement like he did in committee, than one could find anywhere else outside a Dutch elm farm, I would suggest. The simple fact is that those people opposite have got themselves in a bit of a box. These are the hon. gentlemen who, over the years, have prided themselves on being the guardians of the social conscience of the nation. I remember when the present chairman of Air Canada, recently appointed, extolled the virtues of income redistribution, and assured all and sundry that this was a great thing, and that the situation was going to be all right just as long as these people had the opportunity to talk about unemployment insurance and bring in their big ideas of what was going on in admiration of it.

● (2112)

Members in my party and in the New Democratic Party pointed out at that time what would happen. In fact the whole history of unemployment insurance difficulty in this country can be traced back to when the government started to manipulate the situation that was to be found when we had a national employment service. Anyone who would care to go back over the history of the parliamentary debates and to examine what occurred, would see that some years ago when Tom Kent, the exalted gentleman who is looking after Sydney Steel and who was previously appointed to look after Devco, in the name of a national manpower strategy and other such misguided attempts to change the social fabric of the country, brought in, the forerunner to the present Unemployment Insurance Act.

There was a time in this country when employment and unemployment matters were in the control of the local office, and the local officials knew who needed work and who needed benefits. All of that was changed in the name of a national manpower strategy. In the aftermath of having this program computerized and dehumanized, there has been such gross administrative incompetence over the years that probably hundreds of millions of dollars have been wasted, dollars which could have been applied to permanent job creation programs.

We have reached the stage now, as the hon. member for Winnipeg North (Mr. Orlikow) has said, where $4 billion is paid out in this country in such a way that it is a tremendous drain on the economy, simply because the government has manifestly failed to do anything constructive in the way of giving Canadians who want jobs an opportunity of full employment and to do something to help their country in the process.

When the minister is made to face his failure, he talks about people in the most disadvantaged areas of the country in terms of saying that he does not want to spoon-feed them or, as he says, "put a nipple in the mouths of those young-people of the country the way the New Democratic Party would do". Another comment he has made is, "sit at home and wait for the unemployment insurance just to pour in." I do not always agree with some of the theories of my friends to the left, but certainly there was no suggestion by anyone in that party or by any other members in this House that people in any part of Canada were exhibiting an attitude like that. I think that it shows the attitude of this government and the attitude of the minister, that he would blow his cool, make a statement like that and, in so doing, harden and exacerbate the attitudes in this House and, indeed, in the country, and create this kind of environment where people have to sit back and take those kinds of gratuitous insults.

What is the outlook for people in the slow growth areas of this country, particularly in view of the energy crisis and the increasing costs which people will face in provinces like my own, Prince Edward Island, and in many other areas of the country? There are absolutely no real prospects for industrial growth and, therefore, regional development, as long as this kind of economic condition exists. Yet this is the time when the government chooses to bring in legislation to make it basically impossible for people who do not have jobs to survive without either going on welfare or some sort of relief, which is provided not by the federal government but by the municipalities or the provincial governments.

It is very easy to see, if the government cared to listen to some of the statements put forward by spokesmen for the provinces, that there is no way that the economies of some of the Atlantic provinces can withstand this additional burden. The submission by the Hon. Leslie I. Hull, the minister of social services for New Brunswick, sets this out very graphically. He says:

As you are well aware, there is a large seasonal component to unemployment. In the Atlantic provinces, the seasonally adjusted unemployment rate not only masks the true unemployment picture, but is subject to unilateral manipulation by that agency of the federal government—Statistics Canada, with whom New Brunswick in particular has had a disastrous experience with respect to the equalization formula.

There are many interesting comments which could be made about that hon. minister's statement. I do not know whether Statistics Canada can be blamed entirely, but it seems to me—I am glad to see that the minister is back in his seat, and I know that he will correct me if I am wrong—that there has been a real effort made by the minister and his officials to keep from the public and members of this House some of the more distasteful pictures which have emerged about job vacancies. For example, I think that there have been memoranda which have found their way out into the public realm and into the House which show that the minister and his department are very reluctant to have the people of Canada know the extent of unemployment in this country.

I have listened to my friend, the hon. member for St. John's East (Mr. McGrath), for many months while he has tried to bring to the attention of the House the situation of the hidden jobless. I have heard members in the New Democratic Party do the same thing. But this government steadfastly refuses to concede—or did until additional information came out—that anything other than the official figures as put out by Statistics Canada or the department could indicate the true state of unemployment. This kind of dishonesty is wrong, and it also indicates the attitude of this government in showing its distaste for job vacancy figures, another point which has been emphasized from this side of the House on different occasions.

How can people be expected to find employment in this country when there are only approximately 50,000 jobs available officially and there are perhaps, as my friend from Winnipeg North has indicated, over one million people unemployed? It does not make sense. Many provinces have made submissions to this government indicating ways in which they felt this bill could be improved and better administered, but again they met with absolutely no co-operation.

It is obvious, as far as answers to this country's unemployment question are concerned, that this government does not have any, when $4 billion is paid out as a drain on this country's economy and as a graphic testament to the failure of this government to take advantage of this nation's potential. If one thinks of the multiplier effect or the spin-off in the form of other unfortunate consequences as a result of the poor administration of this $4 billion, it is disastrous. This $4 billion is half of what the entire federal budget was not too many years ago.

When one thinks of the contribution that could be made to this country if those persons receiving the $4 billion in benefits were able to work, pay income tax and put their creativity to good use one begins to wonder. Some of them undoubtedly would be able to give up unemployment benefits and start their own businesses or create things which would enrich this country, instead of having to sit at home as do the people in my part of the country.

The people in my part of the country are not sitting at home and sucking their thumbs. They are looking for work, but they also feel that they have a right to live where they would like to in this country, where their forefathers have lived, and where they feel they have a right to make a decent living in the process.

A former minister of finance some years ago made the remark that it would be more appropriate for people to move out of depressed areas in this country.

An hon. Member: One-way tickets.

Mr. MacKay: Yes, one-way tickets, as my friend has said. By taking that approach, the minister merely helped to exacerbate the attitudes of many people in this country.

● (2122)

The minister introduced this bill at a time when we are supposed to be considering national unity in this country. We are supposed to be considering equality of opportunity and a chance to develop that part of the country where confederation began. Instead of that, we get gratuitous insults about the kind of life we have a right to live in eastern Canada and are told that we are probably sucking our thumbs instead of trying to work. I do not really believe that the minister meant that literally.

An hon. Member: Or said it.

Mr. MacKay: If he did not say it, Mr. Speaker, then the minutes of that committee ought to be checked. If he did not say it, he came so close to saying it, as the minutes reflect, that a lot of people across the country, including the news media, television commentators, and members of parliament have been misinterpreting what he did say. The Canadian Press among many others.

If the minister did not say it, then it is interesting that the old fox, the Deputy Prime Minister (Mr. MacEachen), had to go to such great lengths to explain what he did say. I do not think he got very far in convincing Cape Bretoners and Nova Scotians that he did not say it. Perhaps the minister will have better luck in trying it again, but I doubt that very much.

The process of unemployment insurance benefits has really been deranged and dehumanized over the years by administrative incompetence. First of all, the government had to go through the exercise of divorcing unemployment insurance, and the Canada Manpower strategy, setting up separate offices all across the country, confusing the public in the process, trying desperately to improve on a system that was working satisfactorily and then going through what to anyone else would be colossal humiliation. This government, however, has delusions of divine omnipotence and expects the people of Canada to take this in stride. It proposes to undo all that which had been done at taxpayers' expense at a cost of several hundreds of millions of dollars of administrative costs.

They are now putting unemployment insurance offices and manpower offices back together again. That they should come

to parliament with such an administrative record and tell the Canadian people that they have to save money by cracking down on those who can least afford to pay, simply boggles the mind. With their history of maladministration, overpayments, complete disinterest in pursuing the abuses, how can they now come to this House in the Christmas season and through you, Mr. Speaker, tell unemployed people in the areas such as Newfoundland where unemployment is highest, that the only way the government can save money is to crack on the benefits available to seasonal workers and the like? Even Scrooge, with all his miserliness and the other objectionable qualities, would be taxed to the utmost to try to put together an approach such as this.

As this bill unfolds and as other members have an opportunity to speak, it will become more and more obvious that what this government proposes is not socially just or financially sound, but is unacceptable in every way. If they seek to impose it by use of closure, for example, or whatever other parliamentary device they have by virtue of their majority—which will not last much longer—they will have to answer for it very soon when the election is called.

I cannot think of a better issue on which to fight the next election than this government's record, in the creation of unemployment and the methods they choose to try to fool the people by bringing in such a measure as this. I am sure that many members who have sat in this House much longer than I, have not seen the equal of it. This could best be described as the personification of poetic justice—that this government has to come before parliament at this time of year, in the lame duck period of its administrative life, at a time when it is trying to push national unity, at a time of decay for this country that it brought on, at a time after ten years of its administration under this Prime Minister (Mr. Trudeau) that has seen unemployment go up by several hundred per cent, at a time when the country's deficit and economic performance and social climate have never been more inhospitable to the type of measures the government is trying to bring forward.

Whether it is unemployment insurance or regional development to try to help the have-not areas, whether it is transportation, in order to bring some semblance of equality across the country, or energy rates, does not matter. It does not matter what sort of social or economic measures this government has tried to bring in, the record shows that matters have reached a state of decay. It is not possible to find any area of social or economic life in this country that has improved in the last ten years.

This particular measure hits people where they can least afford it. Their economic livelihood is affected, and this is something that cannot be excused.

To use a trite expression, Mr. Speaker, this is the last straw. This is the last administrative gasp of a government that has taken what used to be a reasonably good system that had some actuarial soundness and twisted it to where it is costing the country $4 billion. All they can think of is to try to change it hastily. The hon. member for York Scarborough (Mr. McCrossan), one of the newest and one of the most able members of this House, pointed out in committee that instead of looking at it in an administrative way that makes sense from an actuarial point of view, the government is taking a hamfisted approach, an unfair approach, an approach that is socially unjust and administratively unsound.

That is why, Mr. Speaker, none of us on this side of the House can understand this particular approach, and why I could never support a measure such as this.

Some hon. Members: Hear, hear!

Miss Coline Campbell (South Western Nova): Mr. Speaker, I should like to outline my concern regarding Bill C-14 which relates to the use by the Unemployment Insurance Commission of economic regions established by Statistics Canada to implement the repeater provision of the bill.

I notice that hon. members opposite are very vocal tonight, Mr. Speaker.

In reviewing the proposals in this bill, Mr. Speaker, I am sure it can be said that most people look forward to the amendments. There certainly has been a need to reform some of the provisions of the Unemployment Insurance Act. I would think that most people would support the provision that the minimum insurable earnings—if the bill is passed—will go up from $48, or one-fifth of maximum insurable earnings, to 20 hours per week at minimum wage, or 30 per cent of the maximum insurable earnings if a person is on commission or piece work. At the present time this would be 30 per cent of the maximum insurable earnings, $240, for minimum earnings on commission or piece work of $72. It is my understanding that the saving in Nova Scotia is $1.5 million.

● (2132)

The new entrance and re-entrance amendments will require people who are entering the work force to work for six months, and re-entrants, if they have not been part of the work force, to work for the last two years. Again this will mean a saving in Nova Scotia of $15.5 million.

Another amendment reduces the rate of UI benefits from 66⅔ per cent to 60 per cent, which will become effective on January 1, if the bill is passed. This will mean a saving in Nova Scotia of $23 million.

Had the provisions for the 33 per cent recovery of payments, the benefit repayment for higher income recipients, been in effect in 1978, the threshold would have been $18,720, or coming from 1.5 times the yearly maximum insurable earnings, $12,480, so there will be a 30 per cent recovery payment. The saving in Nova Scotia will be approximately $0.6 million.

Let me return now to my area of concern in this bill, that is, the repeater provision. I would like to outline exactly what it would mean in Nova Scotia. This provision is for repeaters to the work force.

According to the variable entrance requirements, they will need up to six weeks of work over and above the present entrance requirement. This proposal would mean a higher entrance requirement for people during their qualifying peri-

od—the qualifying period refers here to the last 52 weeks since the last claim started, whichever period is started—who received more weeks of UI benefits, and again the weeks of benefits would include weeks where benefits are being paid or are payable. For example, weeks of disqualification for voluntary quitting are deemed to be weeks of benefit paid. In other words, this proposal would mean higher entrance requirements for people who receive more weeks of UI benefits than the number of weeks they need to qualify under the variable entrance requirement, that requirement at present in Nova Scotia being ten weeks.

Individuals who on their previous claims receive less than ten to 14 weeks of benefits, depending on where they live, would not be affected by the change. They would only be required to find the needed ten to 14 weeks of variable entrance requirements to establish a new claim. However, the penalty comes in areas where a person has been on an extended benefit period or has taken more weeks than their ten insurable weeks or variable entrance requirement.

In an area of high unemployment, where the entrance requirement is ten weeks, the maximum entrance requirement to requalify for benefits would be 16 weeks. In other words, there is a provision in this bill which will affect the repeaters in the same qualifying period, although the department officials have stated in committee, and in studies they have done, that approximately 30 per cent of the repeaters will be able to find additional weeks to qualify for benefits in the same qualifying period. The saving in Nova Scotia, excluding the exempted areas—and I notice that the hon. member for Central Nova (Mr. MacKay) represents an area which will probably be exempted, the proposed exempted areas being Cape Breton and northern Nova Scotia—will amount to a total of $5.5 million. Under the proposed amendments, the total saving in Nova Scotia will be approximately $46.2 million.

An hon. Member: What a terrible government.

Miss Campbell: That is the proposal for the coming year.

My concern, as I said, is that the adoption of Statistics Canada economic regions does not reflect the true unemployment rate in South Western Nova. As presently defined, these regions will create a real hardship to thousands and thousands of Canadians, in my opinion. Nova Scotia has five economic regions according to Statistics Canada. As I mentioned, two areas are exempted from the repeater provisions, namely, Cape Breton and northern Nova Scotia which includes, for instance, Truro which, I am sure most Nova Scotians would agree, is one of the higher income areas in the province. However, areas such as these will be exempted from the repeater provisions.

My constituency illustrates the problems which would be created by the amendment. In economic region "E", which includes South Western Nova, the unemployment rate in 1977 was 10.3 per cent. Therefore we would not be exempted under the repeater provision contained in the bill. However, statistics obtained from the UIC district office in Yarmouth, which represents Digby, Yarmouth and Shelburne, are as follows: the average number of beneficiaries per month in Nova Scotia in 1977 was 39,382. For the same period, the average number per month at the Yarmouth district office was 4,339, approximately 11.1 per cent of the total number of beneficiaries for the province of Nova Scotia. However, the labour force for the Yarmouth district office, according to the 1976 mini-census, was 26,575 people. The percentage of unemployment at the Yarmouth district office, based on the average number of beneficiaries in 1977 out of the labour force in that area, was 16.3 per cent.

The total unemployment insurance paid out in 1977 for Nova Scotia was $192,881,000. For the Yarmouth district office it was $20,878,000, or approximately 10.8 per cent of the total paid out for Nova Scotia. However, the total population, using the district office figures, is only 8.8 per cent of the total population of Nova Scotia.

The above figures indicate that the UIC office in Yarmouth has an average unemployment of 16.3 per cent on a total labour force of 26,575. However, these statistics are overshadowed in economic region "E" by other areas, such as Lunenburg, which bring down the unemployment percentage of the region to the point of painting a badly distorted picture. The result is that this bill will disqualify, in my opinion, thousands of Canadians who would not be disqualified if they just lived on the other side of what is evidently an artificial boundary line.

● (2142)

As hon. members are aware, many areas in the Atlantic provinces have been exempted from the harshness of this clause. In Nova Scotia there are two Statistics Canada economic regions out of five which are exempt because their levels of unemployment do not average below 11.5 per cent. As I already mentioned, these areas are Cape Breton and northern mainland Nova Scotia, which includes approximately 38.9 per cent of the population of Nova Scotia 15 years of age and over.

The constituency of South Western Nova falls in another economic region which is not exempted. This region has about 14.5 per cent of the population of Nova Scotia. However, in this economic region the unemployment insurance district office for most of my constituency, Digby, Yarmouth and Shelburne, is situated in Yarmouth. It represents about 7.6 per cent of the total population of Nova Scotia.

The economic base of the constituency of South Western Nova is solely dependent on the amount of fish caught, a bit of farming and forestry and, of course, the tourist season in the months of June, July, August, and part of September. Therefore it is seasonal employment on which the people have to depend. This area also has some of the lowest incomes in the province.

As I said, this provision, particularly the use of economic regions without any discretion, is harmful in its effect on the constituency. Because the economic regions used by Statistics Canada are inadequate in calculating the unemployment rate in a given area, the minister or the commission should have the power to make special regulations so that all regions in

Canada will accurately reflect real unemployment levels and not just area wide averages.

I realize that the pledge of this government is to produce work programs. I also realize that at the provincial level, in conjunction with federal programs, there is job creation. I believe that areas such as South Western Nova should have some say in how and where those jobs will be created. I also realize that our fishing industry will have to produce, as well as produce more finished products.

Come next September, October or November when one is looking for the required number of weeks, I hope there will have been jobs in that area in order that the people there can qualify with this ten to 16 weeks repeated provision.

I know the people in my area and all across Canada are looking for reforms within unemployment insurance. However, there must be some discretion as to the hardship this provision will cause if it is included in this bill. I cannot see why one area in Nova Scotia should be discriminated against because of the use of statistic regions.

Mr. Deputy Speaker: Before recognizing the next speaker, I should advise hon. members that I am becoming concerned about the way this report stage debate is developing into a second reading stage debate. This may be because of intimations of the Chair in the last session. However, there will have to be a rethinking of the process of report stage with some direction given to the Chair because it is impossible for the Chair, with all the authority given to it, to intervene every time and try to bring a member back to an amendment to a clause. I say this without wanting to prevent any member from participating in the debate. I just draw that to the attention of hon. members. When we get an opportunity tomorrow to look at the debates of today, we may be in a position to evaluate whether we are going in the right direction.

Mr. Forrestall: Mr. Speaker, I wonder whether my distinguished colleague from South Western Nova would reply to a very brief question.

Mr. Deputy Speaker: If the hon. member accepts the question, there is no problem.

Miss Campbell: Mr. Speaker, I attended the committee meetings. I did not see the hon. member there. However, if he would like to ask a question, that is fine.

Mr. Forrestall: Having supported this motion in committee, would the hon. member care to indicate to the House how she intends to vote at report stage?

Miss Campbell: The hon. member has been here longer than I. I am sure he realizes the final bill is not here. I will let the hon. member know at that time.

[*Translation*]

Mr. Adrien Lambert (Bellechasse): Mr. Speaker, I have noted the comments you made a moment ago concerning procedure at the report stage of the bill. I am the first one to be dismayed by procedure. I have to put up with it like all other members as long as it exists in its present form, because it has to be enforced. It is not the first time that we witness such confusion in our proceedings specifically as the result of that procedure. We think we are progressing but instead we are moving backwards. I have always maintained that it would be advisable to proceed in committee of the whole. I have always found that we then moved more quickly. Anyhow, Mr. Speaker, I do not want to deal with procedure but merely say a few words about the comment you made a moment ago.

Mr. Speaker, I would like very seriously to give my view on the bill amending the unemployment insurance legislation. I remember that when the bill was passed by parliament some years ago, it then met an essential need. It was after or during the war. It was at a time when there were a great many jobs. With a few exceptions during the seasonal periods, most Canadians could work. It was not so mechanized and modern as it is today, and parliament adopted this legislation to make it possible for workers who became unemployed once in a while to get some money without incurring debts. That is why it was termed an insurance, for workers were called upon to pay a premium to protect themselves.

Later on, the legislation was amended. If the government is complaining today that too many workers are abusing the unemployment insurance legislation instead of actively seeking employment, it is because it introduced amendments which encouraged workers not to work—unfortunately, for a number of them, I do not want to generalize—and then to quit the labour market, because it was more interesting to receive unemployment insurance benefits. The benefits had been increased considerably and made more readily available.

Mr. Speaker, it is when there is much activity in the economy of a country, more particularly in Canada, that the eligibility conditions for unemployment insurance benefits must be the most difficult to meet. In such periods, it is generally possible for workers to find jobs and keep them. Therefore, in such times it is absolutely essential that the law be more strict if we want workers to keep serving the country, if we want them to be patriots and to work in order to transform our resources into useful goods that will be sold at the retail level in order to meet public demand. But when there is a recession, when the economy is in difficulty, when jobs are scarce, when progress has left less and less place for the worker and for the human participation in the production of essential goods or in the transformation of resources, I think the advantages or benefits of a law such as the Unemployment Insurance Act should be easier to obtain. Indeed, we must not penalize people because scientists, intelligent people, have succeeded in inventing and modernizing services. In all fields of activity, everyone aims at producing as much with fewer employees or at producing more without having to use a larger work force and they always succeed.

Naturally, the union movement as we know it today is another cause of the problem we are now witnessing in Canada. I am all for unions, but I am absolutely astounded to see some leaders use their unions as a tool not to build, not only to fight for the rights of the workers, but to change all sorts of things in our society which do not always better the fate of the workers, their families and the people as a whole. That is one of the reasons why many businesses in Canada do not want to expand at this time despite the incentives offered by the various governments. There are so many problems on every side, so many complications. Someone says: Let us set up a program to create jobs, to help public organizations give services to municipalities, to the people. On the other hand, we see a proliferation of rules, laws and requirements which prevent the implementation of thoses programs. And the bickering starts. On the one hand, there are inspectors who check on the people who work; and on the other, people are penalized when they work.

I could see that again in my constituency during the weekend. It is discouraging to see how public affairs are administered to annoy people, to make them quarrel. The Unemployment Insurance Act in its present form has bad aspects. The previous time it was amended, through Bill C-27, it was worsened instead of being improved. I recall that at the time I took part in the debate, and I said in the House that the amendments we were introducing were not likely to improve the conditions of the workers or to create jobs. The act in its present form, does not please everyone, of course. Earlier I heard the hon. member for Charlevoix (Mr. Lapointe) who wanted to express his views on this bill—

An hon. Member: Where is he now?

Mr. Lambert (Bellechasse): I think he was right when he said that this piece of legislation would be acceptable if it were applied only in centres where manpower is being trained, where the unemployment level is very low. But in rural and underdeveloped areas, where industries do not settle but where there is plenty of manpower, this legislation will create more problems than it will solve.

The hon. member said that the 23 per cent figure as we know it is not correct. He is the one who quoted this figure earlier when he mentioned that in his riding 42 per cent of the labour force is unemployed. If he quoted that figure, I suppose he analyzed it first and I am convinced that he did not exaggerate. In my area, it is the director of the manpower centre who conducted an analysis and a review of the situation, and who stated at a certain point that 25 per cent of the labour force in that area was unemployed.

Mr. Speaker, I have other things to add, but I would like to point out that it is ten o'clock.

Adjournment Debate

PROCEEDINGS ON ADJOURNMENT MOTION

[*English*]

● (2152)

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

AGRICULTURE—REQUEST THAT BEEF IMPORT QUOTAS WILL NOT BE INCREASED

Mr. Bert Hargrave (Medicine Hat): Mr. Speaker, my remarks tonight have to do with two questions I addressed to the Minister of Consumer and Corporate Affairs (Mr. Allmand) and to the Minister of Agriculture (Mr. Whelan) on November 27. They were related to a beef industry seminar which was held in Regina on November 22 and 23, and at which the Minister of Consumer and Corporate Affairs was the after lunch speaker.

This two-day seminar was sponsored by the Canadian Cattlemen's Association and the Meat Packers Council of Canada. It was an excellent conference, the first of its kind in some five years. Discussion was focused on four main subjects—consumption, production, marketing, and government. It was significant that the opening session dealt with consumers, and their representatives were very much involved throughout the entire two-day meetings, especially Mrs. Yvonne Miles, president of the Canadian Association of Consumers.

I suggest that the minister's remarks to the seminar were abrupt and abrasive. I suggest to him that the public at large is well aware of the extreme difficulties from which the Canadian cattle industry has just emerged after three or four years of operation at or below cost of production. This applies to all sections of the industry, but particularly to the cow-calf, grass yearling and feedlot sectors. Just a courteous reference by the minister in his speech to this background would have been both appropriate and appreciated.

His two personal assistants attended the meeting and could have properly briefed the minister. Certainly, he was invited to speak as the Minister of Consumer and Corporate Affairs, but he might at least have been more aware of his audience and of the people they represented. They represent a $2 billion industry, the largest agricultural commodity group in Canada. Instead, the minister called for a conference of all sectors of the beef chain to establish a dialogue for decision. That is precisely what that meeting was. It was the first time in five years we got around to doing that on our own.

● (2202)

He told us to rationalize our operation and improve efficiency. Where was he in the terrible western drought year of 1977, the worst since the 1930s, and during last winter's blizzards which killed thousands of cattle?

Then he proposed floor and ceiling prices for live cattle and opening up our beef import quotas, this to protect consumers.

He quickly forgot the $10 market drop over the entire North American continent which came after President Carter opened the United States beef import quotas by only one pound per person last spring. This, of course, was done for political purposes.

Finally, at a beef seminar he told Canadians to eat more fish and poultry. I repeat: he was abrupt and abrasive.

We are now on the down side of our cattle number cycle, in Canada and the United States, and that is why the price cycle is now higher. Continued heavy kill of cows and heifers in North America has definitely lowered our potential per capita supplies for 1980 through to the end of 1982. We are now in a critical position.

Our Canadian Cattlemen's Association has advised Canadian cattle producers to retain 15 per cent to 20 per cent more heifer calves than last year for breeding next year. In my opinion this has not happened and, in addition, too many cows which could have produced two more calves each went to slaughter this fall. Both of these developments arose for the same reason, that is, to take advantage of the very strong cattle prices to pay off creditors, in other words, banks, after four losing years.

In my supplementary question to the Minister of Agriculture I asked for a reassurance that it was not government policy to increase beef import quotas and to install floor and ceiling live cattle price limitations. I thank the minister for this reassurance. He said this: "At this time we have no intention of changing it." He went on to add, and I quote:

—if the policy which was announced jointly by the Minister of Industry, Trade and Commerce and myself did not work, we would bring in an immediate import law.

That was a reference to a joint policy announcement by the Department of Agriculture and by the Department of Industry, Trade and Commerce last March 30. The announcement came under the heading "Beef and Veal Import Controls". I want to quote briefly from that announcement:

The quotas will be set under the Export and Import Permits Act in relation to the average level of beef and veal imports between 1971 and 1975, adjusted for changes in domestic beef consumption since this base period.

The announcement went on as follows:

We will use this procedure for the next three years and evaluate its effectiveness . . . we will introduce legislation to control imports.

Such legislation would be introduced if it were necessary. That three-year period will not be up until March of 1980. Let us not have a repeat of 1976 when 186 million pounds of offshore beef were imported. That was an increase of some 60 per cent over the previous year, with the help of that infamous "6 cent under" rule.

Finally, I want to add that Canadian beef cattle producers and feeders desperately need some incentive to remain in the beef cattle industry. Their confidence in government policy, both short and long term, has been severely tried over the last four years. Increasing import quotas and bringing in floor and ceiling live prices is not the way to bring confidence and increased production and stability to our cattle industry. I urge the Department of Agriculture and the Department of Industry, Trade and Commerce to announce the 1979 beef import quotas as soon as possible and before the year's end so that our industry can plan accordingly.

[Mr. Hargrave.]

● (2207)

Mr. Frank Maine (Parliamentary Secretary to Minister of Employment and Immigration): Mr. Speaker, in a joint statement dated March 30, 1978, issued by the Minister of Industry, Trade and Commerce (Mr. Horner) and the Minister of Agriculture (Mr. Whelan), it was announced that the federal government set up an ongoing procedure to control imports of beef and veal. At the time it was stated that the quotas will be set under the Export and Import Permits Act in relation to the average level of beef and veal imports between 1971 and 1975, adjusted for changes in domestic beef consumption since this base period. The government is currently in the stage of calculating what the import levels should be for 1979. We are not able to say specifically that there will be no adjustment in 1979, but I can say that the minister does not expect any substantial change.

It is recognized that cattle producers have had a difficult time during the last four years, but fortunately cattle prices have improved substantially. However, we believe producers must be given an opportunity to recoup some of their losses and regain confidence in the cattle industry. Only if Canadian cattle producers have confidence that in the longer term they will receive reasonable and stable prices, will they again increase their cattle inventory levels. Of course, this is in the long term interest of consumers as well.

With reference to the current marketing situation, undoubtedly the hon. member is aware that the level of cow marketings has decreased. This points to an increase in cattle inventories some time down the road. However, a turnaround in the beef situation will not take place until around 1982 because of the time required for the build up of cattle herds.

While it is recognized there has been some increase in cow exports, this was brought about partly as a result of the change in exchange rates, that is, the reduced value of the Canadian dollar vis-à-vis the United States dollar, and partly by the failure of our processors to outbid their United States counterparts for Canadian supplies. We have no intention of introducing a floor and ceiling for live cattle prices. Concerning the floor price, hon. members are probably familiar with the stabilization program which is in effect.

Slaughter cattle are one of the named commodities under the Agricultural Stabilization Act. This act, along with the cow-calf stabilization program, has been of real benefit in helping producers through the difficult period. The stabilization program assisted producers to cover their cash costs of production and to carry on despite the low prices as a result of the sharp increase in beef supplies on the world market.

The emphasis on stability is consistent with our policy to control imports. A ceiling on live cattle prices, on the other hand, would only further disrupt the cattle industry and undermine the confidence we are trying to restore to the

industry for the long-term benefit of Canadian producers and consumers.

EMPLOYMENT—CLARIFICATION OF PROVISIONS OF OUTREACH PROGRAM

Mr. Rob Parker (Eglinton): Mr. Speaker, my concern tonight is a question which I asked of the Minister of Employment and Immigration (Mr. Cullen) on last Thursday. It arose in a committee hearing at which the question of the outreach projects and their evaluation was being discussed, particularly the question as to why the evaluation of those projects could not be made public.

In answer to a question asked by an hon. member of the New Democratic Party, the minister said that there may be some situation where they do an evaluation of the project and find that somebody in charge of it is a hopeless alcoholic or a drug addict or they have a problem at home, or God knows what else. Also he indicated that they did not want to make that kind of information public. The sentiment on the part of the minister seemed quite clear in his answer. At the time it took some 90 people who worked for Outreach programs across the country—and there are 22 such programs—and put them all in the same bag. It made them all subject to the possibility that their projects were not being evaluated in a public way because they were drug addicts or alcoholics.

I asked a question of the minister. He said that there may be some situations. I was not asking him to make all evaluations public. I was asking him to clarify whether he was referring to all of the employees, all of the project managers, or only some of them. I received representations in my office, as I am sure a number of other members did, from the employees or people who were working on those Outreach programs. They wondered why they were singled out to be slurred with this type of allegation by the minister. His answer was simply to explain what was quite clear from his original statement, that they did not want to make personal information public. We understand that on this side of the House.

Perhaps there are occasions when personal information in a memorandum may be embarrassing to someone if released. We would never make anything public, or want it made public, when it is embarrassing to a private individual. If it is embarrassing to someone in the House, that is a slightly different case. We understand the concern the minister had. What we do not understand is why he refuses to make those evaluations public in the face of what is a perfectly reasonable request. Hopefully tonight will give the minister or his representative a chance to put that wrong right and to admit there is a valid principle of privacy, but you do not have to extend it to all 90 people.

● (2212)

We wonder whether the reluctance to release that kind of information is perhaps because in the process of the budget cuts that were announced during August the government has been cutting programs without regard for their efficiency or effectiveness. We wonder whether the evaluations that are so secret for these allegedly personal reasons are being kept secret because they reveal that these programs operated by volunteers have in fact been more effective than programs operated under the direct control of the minister.

There is suspicion on this side of the House, as well as outside the House, that many of these cutbacks being talked about in such broad terms are a sham and that where the cutbacks are real they are being implemented in a very sudden, unplanned and ad hoc way, and that projects which are more efficient than those of agencies directly under the control of a variety of ministers in the government are being cut back without public reasons being given because it would be embarrassing to the ministers involved to have that fact revealed, that volunteers working on their own for low pay, with poor resources, can achieve a higher level of accomplishment than the vast bureaucracy run by this government.

Let me quote from a presentation prepared by some of the Outreach people backing up that point. They said:

> In response to a question posed in the House of Commons, Bud Cullen justified the elimination of women as an Outreach target group on the basis of "16 or 17" other programs which his ministry has set up to help women.

That has reference to the ministry of unemployment and immigration. I suppose I should say "employment and immigration", to be formally correct.

The quotation continues as follows:

> In fact, there are no other services which fill the needs that Outreach programs address. Mr. Cullen did not specify the programs he had in mind, and employees in his department were unable to name 16 or 17 other services that are directed toward women. Programs which do exist to serve women, while useful, do not deal with the client volume served by Outreach projects. In Ottawa, for example, two major C.E.C. women's courses . . . respectively served 16 and 18 clients last year, compared to 600 served by the three counsellors at the Ottawa women's Outreach program. Similar ratios apply to Toronto and London.

This whole evaluation process is being kept very secret. The people who run the programs are not being consulted. They do not know how they are being assessed. They do not know what the results of those assessments are. All they know is that the minister justifies his refusal to make those assessments public by saying that some of the people who manage the programs might be drunks or dope addicts. I think that is an inexcusable refusal to provide information on how well the programs have gone.

We sympathize with the government's desire to cut back. We feel it is necessary to cut back on the amount the government is and has been spending, but if the government is doing it in this way without any public assessment of programs, and without any ability of people to compare the assessments that are being made, and to say then that this is a justified cutback, and that is a justified cutback, and this is an unjustified cutback, is not acceptable. There may be cases where very valuable programs have to be cut. We are certainly never going to know, if this is the kind of process the government follows. We are certainly never going to know, if ministers of the Crown give this kind of answer to serious questions when the reputations of very dedicated volunteers have been impugned in this House or in committees of this House.

Mr. Frank Maine (Parliamentary Secretary to Minister of Employment and Immigration): Mr. Speaker, I would like to reiterate the minister's opposition to the tabling of the individual Outreach project assessments in their entirety. However, at committee the minister was asked to provide the following: (a) the program evaluation, less its recommendations and conclusions: (b) the program criteria; and, (c) the assessment of certain women's projects. The minister has agreed to table soon, at the Standing Committee on Labour, Manpower and Immigration, the evaluation and the criteria. He will not table the assessments as they may contain material which could be misconstrued and cause a negative effect on the projects themselves.

● (2217)

Let me explain to those who may not be aware what the Outreach program is. The Canada Employment and Immigration Commission's Outreach program aims at improving the job prospects of people who, for various reasons, cannot benefit fully from services offered by local Canada Employment centres, manpower services.

Some of the commission's clients have many barriers to overcome in their search for jobs, and Outreach focuses on helping the following groups who are particularly affected: native people, physically and mentally handicapped people, long-term welfare recipients, inmates and ex-inmates, residents of isolated or remote communities, and people experiencing great difficulty entering or re-entering the labour force.

Through Outreach, community groups and agencies can sponsor a project which delivers a full range of personalized employment-related services and provides access to commission programs for their clients. In many cases these agencies already offer employment-related services, and with the help of and on behalf of the commission, can broaden the scope and extent of these services. The agencies fulfil a valuable role by providing an interim service for their clients until they no longer need it or until they can benefit from regular Manpower services.

When a community group or agency has identified a need for employment-related services for a special group, it submits a project proposal. Once a proposal is accepted, an agreement is signed between the commission and the community group or agency. The agreement reflects the project activities, procedures and objectives, and defines the commission's rights and obligations and the agency's obligations to the commission and to the clientele.

Having said all this, and to explain the program better, the minister will also be tabling, with the standing committee, profiles of all women's projects in Canada, with selected statistics relating to each of these projects.

Mr. Deputy Speaker: The motion to adjourn the House is now deemed to have been adopted. Accordingly, this House stands adjourned until tomorrow at two o'clock p.m.

Motion agreed to and the House adjourned at 10.19 p.m., without question put, pursuant to Standing Order.

END OF VOLUME II